

Clarifications 6

No.	Clarification Date	RFP document reference & section number	Original wording or issue for which clarification is sought	Bidder's clarification request	GOGC Response
1	26.08.2023	CLARIFICATIONS 2, GOGC's response to question No.3		Regarding the supplied Gas pressure at the terminal point, we understand 14~21 bar mentioned in previous clarification is lower than the actual value, please provide the actual pressure value/range of Gardabani 1 & Gardabani 2, which can be used for improving plant efficiency.	Please refer to Clarifications 5 #4, Dated 25.08.2023.
2	29.08.2023			referring to your response in Clarification -3- No. 5, original wording is "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." The question is "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?"Your response is "Yes, each GT unit shall be able to operate on bypass."Please kindly confirm what you mean is that if 1 GT is out, the rest GTs shall be unaffected, but ST is not mandated to maintain 100% load (in fact it is not possible).	Yes, your understanding is correct. If 1 GT is out, the rest GTs shall be unaffected, but ST is not mandated to maintain 100% load, it may decrease capacity proportionally.
3	01.09.2023	in relation to currency risks	According to the basis for holding the auction, the Decree of the Government of Georgia No. 1013 dated May 29, 2023, the project is considered an object of guaranteed capacity (paragraph 7.)	Existing method of the tariff calculation implies nominating the capex in GEL at the launch of the facility, which results in annual payments in GEL and excludes the adjustment of currency risks. This method is unacceptable for IFIs. At the same time, the actual situation in energy sector is as follows: 1. The tariff for hydro power plants and other renewables is fixed in foreign currency (CFD, PPA) 2. For distribution and importing companies, the exchange rate is adjusted every month, which reduces their currency risks. The currency risk is not insured only for guaranteed capacity facilities. Therefore, to our mind, this method needs to be adjusted. From our point of view, the following scheme will be acceptable for the IFIs: monthly payment should be adjusted according to the average NBG exchange rate of the same month.	The Regulatory Asset Base (RAB) is denominated in local currency and according to the existing tariff methodology, RAB revaluation is not allowed, but at the same time profit norm (WACC) is calculated in nominal terms in local currency and covers currency risk, which is reflected in Risk free rate (YTM on long-term Georgian government bonds denominated in local currency) and Cost of Debt (interest rate on long term energy sector loans issued by local commercial banks in local currency). More precisely, if we recalculate the WACC in US dollar term and compare to the WACC calculated in local currency, the difference between this two is currency risk component. As for tariffs for hydro power plants and other renewables under PPA and electricity importers, they are not regulated (tariff regulated) by GNERC and the issue is not within the competence of commission. Regarding the distribution licensees, WACC for the guaranteed capacity sources and Distribution companies are calculated based on the same principles. For both activities (Distribution & guaranteed capacity) WACC is calculated in nominal terms in local currency and there is no exchange rate adjustment allowed. For all tariff regulated activities (electricity generation, transmission and distribution) currency risk is covered through the WACC and there is no other mechanism to insure exchange rate fluctuation or depreciation. So, the existing tariff scheme (WACC calculation approach) covers currency risk in the medium term and changes to the existing model is not currently under consideration. For more information on the methodology, please refer to the №68 Resolution (dated 15 December, 2020) of the Georgian National Energy and Water Supply Regulatory Commission (GNERC).
4	04.09.2023			Per discussion with eligible bank for arranging guarantee, they request registration identification number of GOGC, please kindly provide so.	Firm Name: GEORGIAN OIL AND GAS CORPORATION JSC Legal Form: Joint Stock Company Identification Number: 206237491 Registration Number and Date: 4346/007;06/04/2006 Registering Authority: Tbilisi Tax Inspection Legal Address: Georgia, Tbilisi, Samgori district, Kakheti Highway, N21. All information regarding ownership and LLC registration is public and can be found on : https://www.napr.gov.ge/ with company Identification Number: 206237491