

TORRENT POWER LIMITED

INVITATION TO OFFER

For Supply Of LNG
(CY-2017 To CY-2021)
Dated 21st October 2016

Response by TPL to Clarifications
Uploaded on TPL's website on 7th November 2016

In response to the above referred Invitation, Bidders have sought clarifications on various matters, with respect to "Invitation to Offer" document. Queries from Bidders are being replied to the respective Bidders by e-mail. In the interest of transparency and fairness to all Bidders, a summarised gist of important queries received by TPL and TPL's response thereto are tabulated below, for the benefit of all Bidders. The queries have been classified under broad heads for ease of reference and suitably generalised, where required.

Sr. No.	Query	Clarification by TPL
Information on the Bidder		
1	Is it mandatory to provide "LNG cargoes delivered by the Bidder in India in the last 3 years"?	Yes it is mandatory, as this will enable TPL to evaluate the Bidder's experience of LNG supply into India.
2	Section 3.5 – Sharing Bidder's unsold capacity for next 5 years is sensitive information and therefore request you to drop this requirement.	The information is useful to judge the feasibility & capability of the Bidder for the effective fulfillment of TPL's requirement. If at this point of time, the Bidder prefers not to provide these information, then in any case the same will have to be provided for further consideration of a particular Bidder, if he is shortlisted.
3	Clause 3.2 and Annex 2 Clause 3.2 requires "place of incorporation" of the ultimate holding company whereas Annex 2 requires Certificate of Incorporation. We are happy to provide the certificate of incorporation for Bidding entity. Ultimate holding company is a publicly listed company and not a contracting party, hence could TPL kindly accept that the Certificate of Incorporation is not required for a listed company?	This document is not mandatory but is desirable for TPL's KYC process. In absence of the same, the relevant details of incorporation of parent company and its ownership in Bidding entity may be provided.
4	Clause 3.4 - Does the requirement of "Credit rating with rationale", mean that we should provide the latest available credit rating from one of the rating agencies along with their assessment note/press release regarding the rating review?	Your understanding is correct.
5	Clause 3.6 requires: LNG cargoes delivered by the Bidder in India in the last 3 years, whereas, Annex 2 mentions: Table showing LNG cargoes sold directly to Indian buyer during each of the last 3 years. We understand that the requirement in Annex 2 should read as that provided in Clause 3.6, kindly clarify.	TPL would require information pertaining to both, delivering to Indian terminals as well as marketing to Indian Buyers

Execution of Master Agreement

1	MSPA to be executed before 11/11/2016 – Bidder is already in discussions and some issues are yet to be mutually resolved for conclusion of MSPA , thus extension of timeline till 30th Nov 2016 may be given	Please refer Amendment I dated 28th October 2016
2	As MSPA to be concluded before submission of offer, thus submission date also to be extended till 30/11/2016.	Please refer Amendment I dated 28th October 2016

Supply Term

1	Regarding Section 5 (Supply Term), do Bidder have to offer all periods or not? As for Period starting from April 2017 to December 2019, is the offer only in 2019 acceptable? Also, can we offer alternative period (e.g. 2019 or 2019-2020)?	Bidder may offer for any or all of the Periods mentioned in the Invitation to Offer (refer section 7.3). Bidder may offer for alternative period also. However, as mentioned in section 10.4, please note that while selection of a Bidder, other things being equal (i.e. price and associated commercial terms, together with anticipated delivery schedules) preference may go to Bidder meeting TPL's requirement.
2	Can Period 1 be divided into two contract periods like for Apr 2017 – Dec 2017 and for Jan 2018 – Dec 2018 and offer to supply LNG for either contract period?	

Quantity

1	Clause 6 - Can the bidder offer lesser number of cargoes for Period 1, 2 or 3	Yes you can do so. However, as mentioned in section 10.4, please note that while selecting a Bidder, other things being equal (i.e. price and associated commercial terms, together with anticipated delivery schedules) preference may go to Bidder meeting TPL's requirement.
2	Contract Quantity: 3.0 - 3.6 TBtu +/- 2.5%: Is it possible to change the cargo tolerance to +/- 5% for operational reasons? Does the cargo tolerance of 2.5% also apply to the volumetric range of 125,000 to 175,000 cm?	No deviation to clause 6 of the 'Invitation to Offer' is expected by TPL. The variation of +/- 2.5% applies to the notified cargo quantity in mmbtu terms.
3	As for LNG Ship, what is the limitation of tank capacity? Is the LNG Ship whose tank capacity is more than 175,000m3 acceptable?	The requirements specified in "Invitation to Offer" is based on the conditions prescribed by PLL terminal. Deviation from the said conditions can be considered subject to the same (a) not adversely impacting the technical feasibility of PLL terminal; and / or (b) not being commercially disadvantageous to TPL in any way. For the sake of clarity, larger ships technically acceptable at the terminal port, may be utilized by the Bidders, provided the cargo volume falls within the volume range indicated in the Invitation to Offer.
4	To clarify if the Contract Quantity for the purpose of the Master Agreement will be in terms of MMBtus and the volumetric quantity specified is simply an additional restriction imposed.	The Contract Quantity for the purpose of Master Agreement will be in terms of MMBtus. There will be an aggregate energy quantity for each year in addition to the range per cargo and the same shall be mentioned in the Confirmation Memorandum.
5	Upward and Downward Quantity Tolerance: Is any DQT or UQT contemplated in your sourcing of LNG quantities.	TPL does not require any quantity flexibility at present. However, this can be mutually discussed at the time of finalisation of the Confirmation Memorandum

Offer Price

1	Are there flexibility elements (price or volumes flexibilities) which are of particular interest to Torrent and might help Bidder to structure a more interesting offer for Torrent?	If there are specific convincing offers received, involving flexibility element for price / volumes, the same may be considered, subject to factors like pattern of electricity demand, availability of storage & regasification capacity etc.
2	Can bidders specify different fixed or Brent indexed prices for cargoes within the same Period?	Yes you can do so. However, as mentioned in section 10.4, please note that while selecting a Bidder, other things being equal (i.e. price and associated commercial terms, together with anticipated delivery schedules) preference may go to Bidder meeting TPL's requirement.
3	Can we offer a different price for the different calendar years of Period 1	
4	Will it be okay if the fixed price solution is only offered for one year and the balance on crude linked formulae.	
5	Regarding Section 7 (Offer Price), do we have to offer both Option 1 (Fixed Price) and Option 2 (Brent linked Price Formula)? Or, is either Option 1 or 2 acceptable?	
6	Regarding Section 7.2, can you consider changing "the commencement of unloading of LNG cargo falls" to "delivery month"?	This change is not possible.
7	Clause 7.2 : Can you link the price to the start of the scheduled unloading window as opposed to commencement, for certainty of pricing for both Seller and Buyer	
8	In addition to the Option 1 and Option 2, may Bidders submit alternative price structures, for example a different definition / period for calculation of Brent or NBP indexation?	Price Offer must be provided in terms of the section 7 of the Invitation to Offer.
9	As shortlisting stage is non-binding thus any price quoted in 1st stage may get changed in second stage of binding bid submission due to change in market conditions, confirm if it is acceptable	Please refer section 7 of the 'Invitation to Offer' which clarifies that Price Offer is indicative.

Performance Bond and Credit Support

1	When should the Performance Bond be issued? And for which notional amount?	As indicated in section 8 of the Invitation to Offer, appropriate credit mechanism satisfying mutual concerns will be worked out at the time of final agreement.
2	Regarding Section 8 (Performance Bond and Credit Support) and Clause 16 in Annex A, can buyer issue Stand-by LC or Documentary LC? If so, please let us know the name of issuing banks.	
3	Will the Bidder get Buyer's Performance Guarantee in addition to SBLC for commodity.	

Submission of Offer

1	Whether the deadline for the submission of offers applies for both physical copy and email version?	The deadline applies to receipt of email containing signed & scanned copies of the documents as attachment; identical hard copy of the documents may be submitted in due course. In case of any discrepancy between the two, the email copy shall prevail.
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Offer Evaluation

1	What would be the timeline that Torrent envisages for the execution of the binding Confirmation Memorandum (CM)?	It is not possible to predict precise timelines at present. However, the same will be mutually defined upon selection of the supplier. TPL intends to complete the shortlisting of potential suppliers as soon as possible i.e. before end of November 2016.
2	Is Torrent going to award all cargoes to one supplier per Period or a combination of suppliers?	Please refer to section 10 of the Invitation to Offer. However dependent on the offers received and their techno-commercial feasibility, TPL reserves the right to award cargoes for each Period / all the Periods to one or more Bidders.
3	Section 10.2 – How would the price bids under Option 1 and Option 2 submitted by various bidders for various periods be compared?	Please refer sections 10.1 & 10.4 for evaluation criteria for offers received.
4	When will result of the tender be announced?	The results of the tender shall be announced when necessary documentation (Confirmation Memorandum and other defined agreements) have been completed. The anticipated timeline is expected to be no later than end of January 2017.
5	You mention the shortlisting will be done for top 3 offers, does this imply the initial offeres will be non binding. And if binding are there any subjects other than signing of CN and MSPA.	Please refer section 7 of the 'Invitation to Offer for Supply of LNG' which clarifies that Price Offer is indicative.

Loading location / Alternate Loading location

1	Following the nomination 30 days prior to the Delivery Window, please clarify if Seller may subsequently amend the nominated Loading Port / source, subject to the terms of 4.2?	Please refer section 4.1 and 4.2 of Annex 1 of the 'Invitation to Offer'. Amendment of nominated Loading Port may be appropriately dealt with in the Confirmation Memorandum.
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Discharge Location / Alternate Discharge Location and Diversion

1	Cargo Diversion within India: Is it possible to restrict this clause to terminals within West India? Seller should be informed regarding the diversion no later than 60 days before delivery.	TPL's requirement is diversion to any port in India. Mechanics of notifying diversion will be agreed in the Confirmation Memorandum.
2	Clause 6.1, where it may not be possible to divert outside of India unless mutually agreed by Seller and Buyer	Subject to Seller's approval, which shall not be unreasonably withheld or conditioned.

Delivery Profile

1	Will the Contract Quantity for each CY be scheduled for delivery at the Delivery Point approximately rateable?	In ordinary circumstances, delivery profile shall be evenly spread over the concerned year. However, please note that there may be marginal adjustment of dates to take care of (a) seasonal electricity demand variations, (b) impact of specific events such as festivals, (c) contingency requirement arising out of temporary constraints in regasification facility, transportation bottlenecks, transmission congestions etc. Such adjustments would be either marginal or one time as an exception rather than norm.
2	For Bidder, potential supply source would be from XXXX, thus ADP and Delivery Scheduling mechanism needs to be on back to back basis with those SPA as it's a term supply.	For the shortlisted Bidder, the modalities on specific issues applicable shall be discussed and considered accordingly.

3	<p>Section 8.1 –</p> <p>i. When will Delivery Window be finalized and for the bidding purpose, will Torrent Power indicate initial Delivery Months within which the Delivery Windows to be finalized?</p> <p>ii. Will there be ADP:NDS mechanism?</p>	Annual Delivery Plan:Ninety Day Schedule mechanism can be agreed in the CM.
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LNG Specifications

1	Regarding Clause 13 (LNG Specification) in Annex A, can Torrent accept GHV below 1000Btu/SCF (e.g. 980 Btu/SCF) ? Can you consider Ethane max limit as 10% instead of 8%.	LNG specifications mentioned have been envisaged as per the requirements of LNG storage terminal and gas transportation pipeline facilities being used by TPL. Hence, no change in the same is possible.
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Force Majeure

1	<p>Torrent wishes to extend FM coverage to some of its downstream assets: would it be possible to have a list of power plants and gas pipelines that Torrent intends to include in the CM? As per Torrent's MSA template the following list of facility is considered:</p> <p>Pipelines:</p> <p>i. Gujarat State Petronet Limited</p> <p>ii. GAIL (India) Limited</p> <p>iii. Reliance Gas Transportation Infrastructure Limited.</p> <p>Power Plants:</p> <p>i. 1530 MW Sugem Mega Power Project Units 10 – 40 , located at Off NH-8, Taluka: Kamrej, Dist.</p> <p>ii. 1200 MW Dgen Mega Power Project Units 51 – 53 located at Plot no. Z-9, Dahej SEZ Area - Part 1 (Eastern Side)</p> <p>Would any addition be necessary?</p>	The Downstream Facilities comprising of named Pipelines and Power Plants as given in the TPL's MSA template are intended to be covered by FM clause.
2	Re section 15 "Buyer's FM". Can TPL please provide FM history of TPL's named power plants and identified transportation pipelines?	To the best of our knowledge, there has been no notable Force Majeure event affecting TPL's named power plants and identified transportation pipelines in the last five years.

Documentation

1	Section 17.2 – It will be difficult for having blanket agreement, especially when co-buyer is not party to an agreement with us. Request for further clarity from your side on need for such requirement and how much notice will be provided for such cargoes.	<p>Necessary procedural formalities shall be defined in the CM for this process. However, this will be the right of TPL to nominate such co-buyer.</p> <p>The formalities as defined in the Confirmation Memorandum, shall be completed by the Bidders within reasonable time to facilitate the intended schedule of supply.</p>
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Other terms and conditions

1	Where MSPA is executed with the Bidder, please clarify whether MSPA or terms as per ITO will govern this transaction, especially where there is conflict in terms?	Any conflict with the executed MSPA will be addressed in the Confirmation Memorandum.
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