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25 July 2016

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**Clarification No. 7**

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**QUESTION 1**

With reference to the **Volume A1** Clause 6.4.5: According to Definitions of PPA:

- "*Minimum Performance Guarantees*" means the Minimum Capacity, Maximum Degradation and Minimum Performance Ratio as specified by the Buyer according to Annexure L (Performance Guarantees);

- "*Contracted Performance Guarantees*" means the performance guarantees (Contracted Capacity, Contracted Degradation and Contracted Performance Ratio) of the Power Plant as specified and guaranteed by the Seller according to Annexure L (Performance Guarantees);

Annexure L refers to Form C17 Performance Guarantees where according to our understanding there is no distinction between "Minimum Performance Guarantees" and "*Contracted Performance Guarantees*".

Please clarify the difference between the "*Minimum*" and "*Contracted*" values and inform if and where the Tenderer shall provide both the values within Return Form C17.

**ANSWER 1**

The distinction between the Minimum Performance Guarantees and the Contracted Performance Guarantees are mainly to define the minimum must meet levels or conditions as per the provisions in **Volume A2** section 6.4 and section 19.2. These conditions president as relevant to:

- a) the Commercial Operation Certificate be issued, as the relevant Performance Guarantees would be measured during the Provisional Acceptance Test;
- b) and Final Acceptance Test of the Power Plant;
- c) liability for Performance Liquidated Damages.

Your understanding that for certain Performance Guarantees the "Minimum" values are the "Contracted" are correct for the Contracted Capacity as this value will be measured in both instances (Provisional Acceptance Test and Final Acceptance) as the minimum must meet level listed in **Returnable Form C17**. But in the case of the Contracted Capacity Factor being the Capacity Factor listed for year 2, the Measured

in values in both instances (Provisional Acceptance Test and Final Acceptance) will be evaluated against the minimum must meet level listed in **Returnable Form C17**.

Please see Amendment 4.

## QUESTION 2

With reference to the **Volume A5** Clause 7.1 “*With effect from the Date of Signature, the Lessor grants to the Lessee the exclusive right to pursue and perform all activities on the Property relating to conducting the Project.*” and 9.1 “*The Lessee shall be given occupation of the Property on the Date of Signature.*”

Please confirm:

1. That construction at site can start before having obtained the Generation License; and
2. That construction at site can start as from Date of Signature (thus prior to the satisfaction of the conditions precedent stipulated in clause 2.3);
3. In this regard it is noted that the clauses that are stipulated to come into force at the Date of Signature (see clause 2.2), do not include clauses 7 and 9. Is it not the intention that clauses 7 and 9 should also be referred to in clause 2.2?”

## ANSWER 2

1. Confirmed, but at the sole risk of the Project Sponsor;
2. As a minimum the following conditions precedent in **Volume A2** clause 4.2 must be met before the Project Sponsor/Company can issue a limited notice to proceed with construction:
  - a. The Seller must indicate which of the having Consents as listed in Clause A2 of Annexure A (Consents) is required for it to issue a limited notice to proceed with construction;
  - b. The Seller and the Buyer having entered into a Transmission Connection Agreement;
  - c. The Seller having obtained approval for the Environmental Management Plan for construction;
  - d. The Buyer having obtained all Consents listed in Clause A1 of Annexure A (Consents); and
  - e. Approval by ECB of the Base Tariff and tariff structure as set out in Annexure C (Energy Payment).
3. An amendment to the **Volume A5** will be issued to reflect the intentions to allow a limited notice to proceed with construction.

### QUESTION 3

#### PERFORMANCE GUARANTEES & LIQUIDATED DAMAGES:

In point 6.4 of the PPA, Performance Liquidated Damages, it is stipulated that Liquidated Damages will be payable in the case that the seller fails to meet the Contracted Performance Guarantees which are defined in the PPA (as specified in Annexure L) to include:

- Contracted Capacity,
- Contracted Performance Ratio
- Contracted Degradation

Annexure L in turn refers to Bidders Contracted Performance Guarantees in Volume C Returnable C17.

In Returnable Form C17 however, the Bidder is asked to guarantee the performance of several other parameters, namely:

- Frequency (50Hz) and Power Factor (0,9)
- Plant capacity degradation for 25 years
- Capacity factor for 25 years
- Net energy (P50) at COD
- Net energy (P90) at COD
- Availability guarantee (98%)
- Lost Time Injury

Will the seller also be subjected to Liquidated Damages for underperforming in the additional guaranteed parameters listed in C17? Or are these additional guarantees simply required for tender evaluation? Please Clarify.

### ANSWER 3

The purpose of the Liquidated Damages on some of the Performance Guarantees listed in **Returnable Form C17** (and incorporated in **Volume A2 Annexure L**) is to allow the Seller a “buy down” option if the actual performance is less than the Contracted Performance but still meet the Minimum Performance. In the event that the actual performance is less than both the Contracted and the Minimum Performance on those Performance Guarantees that attracts Liquidated Damages, and in the event that the actual performance is less than the Minimum Performance Guarantees for all other Performance Guarantees, then **Volume A2** section 19.2 applies as this will constitute a Seller Event of Default. Please see Amendment 4.

### QUESTION 4

As per Clause 3.7.17 Lightning protection, of Volume B1:

*“All buildings and structures (structures which are higher than 4 m) shall be equipped with a lightning protection system (LPS). Lightning protection level I (LPL) according to IEC 62305 shall be considered.*

*In addition to the protection of human life, the LPS shall also protect electrical and electronic installations and prevent damage to buildings.”*

1. Does the above requirement only relate to the buildings and substation yard (on which the most lightning prone-risk equipment is located)?
2. If so, would a Lightning Protection Level III be adequate for the area where the PV module arrays are?

**ANSWER 4**

1. Yes, including any other structures constructed on site higher than 4 m affl.
2. Pending on the detailed design of the solar PV plant and taking the risk levels into account as per IEC 62305, Lighting Protection Level III could be deemed adequate for the PV module array area. Please take into account the required surge protection devices on both the AC and DC sides of the PV plant as per IEC 60099 together with the requirements listed in **Volume B1** section 3.7.17.

**QUESTION 5**

As the DigiSilent model is only applicable once the project is awarded and for detailed studies only. Correct that for Tender Submission we need to provide a good harmonic model for the plant itself (cables, inverters, etc) so that Nampower can test it in your bigger model to highlight potential problems.

**ANSWER 5**

Yes.

**QUESTION 6**

Under Amendment 2, point 4, we have noted that the EIA clearance certificate dated 10 October 2014 for the three photovoltaic facilities at Mariental, Omaruru an Okahandja was replaced by the EIA Clearance Certificate dated 4 February 2016 for the operation of the Hardap substation, Mariental district, Hardap region. Could you provide clarity on the reasons for replacing the original EIA certificate with the Hardap substation certificate?

**ANSWER 6**

Please see Amendment 4.10.