

13<sup>th</sup> November, 2017.

GDC/MSC/005/17-18/dk

**TO: ALL BIDDERS**

Dear Sir/Madam,

**ADDENDUM 1: CLARIFICATION**

**RE: TENDER FOR REQUEST FOR FINANCING PROPOSAL TO ACT AS LETTER OF CREDIT (L/C) SUPPORTED BY A PARTIAL RISK GUARANTEE (PRG) FROM THE AFRICAN DEVELOPMENT FUND (ADF) IN SUPPORT OF THE 105MW MENENGAI GEOTHERMAL PROJECT - GDC/PMT/RFP/021/17:18**

In response to bidder request for clarification, GDC wishes to provide the following clarification;

**1. Clarifications sought during the Pre-Bidding Conference**

NO.	BIDDERS' QUERIES	GDC/KPLC RESPONSES
1.	How can bidders ascertain that GDC has sufficient steam capacity for this project?	It is an obligation for GDC in the PISSA to provide 105MW steam for the aggregate capacity of the power plants and to ensure that at all times a reserve margin of 20% is maintained for such aggregate capacity. Additionally, GDC will drill make up wells to supplement the connected wells.
2.	What amount will be guaranteed by the ADF?	The ADF will guarantee 100% of the LC amount and interest amounts capped at the sum indicated in the Term Sheet. ( <i>Refer to page 8 of the RFP and page 3 of the Term Sheet-ADF Guaranteed Amount</i> ).
3.	What will be the repayment period for any amount advanced to the IPP(s) in the event GDC/KPLC defaults?	Within 12 months from the date of the advance. ( <i>Refer to page 3 of the Term Sheet on LC reimbursement period</i> ).

NO.	BIDDERS' QUERIES	GDC/KPLC RESPONSES
4.	What is the expected means of release of the LC facility to the IPPS? Can it be annually or it has to be for a continuous period of 15 years?	The maturity period is an evaluation criterion. (Refer to page 3 of the RFP (criteria number 1)).
5.	How much steam is GDC expected to avail to the IPPS for this project	105MW cumulatively (35MW for each IPP).
6.	What is the evidence of availability of sufficient steam in GDC? Will GDC provide reports of steam produced to the LC Bank?	The bidders should have comfort that ADF will reimburse all funds advanced to either GDC/KPLC if the repayment period lapses and no repayment has been made.
7.	Will ADF issue the guarantee directly or through another commercial bank?	The guarantee will be issued directly by ADF.
8.	How will the Stand By Letter of Credit issuing bank be able to know if the default has been occasioned by an IPP?	Such an instance will never be escalated to the bank since the remedies applicable are exhaustively covered under the PPA and the PISSA”
9.	How will the IPP pay for fees towards the LC facility and the guarantee agreement? Will these fees be paid for jointly or separately?	The fees will be paid separately under the RCA (between SBLC, GDC and KPLC), Letter of Undertaking (between the SBLC and IPP) and Project Agreement (between ADF and IPPs).
10	What is the payment interval between GDC, KPLC and the IPP? Quarterly, monthly or annually?	The payment period between KPLC and IPP are provided for in the PPA while that between GDC, KPLC and the IPP are provided for in the PISSA and the Steam Payment Agreement. Invoices are issued on a monthly basis; payment is made subject to the credit period as defined in the PPA, the PISSA and the Steam Payment Agreement.
11	What will be the reimbursement period between the LC Bank and ADF?	This period will be discussed between the LC Bank and the ADF while negotiating the ADF Guarantee Agreement.
12.	Will GDC/KPLC provide any guidelines to be adhered to by the IPP while securing debt financing?	IPP to secure debt financing independently. GDC/KPLC will not dictate that process.
13.	How will the LC Bank know if either GDC/KPLC has defaulted in their obligations?	The IPP will inform the Bank who the defaulting party is while seeking payment from the LC Bank for defaulted amounts.

NO.	BIDDERS' QUERIES	GDC/KPLC RESPONSES
14	There has been reference to a three (3) month period in the discussions. Please clarify.	The amount to be covered by the LC Bank should be sufficient to cover three (3) months payment obligations for energy charges and KPLC deemed generated energy payments and GDC deemed generated energy payments under the PISSA. (Refer to page 8 of the RFP).
15	How is responsibility shared between GDC and KPLC in the event of a default situation as regards access to the LC limit? Who is the principle obligor?	It's shared jointly and severally and there is no principal obligor it depends with the guarantee event that has occurred.
16	Is ADF going to issue the Partial Risk Guarantee directly to the SBLC Issuing bank?	The guarantee will be issued directly by ADF
17	Will the partial risk guarantee cover 100% of the SBLC amount?	It will cover 100% of the SBLC amount plus a certain limit of interest
18	What will be the amount of the SBLC?	An amount of USD 3,755,850.00 per IPP or USD 11,267,550.00 cumulative. <i>(see clause 8 of the RFP)</i>
19	What comfort do banks get on GDC's performance of its obligations under this contract? Most banks have some comfort for Kenya Power due to already existing credit lines.	The guarantee from ADF is sufficient to cover concerns of performance from either GDC or KPLC.

## 2. Clarifications Post the Pre-bid Conference

NO	BIDDERS' QUERIES	GDC/KPLC RESPONSES
1.	A default on the KPLC/GDC may trigger a short term loan to be established to settle due payments to IPPs before ADF honours their obligation to the SBLC issuing bank under partial risk guarantee. The Short term loan will effectively be treated as a borrowing /funded hence the bank would require approvals to lend from the Ministry of Finance as required under the State Corporations Act-will this be provided by GDC and KPLC?	The Short Term Loan approval process for KPLC/GDC will be discussed during the RCA negotiation
2.	Will the SBLC be issued on behalf of both KPLC and GDC in favour of the IPPs?	The content of the SBLC shall be negotiated with the LC issuing bank
3.	Provide GDC financial statements for the last 3 years	The bidders can collect the statements from GDC Finance office on official working days and hours

### 3. RFP ADDENDUM

NO	BIDDERS' QUERIES	GDC/KPLC RESPONSES
1.	Clarification Period	The clarification period is Seven (7) days prior to the deadline for the submission of the bids.
2.	Evaluation Criteria No 4 (Rating of the SBLC Issuing Bank)	The provision is revised to read as follows: 1. AAA and above or an equivalent rating- 15%; 2. AA or an equivalent rating – 10%; 3. BBB to A or an equivalent rating- 5% 4. Below BBB or an equivalent rating -0%

The closing date and all other instructions remain unchanged.

Yours faithfully,



**DORIS KYAKA**  
**MANAGER, SUPPLY CHAIN**  
**FOR: GEOTHERMAL DEVELOPMENT COMPANY**

