



NATURAL GAS PUBLIC COMPANY (DEFA)

TENDER No. DEFA - 007/2012

**REQUEST FOR EXPRESSION OF INTEREST
FOR THE SHORT TERM SUPPLY OF NATURAL GAS
TO DEFA FOR DELIVERY TO POWER STATIONS IN CYPRUS**

DATE OF ISSUE : 27th SEPTEMBER 2012

CLOSING DATE : 29 OCTOBER 2012 – 12.00HRS LOCAL TIME

CLARIFICATION No. 3 18 OCT 2012

Please note the following [Clarification](#) Answers to Questions received:

1. If interested parties participate as part of a Consortium for which one or more of the members have no audited accounts for 3 years, the Consortium can present alternative statements, such as an endorsement letter provided by a well recognized Banking Institution.
2. If interested parties participate as part of a Consortium there is no need for the Consortium to be identified as a separate legal entity and a legal agreement is sufficient. However members shall be jointly and severally liable for failure to deliver as specified in the EOI document.
3. Conversion of Steam Units 1&2 at Vasilikos Power Station is already under way but all works (including conversion of Unit 3) will be completed (within 18 months) depending on the positive outcome of the this process for short term supply of natural gas.
4. The decision to convert the units at Dhekelia (DPS) will depend on the positive outcome of this process for short term supply of natural gas. It should be noted that once such decision is taken, conversion of the units will start immediately, one or two at a time, and it is envisaged that progressively all units will be converted within 3-4 years.
5. No plans exist for conversion of Moni Power Station (MPS) Units at this stage.

6. The on-shore Pipeline Network that will connect the receiving Terminal in Vasilikos with DPS and MPS can be constructed by January 2015, depending on the necessity to do so.
7. The non-refundable fee can be paid any time before 29th October via Bank transfer to any of the accounts specified under Clarification No.1.
8. It is NOT possible for the Company or Consortium that wins the tender to assign the contract to any other company.
9. Indicative price means a price which is not binding. Indicative price range is acceptable provided the range is narrow enough to allow EAC to estimate, with reasonable approximation, the quantities of gas required.
10. Companies providing a complete LNG solution shall provide details and indicative prices separately for the sourcing and delivery part and for the Regasification part, anywhere that such infrastructure may be located. Proposals can include information on potential future use of infrastructure, if such information is available at present.
11. No further information can currently be provided for the 5% participation to be sold in the future into DEFA.
12. It is possible for interested parties to send different alternative offers with different price and date combinations.
13. The annual consumption choice between 0.4bcm, 1bcm and 1.2 bcm will depend on the evaluation of the submitted offers taking into account the gas price and start date combinations. More details about the operation of the power generation units will be given at the next stage of the process.
14. It is possible to offer an integral proposal alone or in consortium and additionally one proposal just for supply and another one just for delivery (regas) by the same interested party.
15. The transfer price for any facilities to be handed over to DEFA in the future, if any, will be decided near the end of the supply period.
16. The supply period may be extended to cover periods after 30.09.2018 in case indigenous gas is not available for use by then.
17. Possible re-deployment of infrastructure cannot be credited in the current selection process but is a factor that may be discussed during the negotiation process.
18. If a selected party is asked to co-operate with another party then they have to do so and each party will be liable for failure to deliver regarding the part of the work contracted to it. It is further clarified that LNG suppliers will be responsible for unloading the LNG.

19. DEFA will bear the credit support burden for DEFA's payments under GSA/GSPA
20. DEFA will be able to provide "Credit Support" arising from a back to back SPA agreement with EAC who will be the first customer of DEFA. DEFA will be ready to supply any other customer when demand arises and will be able to utilize as guarantees any other SPA agreements signed.
21. DEFA in cooperation with MCIT will input every reasonable effort such that the necessary permits are obtained by the interested party at the earliest possible (possibly within 6 months from contract date).
22. The indicative Gas price can be expressed into a fixed and variable charge with the proper upgrades and indexations but these must be clearly specified and will form part of the negotiating process.
23. The responsibility for the construction of Gas Delivery infrastructure to DPS, MPS and IPPs in adjacent locations lies with DEFA.
24. At the Electricity Authority of Cyprus Delivery point the minimum pressure should be 35 barg and the maximum pressure should not exceed 70barg. (Please disregard Appendix B pressure description reading "bara")
25. Standard odorants added to Natural Gas are not classified under "objectionable odours"
26. A map with measurement of sea depths with indication of possible berthing and mooring places for specialized vessels in the Vasilikos aquatic area has been provided under Clarification 2.
27. Currently DEFA has no ability to lease land onshore adjacent to the sea in Vasilikos Area
28. With regards to Confidentiality Agreements, DEFA is willing to sign a Confidentiality Agreement with interested parties before receiving the EOI response by interested parties.