


CLARIFICATIONS 3

No.	Date	Description of the item and/or reference to respective section in RFP (as amended)	Existing wording	Clarification request	GOGC's response														
1		PPP procedure as outlined in paragraph 2 of Annex 3 to RFP, as well as in GOGC's response to question 59 in the previous round of clarifications	<p>The Plant is considered to be a source of guaranteed capacity and therefore the Project shall be implemented within the scope of PPP (Public Private Partnership Project) in accordance with the Applicable Law and the Purchaser shall meet all the requirements stipulated by the Applicable Law. Information on PPP legislation and PPP procedures is available on the following link: https://ppp.gov.ge/en/</p> <p>As GOGC is not involved in the PPP procedures, general terms and PPP agreement template is not available for GOGC and it is a part of the forthcoming stage. Information on PPP legislation and PPP procedures is available on the following link: https://ppp.gov.ge/en/</p>	<p>What we could learn from the applicable Georgian PPP legislation (<i>in particular, N426 Decree of the Government of Georgia</i>), as well as from GOGC's response in the first round of clarifications and provided link to the website of PPP agency, the ongoing RFP procedure for the purposes of selling 100% shares of Gardabani TPP 3 is not, by default, already a part of the PPP procedure and the latter shall be additionally run from scratch by the selected Bidder.</p> <p>What makes things difficult for us to comprehend unambiguously, is that the provided link to the website of PPP agency, as well as the said N426 Decree, lists 5 stages for the development of any PPP project, out of which, the 3rd stage is the selection of a private PPP Party. Therefore, we're baffled to properly fathom whether the ongoing RFP may be interpreted as being already the 3rd stage of PPP, or shall we deem it just as an initial procedure for the execution of the conditional SPA, whereas, the selected Bidder is then required to commence PPP procedure from scratch within the framework of "private initiative" <i>probably</i> under article 26 N426 Decree?</p> <p>Please, be kindly guided that the precise understandign of this issue is absolutely essential not only for the proper adjustment of CAPEX in terms of accomodating additional financial burden for the initiation of the PPP and elaboration of feasibility study (<i>in case this RFP is not already a part of PPP</i>), but also for a thorough comprehension of the general project timeline/schedule to be pursued.</p> <p>What kind of agreement will be signed with the Government of Georgia after commencing the PPP procedures, will it be feasibility study agreement, or the Implementation agreement including concession terms and conditions.</p> <p>In case the feasibility agreement is envisaged to be signed after commencing the PPP procedures, would the interested party have the guarantee that after successful completion of the feasibility, it will automatically be selected to be the party to the concession agreement?</p>	<p>The ongoing RFP procedure for the purposes of selling 100% shares of Gardabani TPP 3 is NOT a part of a PPP procedure. Such a procedure shall be pursued by the Purchaser independently from the Seller (GOGC). The ongoing RFP procedure shall NOT be interpreted as being a stage of a PPP procedure. After the SPA agreement is entered into force, then the Purchaser shall be required to commence such a procedure according to PPP legislation of Georgia. GOGC is NOT in a position to respond to any questions regarding an applicable PPP model and a type of agreement to be signed after commencing a PPP procedure by the Purchaser as GOGC is NOT involved in a PPP procedure and does NOT have any role in that respect. It is the responsibility of the Purchaser to use its best endeavours to successfully complete a PPP procedure in line with requirements of applicable Georgian legislation.</p>														
2		Bank Guarantees, Article 4, sub-clause 4.6 & Article 6, sub-clause 6.4 in RFP	<p>GOGC shall be entitled to unilaterally call upon the bank guarantee mentioned in paragraph 4.5 above, if the Participant:</p> <p>.....</p> <p>d) fails to meet any conditions determined by GOGC before the conclusion of the Contract.</p> <p>... In case of the termination of the Contract based on any grounds stipulated <i>therein</i>, the Seller shall be entitled to unilaterally call upon the performance guarantee and require the bank issuing the performance guarantee to immediately and unconditionally ... pay to the Seller the full amount of the performance guarantee ...</p>	<p>What happens if as a result of the lingering negotiations with the Bidder providing "lowest CAPEX per MW" offer, the validity of the offers of other Bidders are subject to expiry and the latter are requested by GOGC to extend the validity term for their proposals, however, due to the loss of interest in the bidding, they are not willing to extend the one? Will such case also trigger calling upon of the bank guarantee by GOGC on the grounds of the Bidder failing to meet conditions determined by the evaluation panel?</p> <p>Please, bear in mind that the proposals are normally bound by time, as the prices of major equipment suppliers are also time-limited, which put constraints on wheter a particular offer might still retain financial interest for the Bidder. Therefore, our understanding is that in case of the said situation, a particular Bidder, although being disqualified from the RFP, shall not bear additional burden of being called upon a bank guarantee. Please, confirm or clarify otherwise.</p> <p>Shall GOGC (seller) also be included as a beneficiary in the bank guarantee to be submitted under N426 Decree of the Government? Otherwise, please, clarify how such entitlement may be assigned to the Seller, because as we understand, on the date of submission of the bank guarantee under the requirements of N426 Governmental Decree, the performance guarantee provided initially in favor of GOGC immediately becomes invalid.</p>	<p>Participants are not under the risk of unjustifiably losing the bid guarantee. Under paragraph 1.4 of Section 2 (Instructions) of the RFP Documentation, should the need arise, GOGC may request not less than 10 (ten) business days before the expiration dates of validity of Proposals that Participants extend the validity of their Proposals, however, Participants shall not be obligated to extend the validity of their Proposals. Clearly, the wording of paragraph 1.4 of Section 2 (Instructions) of the RFP Documentation shall NOT be construed in any manner as an obligation of Participants to extend the validity of their Proposals. Accordingly, GOGC shall not be entitled to make Participants to necessarily extend the validity of their Proposals.</p> <p>GOGC shall be included as a beneficiary in the performance guarantee to be submitted by the selected bidder to GOGC. GOGC shall NOT be related in any manner to a bank guarantee stipulated by the N426 Decree of the Government of Georgia (dated 17 August, 2018) with regard to Approving the Procedure of Drafting and Implementing a Public Private Partnership Project insofar as when the Purchaser submits such a bank guarantee, then the Purchaser shall be entitled to withdraw the performance guarantee submitted to GOGC even before expiration of its term. Consequently, GOGC shall act as a beneficiary and use its rights as a beneficiary only with respect to the performance guarantee to be submitted by the selected bidder to GOGC until such performance guarantee is valid.</p>														
3		Operation Capabilities, item 4 to Annex - GSE Technical Requirements	<p>Pnom=350-430 MW: 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s) (critical importance is the ability of the gas turbines (each one) to operate in open cycle (without steam turbines) and in modes without full number of gas turbines 4GT+ST; 3GT+ST (as normal), 2GT+ST, 1GT+ST, GT(s). GT(s) mean each GT1, GT2, GT3</p>	<p>The way we understood this requirement is that in case 3GT+ST configuration secures targeted net efficiency and the gross power output within a desired range (350-430MW), there is no need for the 4th gas turbine. Please, confirm or clarify otherwise.</p> <p><i>Note: As per GOGC's response to question N20 of the first round of clarifications, it has been confirmed that the gross power output of 350-430MW is under ISO conditions. Would have been great if this issue were also reflected in RFP document itself as other amendments have been included.</i></p>	<p>Confirmed, configuration of power plant shall be chosen by investor - 4GT-ST or 3GT-ST, which will fulfil required information mentioned in the RFP documentation such as capacity of power plant 350-430 MW, net efficiency not less than 56% and etc.</p>														
4		Frequency vs time Ranges, item 5 to Annex - GSE Technical Requirements	<p>47.0 – 47.5 Hz for 20 seconds 47.5 – 48.5 Hz for 30 minutes 48.5 – 49.0 for 60 minutes 49.0 – 51.0 Hz unlimited time 51.0 – 51.5 Hz for 30 minutes 51.5 – 52.5 Hz for 30 seconds 52.5 – 53.0 Hz for 10 seconds</p>	<p>Having consulted with all GT suppliers listed as possible vendors in RFP, we were advised that the required frequencies (especially, the outmost ones) are not theoretically attainable. Would you, please, mind to re-consult with your domestic grid operator to ensure that technical requirements are amended to technically feasible range? Otherwise, please, advise how this issue can be resolved/mitigated, because there's no chance to meet this criteria.</p>	<p>According to DECISION No 2018/03/PHLG-EnC Georgian had an obligation to transpose Regulation (EU) 2016/631(REQUIREMENTS FOR GRID CONNECTION OF GENERATORS) without changes to the structure and text. Frequency ranges defined for Georgia in above-mentioned regulation are approved for Georgia made by Permanent High Level Group Decision 2018/03/PHLG-EnC. These ranges are also in accordance with automation parameters. Requirements for grid connection of generators including frequency ranges was approved by Georgian National Energy and Water Supply Regulatory Commission.</p> <p>The frequency ranges 47.0 Hz – 47.5 Hz is not only in Georgia. Great Britain, Ireland and Northern Ireland also have frequency ranges from 47.0 Hz– 47.5 Hz.</p> <p>The frequency ranges 51.5-52.0 Hz in case of Georgia is even lighter as we require only 30 seconds of operation, when GB requires 15 minutes, and IR and NER 60 minutes respectively.</p> <p>So, the lower frequency ranges are very similar to these EU countries, when higher ranges are somehow lighter (51.5-52.0) and from 51.5 to 53.0 we require only few seconds of withstanding.</p> <p style="text-align: right;">Ireland and Northern Ireland:</p> <p style="text-align: right;">(w) Remain synchronised to the Transmission System and operate within the frequency ranges and time periods specified in Table CC.7.3.1.1.</p> <div style="text-align: center;">  </div> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <caption>Table CC.7.3.1.1: Minimum Time Periods for Generation Units to Remain Operational without Disconnecting</caption> <thead> <tr> <th>Frequency Range</th> <th>Time Period</th> </tr> </thead> <tbody> <tr> <td>47 – 47.5 Hz</td> <td>20 seconds</td> </tr> <tr> <td>47.5 – 48.5 Hz</td> <td>90 minutes</td> </tr> <tr> <td>48.5 – 49.0 Hz</td> <td>To be specified by each TSO, but not less than 90 minutes</td> </tr> <tr> <td>49.0 Hz-51.0 Hz</td> <td>Unlimited</td> </tr> <tr> <td>51.0 Hz-51.5 Hz</td> <td>90 minutes</td> </tr> <tr> <td>51.5 Hz-52.0 Hz</td> <td>15 minutes</td> </tr> </tbody> </table> <p>Sources: https://www.nationalgrideso.com/document/162271/download https://www.soni.ltd.uk/media/documents/SONI-Grid-Code-June-2023.pdf</p>	Frequency Range	Time Period	47 – 47.5 Hz	20 seconds	47.5 – 48.5 Hz	90 minutes	48.5 – 49.0 Hz	To be specified by each TSO, but not less than 90 minutes	49.0 Hz-51.0 Hz	Unlimited	51.0 Hz-51.5 Hz	90 minutes	51.5 Hz-52.0 Hz	15 minutes
Frequency Range	Time Period																		
47 – 47.5 Hz	20 seconds																		
47.5 – 48.5 Hz	90 minutes																		
48.5 – 49.0 Hz	To be specified by each TSO, but not less than 90 minutes																		
49.0 Hz-51.0 Hz	Unlimited																		
51.0 Hz-51.5 Hz	90 minutes																		
51.5 Hz-52.0 Hz	15 minutes																		

5	Loss of power output, due to the outage of one unit, item 9 to Annex - GSE Technical Requirements	Outage of one of the generation unit of the station should not cause the trip of rest operating units, also reduction of their output, in case of such necessity, should be done by possible minimal amount. Also, each gas turbine must be able to operate independently.	Shall we understand this that if one GT is out, ST shall still be able to maintain its full load unit capacity/output? Does this mean that each GT unit shall be able to operate on bypass?	Yes, each GT unit shall be able to operate on bypass.
6	Grid connection contract, part 2 of Annex 2 to the RFP, GOGC's clarification to question 44	JSC Georgian State Electrosystem shall ensure to connect a new combined cycle gas-fired thermal power plant to its electricity transmission network until 31 October 2026. Signed contract is for connection and amount is paid in advance which will be adjusted and maybe increased to (about 4.7 mln USD) 500kV substation connection with cable should be build length around 1 km + arrangement of the bay.	Is there any chance GOGC can disclose the contract with GSE? Normally it's very common in similar RFP procedures. In case it's impossible, please, provide the following information: 1. We found out that pursuant to Georgian legislation, there're two possible types of grid connection: a) deep connection to the electricity transmission line (cutting of the line); b) arrangement of connection unit in GSE's substation. Which of the connection models is envisaged by the existing contract? 2. What is the exact scope of work to be done by GSE as per contract? Does it include the arrangement of the line bays in GSE's substation? construction of the transmission line from the substation to switchyard? Will ET line be single or double circuit? Shall GSE also interfere with the switchyard itself (like the arrangement of line bays or single/double bus-bar)? Please, clarify in detail so that we're able to properly determine EPC Contractor's scope of work and avoid double-counting for the purposes of CAPEX.	1) b) arrangement of connection unit in GSE's substation. 2) GSE shall only ensure arrangement of the line bays in their territory. As regards to construction of the transmission line from the substation to switchyard, it should be constructed by developer, not GSE. Also, in case of over head line, it should be single circuit, and in case of underground cable, it should be single circuit + additional phase as reservation. Also, HV transformers should have additional phase as reservation. For more clarity, in case of underground cable - the connection cost may be increased to about 4.7 mln USD and in case of over head line to about 2.3 mln USD. To specify further, these sums are approximate, are calculated based on existing circumstances and may be subject to modification. Advance payment of 1 mln GEL is included in this calculations.
7	GPRMS and NG pipeline connection, part 2 of Annex 2 to the RFP, GOGC's clarification to question 12	Georgian Gas Transportation Company LLC shall ensure to connect a new combined cycle gas-fired thermal power plant to the natural gas transportation system. Signed contract is for connection and amount is paid in advance which may be adjusted and increased with (around 0.8-1.0 mln GEL)	Similar to the previous clarification request, will GOGC be willing to disclose the existing contract with GGTC at this stage? Otherwise, please, clarify the following: 1. What is the exact scope of work to be done by GGTC? Does it include the construction and connection of GPRMS only or will GGTC also build NG pipeline from GPRMS to TPP? 2. The way we understood the clarification is that, whatever the GGTC's scope of work is, if we add up around 1 mln GEL to the existing advance payment currently sitting at 1 821 600 GEL, we will arrive to the total contract value. In other words, " <i>which may be adjusted and increased with (around 0.8-1.0 mln GEL)</i> " does not mean that we have to increase the advance payment amount by that margin, but rather than the total contract price is expected to be around 2.6-2.8 mln GEL, out of which 1.8 mln is already paid in advance and if 0.8-1 mln is paid additionally, it will suffice to fully repay GGTC. Please, confirm or clarify otherwise.	1) The scope of work to be done by GGTC is to build a new GPRMS and connect it to Georgian main gas supply system, The pipeline from GPRMS to Gardabani 3 power plant is in Investor's scope. 2) Yes your understanding is right. To specify further, these sums are approximate, are calculated based on existing circumstances and may be subject to modification.
8	Settling ponds, raw water intake; GOGC's clarification to question 36	There is a water canal at the north-west side of the land, investor shall negotiate with owner of canal and shall get permission, contract and etc.	Seems like both existing TPPs (Gardabani 1 & Gardabani 2) are feeding on the same settling pond located west from the land plot right on the other side of the canal. As settling ponds are operational, we assume that either the composition or the amount of raw water in the canal is not otherwise suitable/sufficient for the proper operation of the plant. In light of this, please, clarify the following: 1. Is there any requirement by applicable domestic legislation to have settling ponds on a mandatory basis for the safety and/or sustainability of water supply to TPP? 2. Is there any chance for GOGC to share the raw water intake parameters (available volume, composition and laboratory analysis) for the last year or two? We believe that if such information is generally processed by Gardabani 1 and/or Gardabani 2 (both of which are subsidiaries of GOGC), it should be easily attainable. Please, be kindly noted, that the actual measurements from our side won't lead to any useful results, as seasonal water discharge and raw water composition in the canal may vary significantly during different seasons and full-scale picture cannot be obtained within a timeframe designated by the end of bidding. 3. Will it be technically feasible (in terms of availability/sufficiency of raw water volumes) for Gardabani 3 to feed on the existing settling ponds already used by Gardabani 1 and Gardabani 2 for the water intake? In this regard, can GOGC specify with Gardabani 1 and/or Gardabani 2 that in case we increase the debit of raw water intake from the canal into the settling ponds, will the design sedimentation rate afford to provide raw water to Gardabani 3 without affecting proper operation of the existing TPPs?	1) Pursuant to applicable Georgian legislation it is not mandatory to have settling ponds for the safety and/or sustainability of water supply to TPP; 2) Water parameters are not available for GOGC, therefore the investor must obtain/prepare it himself; 3) To our information capacity of water in existing settling ponds is not enough to fulfill G1, G2, and G3, therefore Investor shall build settling pond/s if it is envisaged by design of power plant;
9	Land acquisition; GOGC's clarification to question 55	Non-Agricultural land which is located near existing Power Plants in Gardabani City, Cadaster Code: 81.15.20.432 with area of 120004 sq.m. GOGC is not responsible for additional land acquisition or rent, Investor shall communicate directly with land owners.	In case, based on the suggestions outlined in the previous clarification request, settling ponds are required to be integrated into the plant design and constructed separately for Gardabani 3 project, the designated land plot (Cadaster Code: 81.15.20.432) will hardly suffice to accommodate both the power plant and settling ponds, not to mention the additional space required during the construction for dormitories, laydown area and etc. In respective response by GOGC in the first round of clarifications, GOGC suggested to communicate land acquisition or rent directly with land owners. However, in fact, GOGC itself is the owner of the adjacent land plot to the south (Cadaster Code: 81.15.20.431). In that sense, is GOGC considering the latter to be serving for the purposes of Gardabani 3 project to extent it may be needed (rented)? GOGC to confirm whether the respective land plot (Cadaster Code: 81.15.20.432 with area of 120004 sq.m.) is greenfield or brownfield.	Please refer to GOGC's clarification given in connection with the Question 8 above. According to GOGC's experience and International practice the designated land area with 120004 sq.m is sufficient for power plant with 350-430 MW power output, renting additional land required for workforce accommodation and laydown area from GOGC will be decided later considering then existing circumstances. To the best of our knowledge, on the respective land plot (Cadaster Code: 81.15.20.432; area of 120004 sq.m.) there is no existing underground facilities or communications and land is greenfield, participants are free to visit proposed construction site upon prior notification to GOGC.
10	Tie-in points	N/A	Can GOGC provide a general plot plan depicting ostensible tie-in points for the connection of main utility suppliers? e.g. tie-in points for the construction power, potable water intake & sewage/waste water discharge and etc? We understand that it will be only estimated and not necessarily the points, where GOGC secures the connection, but it will still help a lot for the bidding purposes.	Please refer to GOGC's clarification's dated 11.07.2023;
11	WACC, project financial structure; GOGC's clarification to question 40	The values of Re (Cost of Equity) and Rd (Cost of Debt) are changing for every regulatory period - new values will be set from January 2024 and be valid until January 2027 (3 years). As for the Loan ratio (gearing), technically, it could change too, however, it has been fixed at 60% since the implementation of current WACC model (since 2014) and GNERC does not have any plans whatsoever to change it in the foreseeable future	The way we understood the provided clarification is that Loan ratio (gearing) established by GNERC methodology is only for the purposes of calculation of WACC model. However, if the actual financial structure/leverage of Gardabani 3 project is different, it won't have any effect on WACC, and the same WACC established by GNERC methodology will be applied to the project CAPEX for respective regulatory period.	Yes, that is correct – gearing is fixed at 60/40 ratio, regardless of an actual proportion of an individual company.

12	Issues related to who can participate in the tender and what kind of financial and economic information is to be provided.	<p>"Company" or "Participant" means any private or public entity including an association of several companies (either joint venture, partnership or consortium), which responds to this Request for Proposal and submits a formal Proposal in response to this Request for Proposals and which may or may not be selected to participate in the sale procedure</p>	<p>Please advise whether it is possible to participate in the tender through the newly established SPV with zero turnover, supported by respective financial and economic information of its beneficiary;</p> <p>According to the RFP Section 3.2 your requirement is to provide information regarding the financial and economic capability of the participant. In case the participant company, together with its shareholders companies are newly established, however they are capable of providing financial information of their beneficiary owner (natural person), who is a wealthy individual and who will be guaranteeing proper performance of liabilities, what kind of information shall be provided in such case instead of Independent Auditors' Report and Audited Financial Statements. Or, is it mandatory that the person, whose financial economic capability is to be proven has to be the private entity.</p>	<p>According to the RFP Documentation, it is NOT possible to participate in the RFP procedure through a newly established company with zero turnover. Even in case if such a company establishes a joint venture, partnership or consortium with another company with considerable turnover and a Proposal is submitted by such an entity, the documents required by paragraph 3.2 of Section 2 (Instructions) of the RFP Documentation, proving the Participant's financial and economic capacity, shall be submitted for all members of such an entity (either joint venture, partnership or consortium). Please refer to paragraph 3.3 of Section 2 (Instructions) of the RFP Documentation.</p>
		<p>3.2. The Participant's financial and economic capability to implement the Project is imperative. In its Proposal the Company is required to provide: a) Independent Auditors' Report and Audited Financial Statements for the year ended 2021 and 2022 prepared in compliance with IFRS (International Financial Reporting Standards) or GAAP (Generally Accepted Accounting Principles) or other applicable standards substantially comparable to IFRS or GAAP; and b) Interim and/or unaudited Financial Statement for the year of 2023 prepared in compliance with IFRS or GAAP or other applicable standards substantially comparable to IFRS or GAAP. In addition to the audit report the Company shall submit forecast for the current year including total revenue and revenue derived from the proposed scope of work and total assets and liabilities. GOGC reserves the right to request additional information about the economic and financial capacity of the Company</p>	<p>In case the information regarding the financial and economic capability is provided of the wealthy individual, what kind of letter shall be issued from the bank, would the letter guaranteeing the readiness to finance the project subject to fulfillment of certain requirements would suffice.</p>	<p>According to the definition of "Company" or "Participant" given in Section 2 (Instructions) of the RFP Documentation, it shall be a private or public entity including an association of several companies (either joint venture, partnership or consortium), which may participate in the RFP procedure. Insofar if Requirements which are mentioned in RFP documentation are fulfilled by an Individual it may be eligible to participate in procedures.</p>
13	Anti-dumping regulations	<p>5.8. The best Proposal shall be selected based on the amount of capital expenditures per 1 MW for construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant. The Participant that shall indicate the lowest amount of capital expenditures per 1 MW, shall be invited by the evaluation panel for negotiations for the Contract.</p>	<p>According to Clause 5.8 of the tender RfP, the best Proposal shall be selected based on the amount of capital expenditures per 1 MW for construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant. We are wondering what is the procedure envisaged by law or tender RfP against the price dumping actions. For example, if the participant wins the tender based on artificially low CAPEX per 1 MW and tries to increase the price at the project development stage, would the Government accept the increased CAPEX or what would be the sanctions against such participant after revealing that the actual CAPEX is higher than indicated at the tender Proposal.</p>	<p>Please refer to RfP clause 3.13 CAPEX, In its Proposal the Company is also required to provide information on capital expenditures (as defined by IFRS (International Financial Reporting Standards)) for construction of the Gardabani 3 Combined Cycle Gas-Fired Thermal Power Plant and indicate a total price and a price per 1 MW as well. A Company that fails to provide such information, shall be disqualified from further participation in the selection procedure. For the purpose of clarity, the awarded Company shall be obliged to use the same amount of capital expenditures as indicated in its Proposal in any future forum. Sanctions regarding changing Capex will be defined in project agreement stage.</p>
14	25.07.2023		<p>Referring to your clarification published on July 13th, No. 2 Item: Auditors reports and financial statements which are not on English must be translated and duly notarized. Is there any specific requirements/criteria on the Notary Office?</p>	<p>GOGC does not have any specific requirements/criteria on the Notary Office, all participants should be guided by the requirements of the country where specific Notary acts are executed.</p>