

Project:-	COAL GASIFICATION BASED METHANOL PLANT ON BUILDOWN-OPERATE (BOO) BASIS FOR EASTERN COALFIELDS LIMITED					
Tender No.	PNMM/PC-276/E-4001					
Subject:	REPLY OF PRE-BID QUERIES FOR COAL TO METHANOL PROJECT AT BAHADURPUR RANIGANJ COALFIELD, WEST BENGAL ON BUILD OWN OPERATE (BOO) BASIS FOR EASTERN COALFIELD LTD,					
REPLY TO PRE-BID QUERIES LOT-1						
I	BIDDER-1					
Sl. No.	Reference of bidding document				Bidder's query	Owners's/PMC reply
	Section	Page. No.	Clause No.	Subject		
1	Vol. 1, CONDITION OF CONTRACT Section 6.0	88/500	16.3 16.5 16.6	CAPACITY: QUALITY OF PRODUCT: PLANT AVAILABILITY:	<p><u>Tender Clause:</u> As per tender clause bidder have to guarantee production capacity of 2000MTPD, purity >99.85% and plant availability as 100 % (for 330 days/yr).</p> <p><u>Concern:</u> (1) ECL have not guaranteed off-take of produced Methanol. Without assured offtake committment by ECL, it will pose as a risk which can impact the bankability of the project and hence lenders may not fund the project.</p> <p>(2) ECL has not provided assurance of supply of ROM coal and utilities (water, power) of quality and quantity as per section 1.5 Vol-II: Technical, required to produce 2000 MTPD Methanol of given purity. Margins of BOO Processor may not be loaded only on the Fixed Monthly Charge, but also on the Variable Charge. Hence, operation of the plant is also in favor of the BOO Processor for project's financial viability.</p> <p><u>Bidder's suggestion:</u> (1) ECL shall provide guranteed offtake of 100% quantity of Methanol produced. (2) ECL shall provide assurance of guaranteed supply of ROM coal and utilities (water, power) of quality & quantity required to produce 2000 MTPD Methanol.</p>	<p>(1) ECL guarantees to offtake 100% quantity of Methanol produced,in case of award of contract. ECL is also in process of exploring probable buyers for futuer tie-ups.</p> <p>(2) ECL assures guaranteed supply of ROM coal and utilities (water, power) of quality & quantity required to produce 2000 MTPD Methanol in case .</p>
2	Vol. 1, COMMERCIAL Section 5.0 Instruction to Bidder	51/500	17.5(f)	EARNEST MONEY DEPOSIT (EMD)	<p><u>Tender Clause:</u> As per tender clause ECL will forfeit EMD if bidder violates any other condition, mentioned elsewhere in the Tender Document.</p> <p><u>Concern:</u> It is an open clause, wihtour specific situation.</p> <p><u>Bidder's suggestion:</u> ECL shall not forfeit EMD BG for non-specified and open ended conditions. All conditions shall be specified clearly.</p>	NIT clause shall prevail. In case of forfeiture of EMD , the same shall be within the provisions of Tender document.
3	Vol. 1, COMMERCIAL Section 5.0	57/500	22.2	TAXES & DUTIES	<p><u>Tender Clause:</u> As per tender clause applicable GST rates and SAC code shall be 12% and 9988 respectively for Conversion Charges (Fixed Monthly Charge and Variable Charge).</p> <p><u>Concern:</u> As per CBIT&C portal applicable GST rates for said SAC codes vary from 5% to 18%.</p> <p><u>Bidder's suggestion:</u> ECL shall confirm applicable GST rate as 12%.</p>	Bidder to note that 12% GST has been considered for evaluation purpose only. However , during the execution of Contract, GST shall be paid as per actuals against GST invoice. .

4	Vol. 1, CONDITION OF CONTRACT Section 5.0	57/500	23.1	SECURITY DEPOSIT/ PERFORMANCE BANK GUARANTEE (SD/PBG)	<p><u>Tender Clause:</u> As per tender clause PBG value is 5% of Aggregated conversion cost for 25 years validity.</p> <p><u>Concern:</u> BOO processor is already investing CAPEX for establishing the coal to methanol plant. Hence, ECL is assured of BOO Processor's commitment for the project. Moreover, 5% of PBG is high. Financing cost of same shall be loaded by BOO Processor in its quote.</p> <p><u>Bidder's suggestion:</u> ECL shall reduce the PBG value from 5% of Aggregated conversion cost to 3%, and the validity of BG shall be on annual basis and not on 5 or 25 years basis. MDO tenders and govt. tenders for renewable energy also levy 3% PBG. Moreover the PBG shall not be levied after commissioning as the coal to methanol plant would already been established and BOO Processor would have already incurred substantial capex.</p>	NIT Caluse shall Prevail.
5	Vol. 1, CONDITION OF CONTRACT Section 6.0 Article 25	97/500	25.8	UTILITIES	<p><u>Tender Clause:</u> As per tender clause ECL shall provide the ROM coal to BOO processor on chargeable basis subject to availability.</p> <p><u>Concern:</u></p> <p>1) In case ECL does not provide coal to BOO Processor before First Delivery Date ("FDD"), then BOO Processor will have to arrange for coal for commissioning purpose, i.e. for a few months. Coal sourced by BOO Processor directly may have different quality parameters and may even lead to commissioning of the plant, but with a different quality of coal supplied by ECL after commissioning may not produce the desired Methanol quality.</p> <p>2) Coal prices may vary at the time commissioning, for chargeability on BOO processor.</p> <p><u>Bidder's suggestion:</u></p> <p>1) ECL shall commit to supply desired quality and quantity of ROM coal relevant to specifications as per Vol II., Technical NIT (Anxx 1.5) even before FDD.</p> <p>2) ECL shall supply ROM Coal at free of cost even before commencement of production of Methanol and if not, then landed cost of coal to be provided prior to bid submission. Also, Please mention whether BOO processor shall be charged with any taxes over and above landed cost.</p>	<p>1) Owner/PMC shall review</p> <p>2) Owner/PMC shall review.</p>

6	Vol. 1, CONDITION OF CONTRACT Section 6.0	97/500	26.2	LIQUIDATED DAMAGES	<p><u>Tender Clause:</u> As per tender clause LD shall be imposed on BOO processor for delay in start-up, except for non-readiness of ECL to offtake Methanol or non-supply of Feedstock / utilities by ECL.</p> <p><u>Concern:</u> BOO processor should not be penalised in all cases of delays which are not attributable to BOO Processor.</p> <p><u>Bidder's suggestion:</u> (1) LD on delay shall be imposed on bidder only for delay which is attributable to BOO Processor. Bidder shall not pay demurrage for delays due to PDIL/ECL or any third party and is beyond BOO Processor's control. (2) In case of delays, LD shall apply on BOO Processor as well as on ECL if such delay is attributable to them. The LD on ECL shall also be at par with the same rate as asked by ECL from BOO Processor i.e. Rs 4 Crore / week of delay upto Rs 100 Crore ceiling.</p>	<p>1) NIT clause shall prevail.</p> <p>2) NIT clause shall prevail</p>
7	Vol. 1, CONDITION OF CONTRACT Section 6.0	97/500	26.2	LIQUIDATED DAMAGES	<p><u>Tender Clause:</u> As per tender clause applicable LD for delay shall be at the rate of Rs 4 Crore on pro-rata basis for delay of every week or part thereof subject to a ceiling of Rs 100 Crore.</p> <p><u>Concern:</u> LD rates are quite high in context of BOO project.</p> <p><u>Bidder's suggestion:</u> ECL shall revise LD on delay at the rate of "Rs 50 lakh on pro rata basis for delay of every week or part thereof subject to a ceiling of Rs 12.5 Crore."</p>	NIT clause shall prevail
8	Vol. 1, COMMERCIAL Section 5.0 Instruction to Bidder	58/500	26	NOTIFICATION OF AWARD/LETTER OF AWARD	<p><u>Tender Clause:</u> As per tender clause Contract Agreement shall be signed on a non-judicial stamp paper of Kolkata state.</p> <p><u>Concern:</u> Kolkata state seems like a typographical error to bidder.</p> <p><u>Bidder's suggestion:</u> Bidder suggests that Contract Agreement shall be signed on a non-judicial stamp paper issued by West Bengal Govt/GOI. (not Kolkata State)</p>	Owner/PMC shall review.
9	Vol. 1, COMMERCIAL Section 5.0 Instruction to Bidder	53/500	21.2.1	EVALUATION AND COMPARISON OF BIDS	<p><u>Tender Clause:</u> (1) As per tender clause Discount Rate shall be considered as the YTM% p.a. (Annualized) of G-Sec Rate for a tenure of 28-29 years plus 150 bps (risk premium) as on the day of opening of tender. (2) As per tender, the escalation rate for Fixed Monthly Charge and Variable Charge shall be on WPI (minerals), WPI (manufactured products), CPI during last five years from the date of bid closing date.</p> <p><u>Concern:</u> More clarity is needed on discount rate and escalation rate. The amount of Discount Rate and Escalation Rates should be given in the tender itself. e.g. 3%, 6%, etc.</p> <p><u>Bidder's suggestion:</u> (1) Discount Rate: As all parameters deciding discount rate seems certain as on date. ECL shall clearly spell out discount rate as a <u>numerical percentage</u> to keep all bidder/price offers at par. (2) It is mentioned that the escalation of Fixed Monthly Charge and Variable Charge shall be on WPI (manufactured products) and CPI for last 5 years of a given period. It is requested that ECL/PDIL should declare numerical figure of the</p>	NIT clause shall prevail. Evaluation factor has been explained in sheet 1

10	Vol. 1, COMMERCIAL Section 5.0 Instruction to Bidder	60/500	29.3	OWNER'S RIGHT TO ACCEPT/REJECT BIDS	<p><u>Tender Clause:</u> As per tender clause ECL can reject the bid/terminate the Contract on the basis of back-2-back arrangement of sub-contracting whole/substantial portion of work.</p> <p><u>Concern:</u> This being a BOO bid, and bidder being an investor, such restrictions are non-favourable to draft most competitive offering. Moreover, the BOO Processor will be the one which fulfils the qualification requirements of the tender. BOO Processor also submits the PBG and remains obligated to fulfil contractual conditions.</p> <p><u>Bidder's suggestion:</u> It is suggested that bidder should be allowed for arrangement for subcontracting as per techno-commercial requirements, any way bidder is disclosing the complete techno-commercial scheme in technical proposal.</p>	NIT clause shall prevail
11	Vol. 1, CONDITION OF CONTRACT Section 6.0	101/500	30.1(a)	TERMINATION & TAKEOVER	<p><u>Tender Clause:</u> As per tender clause ECL shall terminate the Agreement over abandonment by BOO processor.</p> <p><u>Concern:</u> More clarity is needed on meaning of "abandonment by BOO processor" as it is not clearly defined.</p> <p><u>Bidder's suggestion:</u> Clarity is required as to what specific action of bidder would be considered as "abandonment" OR "suspension" as per relevant clause to be enforceable.</p>	NIT clause shall prevail
12	Vol. 1, CONDITION OF CONTRACT Section 6.0	102/500	30.5	TERMINATION & TAKEOVER	<p><u>Tender Clause:</u> As per tender clause, even in case of Contract Termination before completion of contract (25 years of BOO processor operation), BOO processor have to remove/dismatle said plant within 12 months, else the plant or part thereof pending dismantlement shall be transferred to ECL free of any cost and liability.</p> <p><u>Concern:</u> Fixed Monthly Charge can't factor such contingency of termination before contractual period of 25 years, which puts bidder at risk of loss against depreciated asset value at the time of contract termination.</p> <p><u>Bidder's suggestion:</u> ECL shall take over the said process plant/Asset in case the contract get terminated within 25 years of BOO process operation on higher of market value or book value.</p>	Owner/PMC shall review.
13	Vol. 1, CONDITION OF CONTRACT Section 6.0	101/500	30.2(b)	TERMINATION & TAKEOVER	<p><u>Tender Clause:</u> As per tender clause ECL shall terminate the Contract in case BOO processor doesn't meet min 90% of agreed production quantity for 6 continuous months.</p> <p><u>Concern:</u> There is no correlation spelt in this clause on dependence of agreed Methanol production quantity with utilities and feedstock supplied by ECL.</p> <p><u>Bidder's suggestion:</u> Cut-off Quantity/Quality of Methanol supplied by BOO processor shall be directly dependent on the feedstock quality/quantity parameters supplied by ECL, and can't be looked in isolated manner for penalising bidder.</p>	Owner/PMC shall review.

14	Vol. 1, CONDITION OF CONTRACT Section 6.0 Anxx 1.2	124/500	5	PREAMBLE TO SCHEDULE OF RATE/BOQ	<p><u>Tender Clause:</u> As per tender clause bidder need to quote required feed & utilities for agreed quality & quantities of production of Methanol.</p> <p><u>Concern:</u> Bidder seeks clarity on related quality parameter of feed & utilities to be quoted. Though coal ash content of 24% has been mentioned, but that is mentioned for "design" purpose. Coal specifications are not provided for "bidding" purpose.</p> <p><u>Bidder's suggestion:</u> Bidder shall quote the Quantity of coal required for generation of 1 MT of Methanol. ECL/PDIL need to clarify what Ash content for coal to be considered for "bidding" purpose.</p>	Owner/PMC shall review.
15	Vol. 1, COMMERCIAL Section 5.0	84/500	15.2.1	FIXED MONTHLY CHARGE OF METHANOL	<p><u>Tender Clause:</u> As per tender clause price shall be calculated on pre-decided formula for price discovery.</p> <p><u>Concern:</u> Bidder is concerned over difference of discovered price and market/index price of Methanol after Contract award. In case market value of Methanol falls below the Conversion Charges, in such case ECL will not offtake methanol from BOO Processor and this may lead the project to be financially unviable if such situation persists because margins will also be loaded in Variable Charge as well.</p> <p><u>Bidder's suggestion:</u> ECL need to clarify on how the project is hedged from potential deviations of discovered price of Methanol and international commodity index/market price. This is required to be known by bidder because the operation of this project also depends on the sale value of the product produced from this project. In case the overall payment to BOO Processor exceeds the product's market value, ECL will not offtake the product. In such case, BOO Processor will be paid only the Fixed Monthly Charge and the project may no longer remain viable for BOO Processor as some margins may also be loaded on the Variable Charge.</p> <p>ECL must guarantee the off-take of 100% Methanol produced on monthly basis by BOO Processor.</p>	Refer reply to Sr.No 01 above.
16	Vol. 1, CONDITION OF CONTRACT Section 6.0	98/500	27.1(b)	PENALTY AND RISK PURCHASE	<p><u>Tender Clause:</u> As per tender clause ECL shall penalise the BOO producer for not meeting the desired quality of produced Methanol.</p> <p><u>Concern:</u> Quality of produced Methanol is directly related to quality of feestock.</p> <p><u>Bidder's suggestion:</u> Purity of product Methanol shall be subject to quality of inputs supplied by ECL, such provision should be included in mentioned tender clause.</p>	NIT clause shall prevail. Quality of Methanol is independent of Coal quality since Raw material for methanol is Syn. Gas.
17	Vol. 1, CONDITION OF CONTRACT Section 6.0	100/500	29	TEMPORARY TAKEOVER OF THE PLANT BY OWNER	<p><u>Tender Clause:</u> As per tender clause ECL shall takeover the plant temporarily on various situation relating to gap in production quantity subject of period of 30 days.</p> <p><u>Concern:</u> Such tender clause restricts in delivering contractual obligation in smooth manner.</p> <p><u>Bidder's suggestion:</u> Take-over of Methanol production plant shall occur only once as final take-over only i.e. on termination of contract.</p>	NIT clause shall prevail.

18	Vol. 1, CONDITION OF CONTRACT Section 6.0 Article 37	110/500	37.1	JURISDICTION & GOVERNING LAW	<p><u>Tender Clause:</u> As per tender clause, ECL has not specified provisions for future regulatory risk, as such a plant shall produce substantial amount of CO₂ as by-product.</p> <p><u>Concern:</u> CO₂ emission from the plant shall be huge. As per Paris Climate commitment India is committed to reduce carbon footprints, which may put the project at risk. Further, tax may be levied due to carbon emission. This tax may have financial impact, even making the project financially unviable for BOO Processor.</p> <p><u>Bidder's suggestion:</u> Any new mandate with regards to CO₂ emission shall be under the scope of ECL, and its sole liability.</p>	Owner/PMC shall review.
19	Vol. 1, CONDITION OF CONTRACT Section 6	110/500 104/501	37.1 31.(iii)(A)	JURISDICTION & GOVERNING LAW FORCE MAJEURE	<p><u>Tender Clause:</u> Tender clause spell about governing law & jurisdiction.</p> <p><u>Concern:</u> Change in Law shall not be a part of Force Majeure as the purpose and intent of both these clauses is different. Change law is currently covered in force majeure which may give bidder comfort in timeline, but not on financial impact. Hence it should be addressed as an independent clause, providing remedies to BOO processor in case of commercial/Financial implication due to change in law.</p> <p><u>Bidder's suggestion:</u> Provisions for "Change in Law" as a separate tender clause for financial/commercial implication of same shall be incorporated.</p>	Owner/PMC shall review .
20	Vol. 1, CONDITION OF CONTRACT Section 6.0	104/500	31.(iii)(C)	FORCE MAJEURE	<p><u>Tender Clause:</u> As per tender conditions, Force Majeure covers : <i>unlawful or unauthorised or without jurisdiction, revocation of, or refusal to renew or grant without valid cause, any clearance, licence, permit, authorisation, no objection certificate, consent, approval or exemption required by the BOO Processor to perform their obligations under this Agreement; provided that such delay, modification, denial, refusal or revocation did not result from the BOO Processor's inability or failure to comply with any condition relating to grant, maintenance or renewal of such clearance, licence, authorisation, no objection certificate, exemption, consent, approval or permit;</i></p> <p><u>Concern:</u> It is understood that delays relating to securing statutory clearances shall fall under this category.</p> <p><u>Bidder's suggestion:</u> bidder seek confirmation on coverage Delays over agreed timelines for securing statutory clearances under clause 31.1(i) (A), under "government acts or orders (which a Party is not responsible for)". Wwchich indeed remains out of control of BOO processor.</p>	NIT clause shall prevail

21	BID FORMS PREAMBLE TO SCHEDULE OF RATE/BOQ	97/500	25.8	UTILITIES	<p><u>Tender Clause:</u> As per tender conditions, ECL shall provide Construction Power to BOO Processor at its expense. However, in case of non-availability of construction Power due to any reason BOO Processor at its own expenses shall arrange for power to keep the progress of construction and no compensation on account of time & cost shall be admissible in such eventuality.</p> <p>As per tender, its also mentioned that all the utilities (other than construction power and water) required for First Commissioning (i.e., commissioning upon mechanical completion of Production Plant) and till the completion of first test run and further up to Agreement period shall be supplied by BOO Processor.</p> <p><u>Concern:</u> It is not clear about whether Electrical Power of 132 kV will be provided by ECL before First Delivery Date also or not. This will be required for plant commissioning and trial run also. It is not viable for bidder to arrange Feed (ROM Coal) and Utilities for commissioning. Any way ECL has committed utilities and ROM Coal after FDD (First Delivery Date).</p> <p><u>Bidder's suggestion:</u> Feed (ROM Coal) and Utilities (Electrical Power, Water) shall be arranged by ECL to BOO processor before First Delivery Date for commissioning/load test.</p>	Owner/PMC shall review.
22	Vol II. Technical NIT	266/500	Annx 1.5	Coal Analysis (ECL)	<p><u>Tender Clause:</u> As per tender ROM coal and surface water quality to be provided by ECL have been spelt out.</p> <p><u>Concern:</u> Periodical intimation regarding ROM coal quality in advance is required to plan methanol production.</p> <p><u>Bidder's suggestion:</u> ECL shall share proximate and ultimate analysis of ROM coal to BOO processor in order to ensure quality of production of Methanol as desired, 30 days in advance.</p>	NIT clause shall prevail . Owner shall make all effort to provide proximate & ultimate analysis of the Coal.
	BIDDER-2					
1					Is there any offtake agreement/understanding entered for the products envisaged from these two projects ?	ECL guarantees to offtake 100% quantity of Methanol produced,in case of award of contract. ECL is also in process of exploring probable buyers for futuer tie-ups.
2					Since the market price of these products vary based on varying market environment, who will take the risk of the volatility of product prices	Owner will take the risk of the volatility of product prices.

SHEET-1**WPI in Dec' 2021**

WPI_N 120.8 (Base Year : 2011-12)

CPI in Dec '2021

CPI_N 166.1 (Base Year : 2011-12)

WPI & CPI 5 years ago

WPI_O (Dec. 2016 - 5 years ago) 108.3 (Base Year : 2011-12)

CPI_O (Dec. 2016- 5 years ago) 130.4 (Base Year : 2011-12)

WPI escalation 2.209%

CPI escalation 4.959%

GST 12.00%

NPV Discount Rate 8.3200% Present GSEC rate (6.82) plus 150 BPS.