



---

**Tender for selection of a Strategic Partner for  
conducting a Detailed Feasibility Study and subsequent  
formation of SPV for FSRU Project development**

---

## **Glossary**

|  |  |
|--|--|
| <b>Affiliate</b>                                       | Shall mean a Company that, directly or indirectly,<br>i) controls, or<br>ii) is controlled by, or<br>iii) is under common control with, a Company developing a Project or a Member in a Consortium developing the Project and control means ownership by one Company of at least 26% (twenty six percent) of the voting rights of the other Company; |
| <b>Applicant</b>                                       | An entity which responds to the tender and participates in the Selection Process   |
| <b>Application</b>                                     | A proper and relevant response submitted by the Applicant in pursuant of this tender   |
| <b>Application Due Date</b>                            | On or before the date by which the Application pursuant to this tender should be submitted   |
| <b>Detailed Feasibility Study</b>                      | A study that APGDC and the selected Applicant would undertake to assess the feasibility of setting up an FSRU on the East Coast of India in Andhra Pradesh   |
| <b>Earnest Money Deposit</b>                           | As defined in clause 2.11  |
| <b>Floating Storage and Regasification Unit (FSRU)</b> | Floating Storage and Regasification Unit, which receives Liquefied Natural Gas (LNG) from offloading LNG carriers, and the on-board regasification system provides Natural Gas send-out through flexible risers and pipeline to shore  |
| <b>Joint Study Agreement (JSA)</b>                     | An agreement to be executed between the APGDC and the selected Applicant to govern the modalities for undertaking the Detailed Feasibility Study on setting up an FSRU.  |
| <b>MTPA</b>  | Million Tonnes per Annum   |
| <b>Net Worth</b>                                       | As defined in Clause 2.3.2   |
| <b>Open Access</b>                                     | Access of FSRU to third parties for a fee.   |
| <b>Partner(s)</b>                                      | APGDC and the Strategic Partner would be partners in the SPV   |

|  |  |
|--|--|
| <b>PFA</b>                             | Means “Project Framework Agreement” containing salient features such as equity participation; Board composition etc., of the proposed SPV to be formed by APGDC and Strategic Partner. |
| <b>Project</b>                         | Development of the FSRU on the Andhra Pradesh Coast and to carry out the Commercial Operations   |
| <b>SPV</b>                             | A separate entity formed (Joint Venture between APGDC and the Strategic Partner) to setup an FSRU  |
| <b>SRV</b>                             | The SRV is an LNG vessel with on-board LNG vaporisers, and the ability to connect to an underwater buoy system for discharging the vaporized LNG directly into a pipeline system       |
| <b>Security Deposit</b>                | As defined in Clause 2.11  |
| <b>Selection Process</b>               | The process being undertaken by APGDC to select the Strategic Partner  |
| <b>Strategic Partner</b>               | The Applicant selected at the end of the Selection Process to partner APGDC.   |
| <b>Tolling Service Agreement (TSA)</b> | An agreement between the SPV and an entity providing rights to the entity for the usage of the FSRU  |

## **Contents**

|                                     |    |
|-------------------------------------|----|
| Glossary .....                      | 2  |
| 1.0 Background and Objectives ..... | 6  |
| 2.0 Instruction to Applicants.....  | 10 |
| 3.0 Criteria for Evaluation .....   | 21 |
| 4.0 Pre Application Conference..... | 26 |
| 5.0 Formats .....                   | 27 |
| 6.0 ANNEXURES .....                 | 46 |

## **DISCLAIMER**

The information contained in this tender document or subsequently provided to Applicant(s), whether verbally or in documentary or any other form, by or on behalf of APGDC or any of its employees or advisors, is provided to Applicant(s) on the terms and conditions set out in this tender document and such other terms and conditions subject to which such information is provided.

This tender document is not an agreement and is neither an offer to the Applicant or any other person. The purpose of this document is to provide interested parties with information that may be useful to them in the formulation of their application pursuant to this document. This document includes statements, which reflect various assumptions and assessments arrived at by APGDC. Such assumptions, assessments and statements do not purport to contain all the information that each Applicant may require. The assumptions, assessments, statements and information contained in this document may not be complete, accurate, adequate or correct. Each Applicant should therefore, conduct its own investigations and analysis and should check the accuracy, adequacy, correctness, reliability and completeness of the assumptions, assessments, statements and information contained in this document and obtain independent advice from appropriate sources.

Information provided in this document to the Applicant is on a wide range of matters, some of which may depend upon interpretation of law. The information given is not intended to be an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law. APGDC accepts no responsibility for the accuracy or otherwise for any interpretation or opinion on law expressed herein.

APGDC, its employees and advisors make no representation or warranty and shall have no liability to any person, including any Applicant, under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this document or otherwise, including the accuracy, adequacy, correctness, completeness or reliability of the tender document and any assessment, assumption, statement or information contained therein or deemed to form part of this document.

APGDC also accepts no liability of any nature whether resulting from negligence or otherwise howsoever caused arising from reliance of any Applicant upon the statements contained in this document.

APGDC may, in its absolute discretion but without being under any obligation to do so, update, amend or supplement the information, assessment or assumptions contained in this document.

The issue of this document does not imply that APGDC is bound to select a Strategic Partner and APGDC reserves the right to reject all or any of the Applications without assigning any reasons whatsoever.

The Applicant shall bear all its costs associated with or relating to the preparation and submission of its Application including but not limited to preparation, copying, postage, delivery fees, expenses associated with any travel and presentations which may be required by APGDC or any other costs incurred in connection with or relating to its Application. All such costs and expenses will remain with the Applicant and APGDC shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by an Applicant in preparation or submission of the Application, regardless of the conduct or outcome of the Selection Process.

## **1.0 Background and Objectives**

### **1.1 Background of APGDC**

Andhra Pradesh Gas Distribution Corporation Limited (APGDC) is incorporated under Companies Act 1956, and is promoted by Andhra Pradesh Gas Infrastructure Corporation Private Limited (APGIC) and GAIL Gas Limited (GGL).

APGDC was incorporated as a wholly owned subsidiary of APGIC with an authorized share capital of Rs.100 Crores for laying and maintaining Natural Gas pipeline infrastructure and City Gas Distribution (CGD) networks in the state. GAIL Gas and APGIC hold 50 per cent equity each presently in the company.

The scope of business of the company includes creating natural gas infrastructure in industrial estates, areas and clusters, developing distribution infrastructure downstream of trunk lines, promoting natural gas applications in various sectors and setting up City Gas Distribution networks to supply environment friendly, economical and convenient fuel compressed natural gas (CNG) to vehicles and piped natural gas (PNG) to households, commercial establishments and industries. M/s APGDC is planning to source Natural gas from International Markets to supply the same to the various sectors in Andhra Pradesh; and also planning to establish the FSRU facility in the East Coast of Andhra Pradesh, India.

APGIC is a joint venture between Andhra Pradesh Industrial Infrastructure Corporation (APIIC) and Andhra Pradesh Power Generation Corporation Limited (APGENCO). Both APIIC and APGENCO are entities owned by the State Government of Andhra Pradesh. APIIC holds 51% stake in APGIC, while APGENCO holds the remaining 49% stake.

APIIC is a premier organization, vested with the objective of providing industrial infrastructure through the development of industrial areas. The organization has so far developed more than 300 industrial parks spreading over an extent of about 1,21,655 acres (including allotted area).

APGENCO is engaged in the business of Power generation. It is amongst the leading state power generating utilities in India. The installed capacity of APGENCO as on 31.12.2011 is 8924.9 MW comprising 5092 MW of coal based and 3829 MW of hydro power generating stations.

GAIL Gas Limited, a wholly owned subsidiary of GAIL (India) Limited, was incorporated on May 27, 2008 and is focused on the City Gas Distribution (CGD) business.

GAIL is a diversified oil & gas Navratna company with an annual turnover of around Rs 32,459 Crore (USD \$ 7.2 billion) in India. GAIL, after having started as a natural gas

transmission company during the Mid eighties, has grown organically by building large network of Natural Gas Pipelines covering over 8500 Km with a capacity of around 160 MMSCMD; two LPG Pipelines covering around 1900 Km with a capacity of 3.8 MMTPA of LPG; seven gas processing plants for production of LPG and other Liquid Hydrocarbons, with a production capacity of 1.4 MMTPA; and a gas based integrated Petrochemical plant of 410,000 TPA polymer capacity which is further being expanded to a capacity of 900,000 TPA

GAIL transports about 75 percent of the total natural gas transmitted in India and markets about 50 percent of the total natural gas off-take in India. GAIL transports around 25% of country's total LPG through its pipeline network. In the state of Andhra Pradesh, GAIL (India) Limited is operating around 900 KMs of Natural Gas pipeline networks in the districts of East Godavari, West Godavari and Krishna Districts and handling about 15 MMSCMD of Natural Gas.

GAIL is a pioneer in City Gas Distribution (CGD) business in India, with Indraprastha Gas Limited (IGL) in Delhi and Mahanagar Gas Limited (MGL) in Mumbai being its biggest success stories. Besides IGL and MGL, GAIL has set up several JVs for CGD to supply gas to households, transport sector & commercial consumers in various cities. As a part of its initiative towards reducing carbon footprint and creating a path of sustainable growth, GAIL is building a portfolio of renewable businesses. The company has successfully commissioned a wind energy power project of 4.5 MW capacity in Kutch district of Gujarat. The Company is now executing another 15 MW wind energy power project in Gujarat and 100 MW Commercial Wind Energy Generation Project in the states of Tamil Nadu and/or Karnataka.

## **1.2 Objectives of APGDC**

- i. Develop/Construct liquefaction/regasification plants
- ii. Laying and maintaining Natural Gas pipelines.
- iii. Lay, build, operate or expand City Gas Distribution (CGD) or local Natural Gas Distribution networks.
- iv. CNG business and auto LPG business
- v. Procure, transport, distribute, process, import, buy and sell natural gas.
- vi. Act as technical advisors/consultants to undertake feasibility, pre-feasibility studies, techno-economics relating to LNG terminals and CGD networks etc.

- 1.3 APGDC Board has resolved to promote an FSRU on the East Coast of India, particularly in the State of Andhra Pradesh. This would help meet the growing gas demand requirements in the region. The Government of Andhra Pradesh has supported APGDC's initiative for FSRU terminal. The FSRU is required at the earliest possible timeframe at the East Coast of Andhra Pradesh. The Andhra Pradesh Government has also signed an MoU with APGDC during the Partnership Summit held during 11-13<sup>th</sup> January, 2012, assuring all support for this prestigious Project.

- 1.4 Indian economy is expected to continue to be amongst the fastest growing economies of the world. Considering the increasing demand for energy in India and the limited domestic availability of fuel resources, the contribution of imported fuels in the country's energy mix is on the rise. In this backdrop, the Natural Gas usage is bound to increase given the growing affordability and rising demand. A brief profile of the market conditions from a Natural Gas perspective for India and specifically for the State of Andhra Pradesh has been covered in Annexure 1.

## **1.5 Brief description of the Selection Process**

- 1.5.1 APGDC has adopted a single stage Selection Process for selection of the Strategic Partner.
- 1.5.2 The first step of the Selection Process involves evaluation based on Eligibility Criteria mentioned in Clause 2.3.2 and Clause 2.3.3. Only those who meet these criteria would be further evaluated as per the criteria in Clause 3.
- 1.5.3 During the evaluation, points will be awarded against each parameter and the Applicant with the highest points would be selected. The points will be corrected up to two decimals. The remaining Applicants shall be kept in reserve and may be considered if the selected Applicant withdraws or is disqualified by APGDC on grounds of misrepresentation of data or on account any other reason. In such a case, APGDC may, at its discretion, consider the other Applicants or annul the entire Selection Process.
- 1.5.4 Any queries or request for additional information concerning this tender document shall be submitted in writing or by e-mail to the officer designated in Clause 2.7.9 below. The envelopes/ communications shall clearly bear the following identification/ title:  
"Queries/ Request for additional information: Tender for selection of a Strategic partner for conducting a Detailed Feasibility Study and subsequent formation of SPV for FSRU Project development".

## 1.6 Schedule of Selection Process

APGDC shall endeavour to adhere to the following schedule:

|    | <b>Event Description</b>                | <b>Date</b>   |
|----|---|---|
| 1. | Issue of Tender Documents               | 23 <sup>rd</sup> January, 2012  |
| 2. | Pre-Application Conference              | 1100 Hrs, 06 <sup>th</sup> February, 2012 at GAIL (India) Limited, 16, Bhikaiji Cama Place, New Delhi, India.   |
| 3. | Last Date of Application Submission     | 1700 Hrs, 21 <sup>st</sup> February, 2012 at APGDC Office, 2 <sup>nd</sup> Floor, Parishrama Bhavan, Fateh Maidan Road, Basherbagh, Hyderabad, India. |
| 4. | Application Opening (Envelope 1)        | 1730 Hrs, 21 <sup>st</sup> February, 2012 at APGDC Office, 2 <sup>nd</sup> Floor, Parishrama Bhavan, Fateh Maidan Road, Basherbagh, Hyderabad, India. |
| 5. | Presentation of Approach and Work Plan  | From 1100 Hrs onwards, 24 <sup>th</sup> February, 2012 in Hyderabad, India.   |
| 6. | Application Opening (Envelopes 2 and 3) | 1100 Hrs, 25 <sup>th</sup> February, 2012 at APGDC Office, 2 <sup>nd</sup> Floor, Parishrama Bhavan, Fateh Maidan Road, Basherbagh, Hyderabad, India. |
| 7. | Validity of the Application             | 120 Days  |

If any of the dates identified above happens to be an official holiday, the next working day shall be implied.

## **2.0 Instruction to Applicants**

### **2.1 Scope of Application and Project Framework**

- 2.1.1 APGDC wishes to receive Applications in order to select an experienced and capable Strategic Partner for entering into a Joint Study Agreement.
- 2.1.2 After the selection of Strategic Partner, a Detailed Feasibility Study will be undertaken jointly by APGDC and Strategic Partner. In this regard, a Joint Study Agreement (JSA) will be executed to govern the modalities for undertaking the Detailed Feasibility Study. The costs incurred in carrying out such a study would be shared in equal proportion by the APGDC and the Strategic Partner.
- 2.1.3 APGDC has carried out a preliminary study to select a suitable port to execute the FSRU on the coast of Andhra Pradesh, India, which will be provided at Cost to Strategic Partner as preliminary document for preparation of the Detailed Feasibility Study.
- 2.1.4 Upon conclusion of the Detailed Feasibility Study, if the FSRU on the Andhra Pradesh coast is found to be techno-economically viable, APGDC and the Strategic Partner shall form a Special Purpose Vehicle (SPV) to develop the Project and commercialising the same, subject to approval of their respective boards and upon obtaining other requisite authorizations. In order to capture the salient terms of such a future engagement, a Project Framework Agreement (PFA) has been prepared and placed at Annexure 2. The PFA shall have to be duly filled and initialled and returned by the Applicant along with the Application, as a token of acceptance. The salient features of the PFA are as follows:
- i. APGDC intends to form a Special Purpose Vehicle (SPV) in association with a Strategic Partner who would be offered equity in the range of 15% to 26% in the SPV. APGDC shall retain 50% stake in the SPV and the rest will be offered to prospective financial investor(s) / public etc. The equity holding of the Central / State Government(s) and its companies in the SPV shall not exceed 50% of the total equity at any stage.
  - ii. The Strategic Partner shall have the right to enter into a Tolling Service Agreement (TSA) with the SPV for the FSRU terminal regasification planned capacity to the extent of equity commitment in the SPV.

- iii. APGDC shall have the right for the balance capacity of the FSRU terminal regasification capacity by entering into a Tolling Service Agreement (TSA) with the SPV.
- iv. Under no circumstances, the Strategic Partner shall have the right to utilize the tolling capacity contracted with the SPV to regasify LNG other than for the volumes directly imported by it for domestic marketing upon regasification. Else the unutilized regasification capacity shall have to be offered to APGDC on first right of refusal basis.
- v. Any unutilized tolling capacity out of the total capacity accruing to APGDC under Para iii and Para iv above shall be offered to APGIC and GAIL Gas Limited in 50:50 ratio. In the event APGIC is unable to utilise such tolling capacity, it shall offer the same to GAIL Gas Limited on first right of refusal basis; and vice versa.
- vi. Furthermore, if there is still any unutilised tolling capacity, the same shall be offered to interested third parties on an open access basis.
- vii. APGDC and/or its promoters or their parent / affiliate companies shall be responsible for laying all connecting pipelines for the evacuation of RLNG subject to regulatory approvals. The existing pipeline network established by GAIL in KG basin shall also be utilised to supply to GAIL's customers.
- viii. Upon formation of the SPV, there will be a lock-in period of five years from the date of commencement of the commercial operation of the FSRU during which period neither APGDC nor the Strategic Partner shall be entitled to sell their shares. However, after the Lock-in period, APGDC shall have the right of first refusal on the sale of equity of the strategic partner to third parties in whole or part, thereof. Partners to this Agreement shall not transfer its shares during the lock-in period of five (5) years from the date of commencement of the commercial operation of the FSRU, to any person except to their affiliate subject to consent of the other party.
- ix. SPV shall be responsible for securing all clearances and approvals from the State Govt/ Central Govt pertaining to the project. APGDC shall play an active role in obtaining such clearances.
- x. Co-operation between the Partners shall be on an exclusive basis; and neither APGDC nor Strategic Partner will initiate or support any similar Project on the coast of Andhra Pradesh to achieve the same or for similar objectives for a period

of 5 years from the date of commencement of commercial operations of the project.

- xi. The PFA shall come into effect upon its execution and shall automatically terminate upon expiry of two year period unless extended by mutual consent in good faith or upon execution of definitive agreements for the formation of SPV, whichever is earlier. Provided that the PFA shall be terminated by mutual discussions if after conclusion of the Detailed Feasibility Study, the respective boards of either Strategic Partner or APGDC decide not to participate in the project.
- xii. After the Detailed Feasibility Study, if either Strategic Partner or APGDC decides not to proceed with the formation of SPV, the other entity shall have the right to proceed on its own using the information / study reports / documents and implement the Project on its own or along with any other party. In such an event, the Strategic Partner or APGDC has to communicate to other in writing citing reasons for their stand thereof. In such instances, the costs incurred for undertaking the Detailed Feasibility Study as per the Joint Study Agreement would not be refunded by the other Partner that is going ahead with the plan to implement the FSRU.

2.1.5 Prior to execution of the Joint Study Agreement, APGDC and the successful Applicant shall execute the Project Framework Agreement as per the initialled PFA as submitted as part of the Application.

## **2.2 Acknowledgement by Applicant**

2.2.1 All the parties who are interested to participate in the Selection Process are requested to kindly acknowledge their intention to participate. The format for acknowledgement has been provided in Format 2. The acknowledgement shall be submitted through courier or by e-mail to the officer designated in Clause 2.7.9. The envelopes/ communications shall clearly bear the following identification/ title:  
"Acknowledgement of intention to participate: Tender for selection of a Strategic Partner for conducting a Detailed Feasibility Study and subsequent formation of SPV for FSRU development"

2.2.2 It shall be deemed that by submitting the Application, the Applicant has:

- a. Made a complete and careful examination of the tender document;
- b. Received all relevant information requested from APGDC;
- c. Accepted the risk of inadequacy, error or mistake in the information provided in the tender document; and
- d. Agreed to be bound by the undertakings provided by it under and in terms hereof.

## 2.3 Eligibility Criteria

2.3.1 Any entity who meets the eligibility criteria as mentioned in Clause 2.3.2 and Clause 2.3.3 and submits the required EMD amount as per Clause 2.11 and submits duly filled and initialled PFA document shall only be considered to participate in the Selection Process.

### 2.3.2 Financial Criteria

The Net Worth of the Applicant shall be at least USD 100 Million at the close of the last audited financial year. The Applicant shall provide a certificate(s) from its statutory auditors specifying the net worth of the Applicant, as at the close of the last audited financial year, and also specifying that the methodology adopted for calculating such net worth conforms to the provisions of this Clause.

For the purposes of this tender document, net worth (the “**Net Worth**”) shall be computed as follows:

Net Worth = Paid up Equity share capital.

Add: Free Reserves

Subtract: Share premium (except in case of listed companies)

Subtract: Revaluation Reserves

Subtract: Intangible Assets

Subtract: Miscellaneous Expenditures to the extent not written off and carry forward losses

The Applicant shall provide the information regarding criteria mentioned in this Clause as per Format 7A. A certificate from auditor is to be provided as per Format 7B.

### 2.3.3 Technical Criteria

For demonstrating technical capacity and experience (the “**Technical Capacity**”), the Applicant shall, over the past 6 (six) financial years preceding the Application Due Date, have an ownership (minimum 26% equity) in an FSU with onshore Regas / FSRU / SRV project of at least 2.5 MTPA regasification capacity for minimum one year.

And /Or

*Development Experience* from concept to commissioning of an FSU, with onshore Regas / FSRU / SRV project of at least 2.5 MTPA regasification capacity, over the past 6 (six) financial years preceding the Application Due Date. This would inter-alia include experience in meteorological and oceanographic study, downtime analysis, geo-technical and bathymetry surveys, site selection, FEED,

relevant engineering, EPC, commissioning (as relevant to the particular project) either directly or through suitable consultants / contractors.

For ownership, the Applicant shall provide details of the project as per Format 14 and Certificate(s) from its statutory auditors as per Format 15.

For Development Experience, the Applicant shall provide the details as per Format 14 along with supporting documents.

## **2.4 Right to accept or reject any or all Applications**

- 2.4.1 Notwithstanding anything contained in this document, APGDC reserves the right to accept or reject any Application and to annul the Selection Process and reject all Applications, at any time without any liability or any obligation for such acceptance, rejection or annulment, and without assigning any reasons therefor. In the event that APGDC rejects or annuls all the applications, it may, in its discretion, request all eligible Applicants to submit fresh Applications.
- 2.4.2 APGDC reserves the right to reject any Application, if:
- a. at any time, a material misrepresentation is made or uncovered, or
  - b. The Applicant does not provide, within the time specified by APGDC, the supplemental information sought by APGDC for evaluation of the Application.
- 2.4.3 In case it is found during the evaluation or at any time before signing of the Joint Study agreement(JSA) that one or more conditions have not been met by the Applicant or the Applicant has made material misrepresentation or has given any materially incorrect or false information, the Applicant shall be disqualified forthwith. If the JSA has already been signed, the same shall, notwithstanding anything to the contrary contained therein or in this document, be liable to be terminated, by a communication in writing by APGDC to the Applicant, without APGDC being liable in any manner whatsoever to the Applicant and without prejudice to any other right or remedy which APGDC may have under this document, the Joint Study Agreement or under applicable law.
- 2.4.4 APGDC reserves the right to verify all statements, information and documents submitted by the Applicant in response to the document. APGDC also reserves the right to visit any of the regasifying terminals and/or any other facility mentioned by the Applicant, by either APGDC officials or its authorised persons and the Applicant shall extend all cooperation for such verification. Any such verification or lack of such verification by APGDC shall not relieve the Applicant of its obligations or liabilities hereunder nor will it affect any rights of APGDC.

## **2.5 Clarifications**

- 2.5.1 Applicants requiring any clarification on the document may notify APGDC in writing by sending through courier or by e-mail in accordance with Clause 1.5.4. They should send in their queries before the date specified in the schedule of Selection Process contained in Clause 1.6. APGDC shall endeavour to respond to the queries within the period specified. The responses will be sent by fax and/or e-mail.
- 2.5.2 APGDC shall endeavour to respond to the questions raised or clarifications sought by the Applicants. However, APGDC reserves the right not to respond to any question or provide any clarification, at its sole discretion, and nothing in this Clause shall be taken or read as compelling or requiring APGDC to respond to any question or to provide any clarification.
- 2.5.3 All clarifications and interpretations issued by APGDC shall be deemed to be part of the tender document. Verbal clarifications and information given by APGDC or its employees or representatives shall not in any way or manner be binding on APGDC.

## **2.6 Amendments to the Tender Document**

- 2.6.1 At any time prior to the Application due date, APGDC may, for any reason, whether at its own initiative or in response to clarifications requested by an Applicant, modify the document by the issuance of addenda.
- 2.6.2 In order to afford the Applicants a reasonable time for taking an addendum into account, or for any other reason, APGDC may, in its sole discretion, extend the Application due date.

## **2.7 Preparation and Submission of Application**

- 2.7.1 The Application and all related correspondence and documents in relation to the Selection Process shall be in English language. Supporting documents and printed literature furnished by the Applicant with the Application may be in any other language provided that they are accompanied by translations of all the pertinent passages in the English language, duly authenticated and certified by the Applicant. Supporting materials, which are not translated into English, may not be considered. For the purpose of interpretation and evaluation of the Application, the English language translation shall prevail.
- 2.7.2 The Applicant shall provide all the information sought under this document. APGDC will evaluate only those Applications that are received in the required formats and complete in all respects. Incomplete and /or conditional Applications shall be liable to rejection.
- 2.7.3 The Applicant shall submit an “Original Application”, “Copy Application” and a Compact DISC all sealed in a single envelope.
- 2.7.4 The “Original Application” shall contain three envelopes.  
The first envelope shall be marked “**Original – Envelope 1**” and shall contain the following

- Documents in support of Eligibility Criteria as per clause 2.3
- Original EMD as per Clause 2.11
- Duly filled and Initialled Project Framework Agreement, as per Annexure-2

The second envelope shall be marked “**Original – Envelope 2**” and shall contain the Approach and Work Plan developed by the Applicant.

The third envelope shall be marked “**Original – Envelope 3**” and shall contain all the other documents required as per the tender document to evaluate technical capacity as per Clause 3.2.

2.7.5 The “Copy Application” shall contain three envelopes.

The first envelope shall be marked “**Copy – Envelope 1**” and shall contain the following:

- Documents in support of Eligibility Criteria as per clause 2.3
- Copy EMD as per Clause 2.11
- Duly filled and Initialled Project Framework Agreement, as per Annexure-2

The second envelope shall be marked “**Copy – Envelope 2**” and shall contain the Approach and Work Plan developed by the Applicant.

The third envelope shall be marked “**Copy – Envelope 3**” and shall contain all the other documents required as per the tender document to evaluate technical capacity as per Clause 3.2.

2.7.6 The Applicant shall also provide a soft copy on “Compact Disc (CD)”. In the event of any discrepancy between the “Original Application” and the “Copy Application”, the “Original Application” shall prevail.

2.7.7 The “Original Application” envelope, “Copy Application” envelope and “Compact DISC” shall be sealed in an outer envelope marked “**Application – Tender for selection of a Strategic partner for conducting a Detailed Feasibility Study and subsequent formation of SPV for FSRU Project development**”.

2.7.8 Each of the envelopes shall clearly indicate the name and address of the Applicant.

2.7.9 Each of the envelopes shall be addressed to:

**Kind Attn:**

**Mr. Narayanan. S**

**Managing Director, APGDC**

**Full Communication Address:**

**Andhra Pradesh Gas Distribution Corporation Limited**

**2<sup>nd</sup> Floor, Parishrama Bhavan,**

**Fateh Maidan Road, Basheerbagh**

**Hyderabad - 500 004, Andhra Pradesh, India**

- 2.7.10 If the envelopes are not sealed and marked as instructed above, APGDC assumes no responsibility for the misplacement or premature opening of the contents of the Application and consequent losses, if any, suffered by the Applicant.
- 2.7.11 Application shall either be delivered by the Applicant or shall be sent through courier. Applications submitted by fax, telex, telegram or e-mail shall not be entertained and shall be rejected.

## **2.8 Application Due Date and Late Applications**

- 2.8.1 Applications should reach before 17:00 hours IST on the Application Due Date, at the address provided in Clause 2.7.9 in the manner and form as detailed in this document.
- 2.8.2 APGDC may, in its sole discretion, extend the Application Due Date by issuing an addendum in accordance with Clause 2.6 uniformly for all Applicants.
- 2.8.3 Applications received by APGDC after the specified time on the Application Due Date on any reasons shall not be eligible for consideration and shall be summarily rejected.

## **2.9 Modifications/ substitution/ withdrawal of Applications**

- 2.9.1 The Applicant may modify, substitute or withdraw its Application after submission, provided that written notice of the modification, substitution or withdrawal is received by APGDC prior to the Application Due Date and time. No Application shall be modified, substituted or withdrawn by the Applicant on or after the Application Due Date and Time.
- 2.9.2 The modification, substitution or withdrawal notice shall be prepared, sealed and the envelopes being additionally marked “MODIFICATION”, “SUBSTITUTION” or “WITHDRAWAL”, as appropriate.
- 2.9.3 The modification, substitution or withdrawal notice shall be submitted in writing to the officer designated in Clause 2.7.9
- 2.9.4 Any alteration/ modification in the Application or additional information supplied subsequent to the Application Due Date and Time unless the same has been expressly sought for by APGDC shall be disregarded.

## **2.10 Evaluation Process**

- 2.10.1 Applications for which a notice of withdrawal has been submitted in accordance with Clause 2.9 shall not be opened.
- 2.10.2 APGDC shall open the Applications **Envelope-1** at 17:30 hours IST on 21<sup>st</sup> February, 2012, at the address specified in Clause 2.7.9 and in the presence of the Applicants who choose to attend.
- 2.10.3 Short Listed Applicants shall make a presentation of their proposed Approach and Work Plan to APGDC on 24<sup>th</sup> February, 2012. Those Applicants who do not make a

presentation on the Approach and Work Plan shall not be awarded any points on the Approach and Work Plan parameter (Clause 3.3).

- 2.10.4 APGDC will subsequently examine and evaluate Applications in accordance with the provisions set out in Clause 3.
- 2.10.5 Applicants are advised that selection of Applicants will be entirely at the discretion of APGDC. Applicants will be deemed to have understood and agreed that no explanation or justification on any aspect of the Selection Process will be given.
- 2.10.6 Any information contained in the Application shall not in any way be construed as binding on APGDC, but shall be binding against the Applicant if it is selected as a Strategic Partner on the basis of such information.
- 2.10.7 APGDC reserves the right not to proceed with the Selection Process at any time without notice or liability, whatsoever, and to reject any or all Application(s) without assigning any reasons thereof.
- 2.10.8 If any information furnished by the Applicant is found to be incomplete, or contained in formats other than those specified herein, APGDC may, in its sole discretion, exclude the relevant experience from computation of the points of the Applicant.
- 2.10.9 In the event that an Applicant claims credit for ownership, equity, experience etc., and such claim is determined by APGDC as incorrect or erroneous, APGDC shall reject such claim and exclude the same from computation of the total points. Where any information is found to be patently false or amounting to a material misrepresentation, APGDC reserves the right to reject the Application in accordance with the provisions of Clause 2.4
- 2.10.10 Information relating to the examination, clarification, evaluation, and recommendation for the Applicants shall not be disclosed to any person who is not officially concerned with the Selection Process or is not a retained professional advisor advising APGDC in relation to or matters arising out of, or concerning the Selection Process. APGDC will treat all information, submitted as part of Application, in confidence and will require all those who have access to such material to treat the same in confidence. APGDC may not divulge any such information unless it is directed to do so by any statutory entity that has the power under law to require its disclosure or is to enforce or assert any right or privilege of the statutory entity and/ or APGDC or as may be required by law or in connection with any legal process.
- 2.10.11 To facilitate evaluation of Applications, APGDC may, at its sole discretion, seek clarifications from any Applicant regarding its Application. Such clarification(s) shall be provided within the time specified by APGDC for this purpose. Any request for clarification(s) and all clarification(s) in response thereto shall be in writing.
- 2.10.12 If an Applicant does not provide clarifications sought under Clause 2.10.11 above within the prescribed time, its Application shall be liable to be rejected. In case the Application is not rejected, APGDC may proceed to evaluate the Application by construing the particulars requiring clarification to the best of its understanding, and the Applicant shall be barred from subsequently questioning such interpretation of APGDC.

2.10.13 Save and except as provided in this tender document, APGDC shall not entertain any correspondence with any Applicant in relation to the acceptance or rejection of any Application.

2.10.14 In case this competitive tendering process results in a single tender, APGDC shall on its own discretion accept such a tender, provided it meets the financial capacity and has reasonable technical capacity.

## **2.11 Earnest Money Deposit (EMD) and Security Deposit:**

### **EMD:**

2.11.1 The Applicant will be required to deposit an amount of Rs.1 crore or USD 200,000 as EMD along with the Application.

The Applicants will have an option to provide the EMD in the form of a Demand Draft or a Bank Guarantee and in such event, the validity period of the Bank Guarantee, shall not be less than 180 (one hundred and eighty) days from the due date for submission of the Application. The format for Bank Guarantee is as in Annexure-3A.

The Applicant shall submit to APGDC an unconditional, irrevocable Bank Guarantee from any Indian scheduled bank or a branch of an International bank situated in India and registered with Reserve Bank of India as scheduled foreign bank. However, other than the Nationalized Indian Banks, the banks whose BGs are furnished, must be commercial banks having net worth in excess of Rs. 100 Crores and a declaration to this effect should be made by such commercial bank either in the bank guarantee itself or separately on a letter head.

This EMD will be converted as part of the “Security Deposit” for the successful Applicant.

The EMD for unsuccessful Applicants shall be returned within 45 days from the date of opening of Applications.

### **Security Deposit:**

The Applicant who has been chosen as Strategic Partner shall deposit an amount of Rs.5 crores which is equivalent to USD 1 Million before or at the time of execution of Project Framework Agreement.

The Applicant will have an option to provide the Security Deposit in the form of a Demand Draft or a Bank Guarantee and in such event, the validity period of the Bank Guarantee, shall not be less than 180 (one hundred and eighty) days from the due

date for submission of the Application. The format for Bank Guarantee is as in Annexure-3B.

The Security Deposit for the successful Applicant will be returned within 60 days from the date of receipt of Detailed Feasibility Report.

## **2.12 General**

- 2.12.1 This is a zero deviation Selection Process. Applicant is to ensure compliance of all provisions of the tender document and submit its Applications accordingly. Applications with any deviation shall be liable for rejection.
- 2.12.2 No extension in the Application submission due date shall be considered on account of delay in receipt of any document.
- 2.12.3 APGDC reserves the right to carry out capability assessment of the Applicant including referral to in-house information. APGDC also reserves the right to carry out onsite verification including document verifications provided in support of the technical and financial capabilities on its own or through a third party authorised by APGDC. APGDC reserves the right to complete the evaluation based on the details furnished by the Applicant in the first instance along with its application without seeking any additional information, unless it is considered essential.
- 2.12.4 APGDC reserves the right not to disclose the capability assessment of the Applicant carried out for selecting the Strategic Partner. Any effort(s) by any Applicant to influence APGDC in Selection Process shall render their Application liable for rejection.
- 2.12.5 APGDC makes no representation or warranty, express or implied, as to the accuracy, correctness and completeness of the information contained in the tender documents.
- 2.12.6 APGDC shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the tender document or the Selection Process, including any error or mistake therein or in any information or data given by APGDC.
- 2.12.7 The courts at Hyderabad (India) shall have the exclusive jurisdiction to settle all disputes.

## 3.0 Criteria for Evaluation

### 3.1 Evaluation parameters

- 3.1.1 Applications of Applicants who do not meet the eligibility criteria specified in Clause 2.3 and who have not submitted the duly filled and initialled PFA document as per Annexure-2 and required EMD as per Clause 2.11 shall not be considered for evaluation.
- 3.1.2 The Applicant's, competence and capability shall be established by the following parameters:
- a. Technical capacity – The Technical parameters would carry 85 points.
  - b. Approach and Work Plan – The Approach and Work Plan would carry 15 points.
- 3.1.3 In computing the Net Worth and Technical capacity of the Applicant under, the Net Worth (Clause 2.3.2) and Technical capacity (Clauses 2.3.3 and 3.2) of their respective Associates are eligible.

For purposes of this tender document, Associate means, in relation to the Applicant, a person who controls, is controlled by, or is under the common control with such Applicant (the “**Associate**”). As used in this definition, the expression “control” means, with respect to a person which is a company or corporation, the ownership, directly or indirectly, of more than 50% (fifty per cent) of the voting shares of such person, and with respect to a person which is not a company or corporation, the power to direct the management and policies of such person by operation of law.

In the event that credit is being taken for the eligible experience of an Associate, as defined in Clause 3.1.3, the Applicant should also provide a certificate as per Format 13.

### 3.2 Technical capacity for the purpose of evaluation

#### 3.2.1 Ownership & Development Experience:

This parameter shall be evaluated for a total of 30 points.

*Ownership stake* of minimum 26% equity in FSU with onshore regas / FSRU / SRV project: The sum total of all the regasification capacities (in MTPA) in which the Applicant has/had held more than or equal to 26% equity (for at least a year) during the past six years.

And/Or

*Development Experience* from concept to commissioning in - FSU with onshore Regas / FSRU / SRV project over the past 6 (six) financial years preceding the Application Due Date. This would inter-alia include experience in meteorological and oceanographic study, downtime analysis, geo-technical and bathymetry surveys, site selection, FEED, relevant engineering, EPC, commissioning (as relevant to the particular project) either directly or through suitable consultants / contractors.

For ownership, the Applicant shall provide details of the project as per Format 14 and Certificate(s) from its statutory auditors as per Format 15.

For Development Experience, the Applicant shall provide the details as per Format 14 along with supporting documents.

It may be noted that the Ownership and Development experience shall not be double counted for the same project.

The relevant experience of the Applicant has to be submitted according to Format 8 of this tender document.

**Illustration of scoring:**

| Applicant  | A                    | B                 | C  |
|--|----------------------|-------------------|--|
| Ownership (Stake >=26%)                            | Unit 'AX' – 2.5 MTPA | Unit 'BX' – 3MTPA | NA                                       |
| Development Experience ( Concept to Commissioning) | Unit 'AY' – 2.5 MTPA | Unit 'BX' – 3MTPA | Unit 'CX' – 3 MTPA<br>Unit 'CY' - 3 MTPA |
| Total  | <b>5 MTPA</b>        | <b>3 MTPA</b>     | <b>6 MTPA</b>                            |

In this case, the Applicant C with the highest capacity would be awarded 30 points. Applicant A with 5 MTPA would be awarded  $(5/6)*30= 25$  points and Applicant B would be awarded  $(3/6)*30 = 15$  points.

**3.2.2 Operation & Maintenance (O&M) experience in FSU with onshore regas SRV/FSRU/RLNG/LNG Terminal:**

This parameter shall be evaluated for a total of 20 points.

The O&M experience that the Applicant has in any of the FSU with onshore Regas or SRV or FSRU or LNG / RLNG terminals for a minimum of one year would be considered. The experience of the Applicant in the past 6 years shall be considered for evaluation.

This will be evaluated based on signed O&M service contract documents. In case of own projects, the Applicant shall provide a Certificate(s) from its statutory auditors confirming the O&M experience.

The capacities of terminals (MTPA) for which the O&M service contracts are available shall be added. 20 points shall be given for an Applicant with the highest contracts in MTPA terms.

The relevant experience of the Applicant has to be submitted according to Format 9 of this tender document.

Evaluation shall be done based on scoring basis as given below:

**Illustration of scoring:**

| Applicant        | A  | B  | C                              |
|------------------|--|--|--------------------------------|
| O&M Experience - | Unit 'AX' – 2.5 MTPA for 2 years<br>Unit 'AY' – 2.5 MTPA for 0.5 years | Unit 'BX' – 2.5 MTPA for 1 year<br>Unit 'BY' – 2.5 MTPA for 2 year | Unit 'CX' – 3 MTPA for 5 years |
| Total            | <b>2.5 MTPA</b>  | <b>5 MTPA</b>  | <b>3 MTPA</b>                  |

In this case, the Applicant B with the highest capacity would be awarded 20 points. Applicant A with 2.5 MTPA would be awarded  $(2.5/5)*20 = 10$  points and Applicant C would be awarded  $(3/5)*20 = 12$  points.

**3.2.3 Quantity of LNG Supplied (including captive) in the past three years:**

This parameter shall be evaluated for a total of 15 points.

The points towards experience in LNG supply (including captive) shall be given based on the aggregate quantum of LNG volumes supplied in preceding 3 years prior to the Application due date. The Applicant with the highest quantum of LNG Supplied would be awarded 15 points.

Relevant pages of the signed Gas Sales Agreement (GSA) would have to be submitted.

The relevant experience of the Applicant has to be submitted according to Format 10 of this tender document.

Evaluation shall be done on a scoring basis as shown below:

**Illustration of scoring:**

| Applicant                  | A      | B      | C       |
|----------------------------|--------|--------|---------|
| Supplied excluding Captive | 3 MTPA | 4 MTPA | 5 MTPA  |
| Captive                    | 2 MTPA | --     | 5 MTPA  |
| TOTAL                      | 5 MTPA | 4 MTPA | 10 MTPA |

In this case, the Applicant C with the highest LNG supplied including captive would be awarded 15 points. Applicant A with a total of 5 MTPA would be awarded  $(5/10)*15= 7.5$  points and Applicant B would be awarded  $(4/10)*15 = 6$  points.

**3.2.4 Equity committed to the SPV:**

This parameter shall be evaluated for a total of 10 points.

The equity on offer to the Strategic Partner in the SPV is in the range of 15% - 26%. The Applicant who commits 26% equity would get a maximum of 10 points.

The equity stake committed to the SPV should be provided as per Format 11 of this tender document.

Evaluation shall be done on a scoring basis as shown below:

|                 |      |      |      |      |      |      |      |      |      |      |      |       |
|-----------------|------|------|------|------|------|------|------|------|------|------|------|-------|
| <b>% Equity</b> | 15   | 16   | 17   | 18   | 19   | 20   | 21   | 22   | 23   | 24   | 25   | 26    |
| <b>Points</b>   | 1.00 | 1.82 | 2.64 | 3.45 | 4.27 | 5.09 | 5.91 | 6.73 | 7.55 | 8.36 | 9.18 | 10.00 |

**3.2.5 Experience of incorporated Joint Venture experience with any govt entity in oil & gas sector in India**

This parameter shall be evaluated for a total of 10 points. The scoring would be based on actual partnership experience with any government entity in the role of the promoter(s) in oil & gas sector in India. Only those incorporated Joint ventures with more than or equal to 3 years experience during the past 10 years shall be considered.

The relevant experience of the Applicant has to be submitted according to Format 12 of this tender document.

Documentary evidence of Joint Venture with any government entity has to be submitted. The parameter would be evaluated on the basis of the total number of Joint ventures the Applicant has/had with the government entity.

Evaluation shall be done on a scoring basis as shown below:

**Illustration of scoring:**

| Applicant                      | A                  | B  | C  |
|--------------------------------|--------------------|--|--|
| Incorporated JVs               | JV – X for 2 years | JV – Y for 3 years<br>JV – Z for 5 years | JV – L for 5 years<br>JV – M for 5 years<br>JV – N for 3 years |
| Number of JVs to be considered | 0                  | 2  | 3  |

In this case, the Applicant C with the highest number of JV’s would be awarded 10 points. Applicant A with no qualified JV’s would be awarded  $(0/3)*10= 0$  points and Applicant B would be awarded  $(2/3)*10 = 6.67$  points.

**3.3 Approach and Work Plan**

This parameter would be evaluated for a total of 15 points.

A note on the Approach and Work Plan should be submitted. Further, the Applicant is required to make a presentation to APGDC on their proposed Approach and Work Plan to commission the FSRU project by December 2013.

The key parameters on which the Approach and Work Plan would be evaluated is shown in the table below

| Parameter   | Maximum Points |
|---|----------------|
| Approach <ul style="list-style-type: none"> <li>▪ Key steps for detailed feasibility study and timelines</li> <li>▪ Plan for considering cost-efficient solutions</li> <li>▪ Safety Considerations</li> <li>▪ Risks &amp; Mitigation</li> <li>▪ Studies required and Budget</li> <li>▪ Relevant past experience – project-wise</li> </ul> | 10             |
| Work Plan <ul style="list-style-type: none"> <li>▪ In-house and outsourced resources to be committed for the Project</li> <li>▪ Budget for technical and other studies</li> <li>▪ Activities &amp; Detailed project schedule</li> </ul>   | 5              |

The purpose of the Approach and Work Plan will be to assess the value that the Applicant brings to the table and to assess the strategic fit with APGDC.

#### **4.0 Pre Application Conference**

- 4.1 A Pre-Application conference shall be convened on 6th February, 2012 at 11.00 A.M at the GAIL (India) Office located at 16 Bhikaiji Cama Place, New Delhi.
- 4.2 Applicants should raise their queries in writing at [snarayanan@gail.co.in](mailto:snarayanan@gail.co.in) and [srinivasulu\\_vemula@yahoo.co.in](mailto:srinivasulu_vemula@yahoo.co.in) upto 4<sup>th</sup> of February, 2012.
- 4.3 During the course of Pre-Application conference, the Applicants will be free to seek clarifications and make suggestions for consideration of APGDC. APGDC shall endeavour to provide clarifications and such further information as it may, in its sole discretion, consider appropriate for facilitating a fair, transparent and competitive Selection Process.

**5.0 Formats**

**FORMAT : 1**

**LETTER OF AUTHORIZATION**

[on the letter head of Applicant]

Ref :

Date :

**Shri S. Narayanan**

Managing Director

Andhra Pradesh Gas Distribution Corporation Limited

Hyderabad

Be it known by all those present, We ..... [Name of the Applicant] having its registered office at ..... do hereby constitute, nominate, appoint and authorize Mr. / Mrs. ....[Name of the representative], who is presently employed with us and holding the position of ....., to do on our behalf, all such acts, deeds, and things necessary in connection with or incidental to our response to the tender for selection of Strategic Partner for conducting a Detailed Feasibility Study, including signing and submission of all documents and providing information / response to the tender and representing us in all matters before APGDC.

\_\_\_\_\_  
(Signature of Company Secretary / Director)

Name :

Title :

Seal of the Company

**FORMAT : 2**

**ACKNOWLEDGEMENT LETTER**

[on the letter head of the Applicant]

Ref :  
Date :

**Shri S. Narayanan**  
Managing Director  
Andhra Pradesh Gas Distribution Corporation Limited  
Hyderabad

**Sub :** Acknowledgement of Interest to participate in the Selection Process of a Strategic Partner to undertake a Detailed Feasibility Study on setting up of an FSRU on the Andhra Pradesh coast and subsequent development of the FSRU

Dear Sir,

We hereby acknowledge our interest to participate in the Selection Process of a Strategic Partner to undertake a Detailed Feasibility Study on setting up of an FSRU on the Andhra Pradesh coast and subsequent development of the FSRU

We undertake that the terms / conditions / information shall not be transferred and that the said documents are to be used only for the purpose for which they are intended.

We intend to participate in the Selection Process as requested for the selection of Strategic Partner to undertake a Detailed Feasibility Study on setting up of an FSRU on the Andhra Pradesh coast and subsequent development of the FSRU in and furnish following details with respect to our participating office:

- (i) Postal Address : \_\_\_\_\_  
\_\_\_\_\_
- (ii) Telephone Number : \_\_\_\_\_
- (iii) Telefax Number : \_\_\_\_\_
- (iv) E-mail Address : \_\_\_\_\_
- (v) Contact Person : \_\_\_\_\_

2) Contact Person in India, if any

- (i) Postal Address : \_\_\_\_\_

- (ii) Telephone Number : \_\_\_\_\_
- (iii) Telefax Number : \_\_\_\_\_
- (iv) E-mail Address : \_\_\_\_\_
- (v) Contact Person : \_\_\_\_\_

(Signature of Authorized Signatory with seal)

**FORMAT : 3**

**APPLICANT GENERAL INFORMATION**

[on the letter head of the Applicant]

- 1) Applicant Name : \_\_\_\_\_
- 2) Address of Registered Office : \_\_\_\_\_  
City \_\_\_\_\_ District \_\_\_\_\_  
State \_\_\_\_\_ PIN/ZIP \_\_\_\_\_
- 3) Telephone Number : \_\_\_\_\_  
(Country Code) (Area Code) (Telephone Number)
- 4) E-mail address : \_\_\_\_\_
- 5) Website : \_\_\_\_\_
- 6) Fax Number : \_\_\_\_\_  
(Country Code) (Area Code) (Telephone Number)

(Signature of Authorized Signatory with seal)

**FORMAT : 4**

**APPLICATION FOR PARTICIPATION IN THE TENDER**  
[on the letter head of Applicant]

Ref :  
Date :

**Shri S. Narayanan**  
Managing Director  
Andhra Pradesh Gas Distribution Corporation Limited  
Hyderabad

Dear Sir,

After examining/reviewing the tender document for participation in the Selection Process, we, the undersigned, are pleased to submit our Application in conformity with, the said tender document.

We confirm that this tender is valid for a period of 120 days months from the Application due date and it shall remain binding upon us and may be accepted by any time before the expiration of that period.

If our application is accepted, we shall participate in Detailed Feasibility Study as per the terms and conditions of the tender document.

We understand that the tender document is not exhaustive and any action and activity not mentioned in tender document but may be inferred to be included to meet the intent of the tender document shall be deemed to be mentioned in tender documents unless otherwise specifically excluded and we confirm to perform for fulfilment of roles and responsibilities mentioned in the Project Framework Agreement (PFA) in all respects within the time frame and agreed terms.

We understand that you are not bound to accept our application or any other application that you may receive. Further, it is acknowledged and accepted that APGDC has the right to terminate the Selection Process for selection of Strategic Partner at any time without assigning the reason and giving a notice to the parties.

Thanking you,

(Signature of Authorized Signatory with seal)

(Signature of Witness)

Name :  
Designation :  
Address :

**FORMAT : 5**

**NO DEVIATION CONFIRMATION**

[on the letter head of Applicant]

We understand that any deviation/exception in any form may result in rejection of our Application. We, therefore, certify that we have not taken any exceptions / deviations anywhere in the Application and we agree that if any deviation/exception is mentioned or noticed, our Application may be rejected.

(Signature of Authorized Signatory with seal)

**FORMAT : 6**

**DECLARATION**

[on the letter head of Applicant]

We hereby confirm that all information / documents provided along with the Application are complete and correct to the best of our knowledge.

We unconditionally agree that if any discrepancy / false information is noticed or brought to acknowledge, then, our Application shall be rejected / terminated.

(Signature of Authorized Signatory with seal)

**FORMAT : 7A**

**FORMAT FOR FINANCIAL CAPABILITIES**

[on the letter head of the Applicant]

Name of the Applicant: .....

| Year | Net Worth<br>(in USD) |
|------|-----------------------|
|      |                       |

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

I / We are attaching herewith the copies of duly audited balance sheet and profit and loss account for the last audited financial year.

**(Signature of Authorized Signatory with seal)**

Note: If the Applicant does not maintain its independent accounts, it can use the audited accounts of its parent company or associate company where there is direct / indirect shareholding of more than 50%, to meet the financial criteria.

**FORMAT : 7B**

**CERTIFICATE FROM STATUTORY AUDITOR FOR NET WORTH CRITERIA**

We certify that the ----- ( Name of the Applicant) has a minimum Net Worth of US\$ -----  
-----based on the last Audited Annual Accounts and that the methodology adopted for calculating  
such net worth conforms to the provisions of Clause 2.3.2

Name of the audit firm:

Seal of the audit firm: (Signature, name and designation of the authorized signatory).

Date:

**FORMAT : 8**

**FORMAT FOR DEVELOPMENT EXPERIENCE AND/ OR OWNERSHIP**

[on the letter head of the Applicant]

Name of the Applicant: .....

**FSU with onshore regas/FSRU/SRV - Development Experience**

| Sl.no | Name of the project | Nature of Development experience | Date of Commissioning | Location of the Unit | Capacity (MTPA) | Details of Supporting Document Submitted |
|-------|---------------------|----------------------------------|-----------------------|----------------------|-----------------|--|
| 1     |                     |                                  |                       |                      |                 |  |
| 2     |                     |                                  |                       |                      |                 |  |
| 3     |                     |                                  |                       |                      |                 |  |
|       |                     |                                  |                       |                      |                 |  |

**FSU with onshore regas/FSRU/SRV - Ownership Experience (Share >=26% for at least a year)**

| Sl.no | Name of the project in which the Applicant holds the share | Year of Development | Location of the Unit | % share that the Applicant holds/held | Duration for which the stake was held (in years) | Capacity (MTPA) | Details of Supporting Document submitted |
|-------|--|---------------------|----------------------|---------------------------------------|--|-----------------|--|
| 1     |  |                     |                      |                                       |  |                 |  |
| 2     |  |                     |                      |                                       |  |                 |  |
| 3     |  |                     |                      |                                       |  |                 |  |

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

**(Signature of Authorized Signatory with seal)**

Note: Provide details of only those projects that have been undertaken by the Applicant under its own name and/ or by an Associate specified in Clause 3.1.3

**FORMAT : 9**

**FORMAT FOR O&M EXPERIENCE**

[on the letter head of the Applicant]

Name of the Applicant: .....

| Sl.no | Name of the Terminal where the Applicant has experience in O&M | Capacity of the Terminal (MTPA) | Total Duration of O&M (in years) | Details of Supporting Document Submitted |
|-------|--|---------------------------------|----------------------------------|--|
| 1     |  |                                 |                                  |  |
| 2     |  |                                 |                                  |  |
| 3     |  |                                 |                                  |  |
|       |  |                                 |                                  |  |

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

I/We are attaching herewith Signed contract for Operation and Maintenance (O&M) in **SRV/FSRU/RLNG/LNG** terminal.

**(Signature of Authorized Signatory with seal)**

**Name of the statutory audit firm:**

**Seal of the statutory audit firm: (Signature, name and designation of the authorised signatory)**

**Date:**

Note: Provide details of only those projects that have been undertaken by the Applicant under its own name and/ or by an Associate specified in Clause 3.1.3

**FORMAT : 10**

**FORMAT FOR LNG SUPPLYING EXPERIENCE**

[on the letter head of the Applicant]

Name of the Applicant: .....

| Year  | Quantity of LNG Supplied excluding captive (MTPA) (A) | Quantity of LNG Supplied for captive (MTPA) (B) | Total Quantity of LNG supplied (A)+(B) | Details of Supporting Document Submitted |
|-------|---|---|--|--|
| 2011  |   |   |  |  |
| 2010  |   |   |  |  |
| 2009  |   |   |  |  |
| TOTAL |   |   |  |  |

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

I/We are attaching herewith relevant pages of the signed Gas Sales Agreement (GSA)

**(Signature of Authorized Signatory with seal)**

**Name of the statutory audit firm:**

**Seal of the statutory audit firm: (Signature, name and designation of the authorized signatory)**

**Date:**

**FORMAT : 11**

**FORMAT FOR EQUITY STAKE IN SPV**

[on the letter head of the Applicant]

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

I/we confirm to commit an equity stake to the SPV as below:

|                               |  |
|-------------------------------|--|
| Equity Stake<br>( Percentage) |  |
|-------------------------------|--|

**(Signature of Authorized Signatory with seal)**

**FORMAT: 12**  
**FORMAT FOR JOINT VENTURE EXPERIENCE WITH A GOVT ENTITY**

[on the letter head of the Applicant]

Name of the Applicant: .....

| Sl.no | Name of JV Company | Applicant's Stake in the JV | Govt entity (Promoters) in the JV |         | Years in Operation | Objective of JV | Details of Supporting Document Submitted |
|-------|--------------------|-----------------------------|-----------------------------------|---------|--------------------|-----------------|--|
|       |                    |                             | Name                              | % Stake |                    |                 |  |
| 1     |                    |                             |                                   |         |                    |                 |  |

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

I/We are attaching herewith Documentary evidence of having joint venture with any government body/agency.

**(Signature of Authorized Signatory with seal)**

**Name of the statutory audit firm:**  
**Seal of the statutory audit firm: (Signature, name and designation of the authorised signatory)**

**Date:**

**FORMAT: 13**

**FORMAT FOR ELIGIBLE EXPERIENCE OF AN ASSOCIATE**

**Certificate from Statutory Auditor/ Company Secretary regarding Associates**

Based on the authenticated record of the Company, this is to certify that more than 50% (fifty per cent) of the subscribed and paid up voting equity of ..... (*Name of the Associate*) is held, directly or indirectly, by ..... (*Name of the Applicant*). By virtue of the aforesaid share-holding, the latter exercises control over the former, who is an Associate in terms of Clause 3.1.3 of this tender document.

A brief description of the said equity held, directly or indirectly, is given below:

{*Describe the share-holding of the Applicant/Associate*}

Name of the audit firm:

Seal of the audit firm: (Signature, name and designation of Date: the authorized signatory).

Note: It may be noted that in the absence of any detail in the above certificates, the information would be considered inadequate and could lead to exclusion of the relevant experience in computation of technical capacity

**FORMAT: 14**

**FORMAT FOR TECHNICAL ELIGIBILITY CRITERIA TO BE SUBMITTED  
SEPARATELY FOR EACH FSU WITH ONSHORE REGAS/ FSRU/ SRV PROJECT**

[on the letter head of the Applicant]

Name of the Applicant: .....

|                        |   |  |
|------------------------|---|--|
|                        | Ownership Experience with minimum 26% equity for minimum one year | Development Experience from concept to commissioning |
| Details of the project | Specify equity percentage   | Activities Undertaken as per Clause 2.3.3            |

Supporting documents to be annexed

I / we (Name / Address of Applicant) have gone through the terms and conditions of the tender document issued by APGDC.

As per the requirement of APGDC, I / We have checked and verified the information given in the above table and certify that the above information is true to the best of my / our knowledge and nothing wrong is contained therein.

**(Signature of Authorized Signatory with seal)**

**FORMAT - 15**

**FORMAT FOR OWNERSHIP TO BE SUBMITTED SEPARATELY FOR EACH FSU  
WITH ONSHORE REGAS/ FSRU/ SRV PROJECT**

**Certificate from the Statutory Auditor**

Based on its books of accounts and other published information authenticated by it, this is to certify that ..... (*name of the Applicant /Associate*) is/ was an equity shareholder in ..... (*title of the project company*) and holds/ held .....(%) equity in the project company from ..... (*date*) to ..... (*date*). The FSRU/FSU with onshore regas/SRV was commissioned on ..... (*date of commissioning of the project*) with a capacity of .....(MTPA)

Name of the audit firm:

Seal of the audit firm: (Signature, name and designation of the authorised signatory).

Date:

**FORMAT: 16**

**APPLICANT'S QUERIES FOR PRE-APPLICATION CONFERENCE**

| <b>S.NO</b> | <b>Reference of Tender Document – Clause No:</b> | <b>Applicant's Query</b> |
|-------------|--|--------------------------|
|             |  |                          |
|             |  |                          |
|             |  |                          |

NOTE: The Pre-Application Queries may be sent by e-mail to [snarayanan@gail.co.in](mailto:snarayanan@gail.co.in) or [srinivasulu\\_vemula@yahoo.co.in](mailto:srinivasulu_vemula@yahoo.co.in)

**FORMAT 17**

**LIST OF ENCLOSURES**

We are enclosing the following documents along with our Application:

- a) Format : 1 Letter of Authorization
- b) Format : 2 Acknowledgement Letter
- c) Format : 3 Applicant's General Information
- d) Format : 4 Application for Participation in the tender
- e) Format : 5 No Deviation Confirmation
- f) Format : 6 Declaration Form
- g) Format : 7A Financial Capabilities
- h) Format : 7B Certificate from Statutory Auditor for Net Worth Criteria
- i) Format : 8 Development Experience and/or Ownership
- j) Format : 9 O&M Experience
- k) Format : 10 Experience in Supplying LNG
- l) Format : 11 Equity Stake in SPV
- m) Format: 12 Joint Venture experience with any Govt entity
- n) Format : 13 Format for eligible experience of an Associate
- o) Format : 14 Technical eligibility Criteria for each project
- p) Format : 15 Ownership for each project
- q) Project Framework Agreement duly filled up, initialled with seal affixed

(Signature of Authorized Signatory with seal)

## 6.0 ANNEXURES

### Annexure 1 – Brief Profile of Market conditions for Natural Gas

#### Andhra Pradesh – An Emerging Gas Hub

Andhra Pradesh is the fourth largest state by area and fifth largest by population in India. Andhra Pradesh is blessed with a long coastline and has the second largest coast line of 972 km among the states of India. Over the past decade, it has emerged as one of India's fastest growing states. The state's GDP is estimated to be more than USD 120 Billion and stands third among states of India.

The State has emerged as an important hub for natural gas industry post the Krishna – Godavari basin gas discovery. A large number of gas based power plants and other industries have been set up and many are under planning stage. Andhra Pradesh has a good pipeline infrastructure connecting it to the other regions of India. So, a terminal in Andhra Pradesh could supply gas to many other regions in India. Further, the pipeline infrastructure in the state is expected to get a further boost once the planned pipelines are commissioned. Some of the pipelines being planned in the state are Kakinada-Chennai in Tamil Nadu Kakinada-Haldia in West Bengal State and Kakinada- Vijayawada-Nagpur-Bhilwara in Rajasthan State.

Furthermore, the Petroleum, Chemical & Petrochemical Investment region (PCPIR) is being setup in the east coast along the Kakinada -Visakhapatnam Industrial Corridor. Many SEZ's are planned to be setup in the area with Refinery / Petrochemical Feedstock Company. This investment region would further boost the demand for gas in the state.

#### *Gas Demand in AP*

Power sector is a major consuming sector for gas in the State of Andhra Pradesh. The energy consumption in the state is growing at double digits during past several years. With an installed capacity of more than 15,500 MW, Andhra Pradesh represents one of the largest power markets in India. The AP state power utilities have power purchase agreements for around 2,700 MW of gas based power plants in the state. However, due to shortfall in domestic gas, these plants are not operating at their optimal capacities. The gas based plants in the state are currently operating at 50% - 60% of their capacity. Further, an estimated 13,000 MW of gas based plants are expected to come up in the state in the coming years subject to gas availability given the constraints in coal supply. With increased power tariffs and rising imported coal prices, the affordability for gas is on the rise. This would lead to a further increase in demand for natural gas in the state.

The state of Andhra Pradesh is experiencing huge energy deficits owing to shortfall in domestic coal and gas supplies. Due to this, the state is left with no option but to impose load restrictions on the consumers in the state. During the load restrictions, the industries mostly run their plants on liquid fuel. The cost of power from diesel generators is estimated to be around Rs 16/unit (USD 0.32 /unit). Given this backdrop, the industrial associations have approached the Andhra Pradesh Power distribution licensees for supply of uninterrupted power to mitigate load restriction measures. Accordingly, the licensees have proposed to tie-up power from idle gas based power capacity using RLNG fuel. In this context, alternate fuel like RLNG would be in demand despite the relatively higher costs when compared to coal based power generation.

City gas distribution demand comprising compressed natural gas (CNG) for usage as transport fuel and piped natural gas (PNG) for replacing LPG – is an attractive demand segment from an affordability perspective. There are significant plans of APGDC to spread the gas distribution infrastructure to all the regions in AP which will drive the demand. PNGRB has allotted licenses to a number of players for CGD

implementation in the state of Andhra Pradesh. Gas demand from these cities like Vishakapattinam, Nalgonda, Rajahmundry, Kakinada, etc is expected to increase once these projects are implemented.

Due to rapid economic growth, the natural gas demand from other industrial sectors like ceramics, metals and bulk drugs is expected to go up. The expected gas demand from sectors other than the power sector is likely to be around 30 MMSCMD. But, due to shortfall of domestic gas, a lot of this demand is currently not being met. So, an LNG terminal on the Andhra Pradesh coast is necessary to bridge this gap.

The summary of existing demand for gas from all the sectors is shown in the table below:

| Sector                                     | Allocation      | Requirement    | Supply         | Alloc-Req      | Alloc-Sup       | Req-Sup      |
|--|-----------------|----------------|----------------|----------------|-----------------|--------------|
|  | MMSCMD          | MMSCMD         | MMSCMD         | MMSCMD         | MMSCMD          | MMSCMD       |
|  | (A)             | (B)            | (C)            | (A-B)          | (A-C)           | (B-C)        |
| Fertilizer                                 | 4.797           | 3.27           | 3.215          | 1.527          | 1.582           | 0.055        |
| Power                                      | 21.473          | 15.022         | 9.856          | 6.451          | 11.617          | 5.166        |
| Ceramics,<br>Glass,<br>Steel and<br>Others | 0.71944         | 0.9205         | 0.3855         | -0.20106       | 0.33394         | 0.535        |
| <b>Total</b>                               | <b>26.98944</b> | <b>19.2125</b> | <b>13.4565</b> | <b>7.77694</b> | <b>13.53294</b> | <b>5.756</b> |

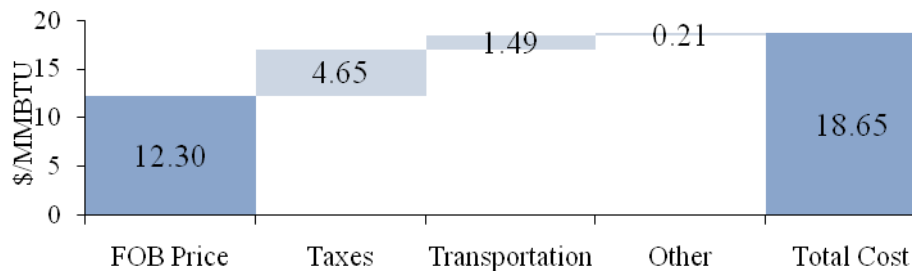
Furthermore, there are many announced projects that could increase the demand for gas. For example, the additional demand from Power Sector from announced capacity addition programs from projects in Andhra Pradesh are likely to be around 40 MMSCMD. Some of the announced and under construction power plants are from large players like Reliance, GMR, Lanco and GVK.

### *Andhra Pradesh as an attractive LNG market*

The gap will have to be met from RLNG as the domestic gas supply is on a decline. Furthermore the RLNG terminal on the east coast will be more economical than on the west coast. This can avoid additional taxes and transportation charges that make the delivered price of RLNG costly. The following tables illustrate the difference in the delivered price of gas in two scenarios considering crude price of \$100 –

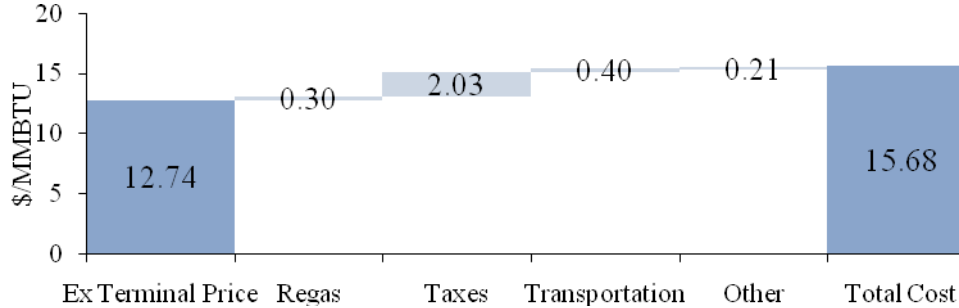
#### **Scenario – 1 – RLNG transported from West Coast to AP**

In case the gas is transported from the West Coast, there is additional implication of taxes and transportation charges as shown in the table below:



### Scenario – 2 – FSRU on the East Coast of AP

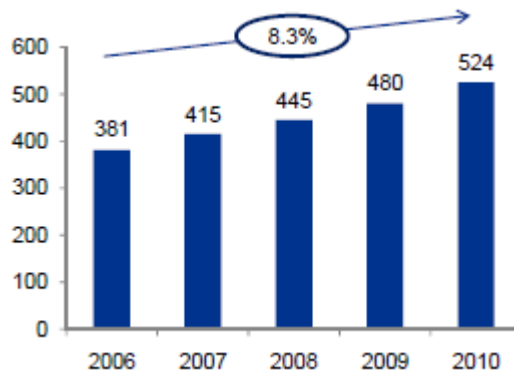
In case the FSRU is located on the East Coast in AP, then the delivered price will be lower due to the avoidance of additional taxes and transportation charges as shown in the table below:



Therefore, an FSRU terminal on the east coast can meet the demand shortfall more economically when compared to the RLNG terminals on the west coast.

### Oil & Gas - India Scenario

India is the World’s fifth-largest in terms of energy consumption and its energy requirement continues to grow rapidly. The per capita energy consumption is estimated to be a very modest 530 kg of oil equivalent (kgoe) of oil equivalent while the world average is approximately 1800 kgoe.



Source – Industry Research

To achieve the XII five year plan GDP growth target of 9.0 per cent as set by the Planning Commission, the energy supplies will have to grow at a rate between 6.5 and 7.0 per cent per year. Since India’s domestic energy supplies are limited, dependence upon imports will increase.

Currently, India is heavily dependent on imports for supplies. The import component of domestic oil consumption is about 76.0 per cent (after adjusting for export of refined petroleum products) and in the case of natural gas, it is about 19.0 per cent. The XII plan approach paper projects these percentages to rise to 80.0 per cent and 28.0 per cent respectively, by 2016-17. Thus a significant import of natural gas is envisaged.

## *Natural Gas Demand Drivers*

The consumption of natural gas has been growing at around 9.9% CAGR. Power and fertilizer sector contribute around 70% of total gas demand in the country. The key demand segments are as follows:

Power - Currently, power plants contribute more than 40% of natural gas consumption in India. The Indian Power Sector has been growing at a rapid pace and the pace is likely to be sustained in the coming years to meet the growing power demand. The installed capacity has increased from 105GW in 2001-02 to more than 180GW in 2011. Even with such increase in installed capacity, the power deficits in the country exceed 10%. Given the shortage of domestic coal, the primary fuel used for power generation, there is emphasis on leveraging all possible sources of energy for meeting the deficit. Given the shortage of domestic coal and gas resources, there is increased dependence on imported coal and LNG. At present there is about 2300 MW capacity that exists without allocation of gas and about 1700 MW that are under execution without having firm gas tie-up. Further about 700 MW of gas plant are being run on liquid fuels. In addition, there are many plants that are running below capacity owing to less supply of domestic gas. Thus there is a window of opportunity for LNG suppliers to cater to partial/full requirement of the existing and new plants.

Fertilizers - The fertilizer sector contributes more than 25% of the natural gas consumption. Government of India has decided that all existing gas-based urea plants would be supplied gas to meet their shortfall to ensure full capacity utilization. All existing plants in this sector have been accorded highest priority for domestic gas allocation.

City Gas Distribution (CGD) - PNGRB has granted licenses/approvals for CGD implementation in many cities of India. The CGD network in India has been steadily increasing and Government of India has a vision to expand the CGD network to 200 cities by 2015. Since the alternate fuel for CGD network is expensive liquid fuels (Furnace Oil, Commercial LPG, Petrol prices are deregulated in India), this segment has emerged as an attractive market segment for gas from an affordability perspective.

## *Supply Constraints*

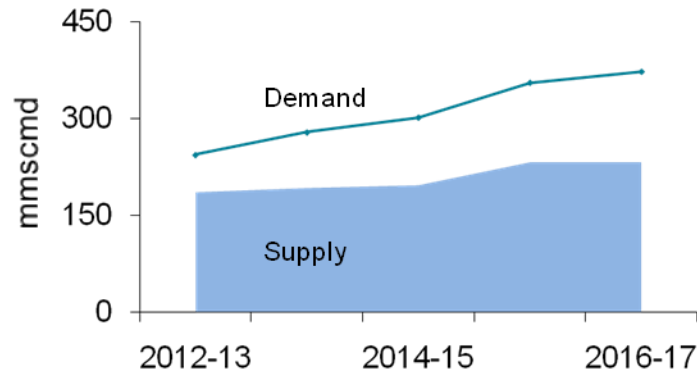
The supply of gas in India has not matched the demand growth. Some of the factors limiting the supply of gas are:

- **Maturing Oil / Gas fields:** The gas production from existing fields like Mumbai High and Reliance KG basin has decreased. The current production from KG basin is much lower as compared to the estimates a few years earlier.
- **Limited Oil & Gas reserves:** The participation from global oil majors in the NELP bidding rounds has not been very encouraging.
- **Unconventional resources are yet to be fully tapped:** Major unconventional sources of supply such as CBM, shale gas and gas hydrates are still in nascent stages of development. There has been some tight gas discoveries in the Cambay basin, but the commercial monetization of such discoveries will take time

All the aforementioned constraints limit the availability of domestic gas in the country. Import of LNG is an important option by which India could enhance the gas supply position in the country. India is already importing more than 40 MMSCMD through the LNG route.

### ***Demand Supply Scenario***

The demand supply shortfall is estimated at close to 100 million metric standard cubic metres per day (MMSCMD). This in turn, has resulted in the inadequate or sub-optimal use of infrastructure: both gas-based power plants and fertilizer units either remain idle or operate using expensive liquid fuels, such as naphtha. The graph below shows the estimated deficits.



*Source – Industry Research*

Given the shortfall and domestic gas supply constraints, there is an urgent requirement for increased LNG regas capacity and imports.

### ***Natural Gas Infrastructure***

***Pipeline Infrastructure:*** India has more than 11,000 km of pipeline with capacity of more than 270 MMSCMD. Gas pipeline infrastructure predominantly meets the demand in the Western and Northern parts of the country. The pipeline capacity is expected to rise substantially going forward on the back of the proposed pipeline capacity and from the pipeline capacity already under construction. The Petroleum and Natural Gas Regulatory Board (PNGRB) was constituted in 2007 to promote competition and to authorise entities to build the required infrastructure and monitor the downstream sector. Thus there is a significant thrust to develop the pipeline capacity and it is not a major constraint once a gas source is identified.

***RLNG Terminal Capacity:*** Presently, India’s LNG import capacity is around 13.5 MTPA through its terminals at Dahej of 10 MTPA and Hazira of 3.5 MTPA. The contribution of imported gas through RLNG is around 20% of the total gas supply of the country. Furthermore, the LNG terminals at Kochi and Dabhol are likely to be operational soon. It may be mentioned here that all the LNG terminals (existing + under construction) in the country are currently located on the western coast. Despite high demand for gas in east coast region of India, there is no RLNG terminal on the east coast.

## Annexure 2 – Project Framework Agreement

| Terms                             | Description  |
|-----------------------------------|--|
| 1. <b>Partners</b>                | <ul style="list-style-type: none"> <li>• Partner A – Andhra Pradesh Gas Distribution Corporation Limited (“APGDC”), a company promoted by Andhra Pradesh Gas Infrastructure Corporation Limited (“APGIC”) and GAIL Gas Limited (“GGL”)</li> <br/> <li>• Partner B - _____<br/>(To be provided by the Applicant)</li> </ul> <p>each a “<b>Partner</b>” and together the “<b>Partners</b>”</p>   |
| 2. <b>Business Scope</b>          | <ul style="list-style-type: none"> <li>• APGDC would enter into a Joint Study Agreement with the selected Applicant for undertaking a Detailed Feasibility Study for setting up an FSRU. A Special Purpose Vehicle (SPV) in association with a Strategic Partner who would be offered equity in the range of 15% to 26% will be formed to develop a Floating Storage and Regasification Unit (FSRU) in Andhra Pradesh subject to approval from both the boards.</li> </ul>   |
| 3. <b>Rights to FSRU Capacity</b> | <ol style="list-style-type: none"> <li>i. The Strategic Partner shall have the right to enter into a Tolling Service Agreement (TSA) with the SPV for the FSRU terminal regasification planned capacity to the extent of equity commitment in the SPV.</li> <br/> <li>ii. APGDC shall have the right for the balance capacity of the FSRU terminal regasification capacity by entering into a Tolling Service Agreement (TSA) with the SPV.</li> <br/> <li>iii. Under no circumstances, the Strategic Partner shall have the right to utilize the tolling capacity contracted with the SPV to regasify LNG other than for the volumes directly imported by it for domestic marketing upon regasification. Else the unutilized regasification capacity shall have to be offered to APGDC on first right of refusal basis.</li> <br/> <li>iv. Any unutilized tolling capacity out of total capacity accruing to APGDC under Para ii and Para iii above shall be offered to APGIC and GAIL Gas Limited in 50:50 ratio. In the event APGIC is unable to utilise such tolling capacity, it shall offer the same to GAIL Gas Limited on first right of refusal basis; and vice versa.</li> </ol> |

| Terms  | Description   |
|--|---|
|  | <p>v. Furthermore, if there is still any unutilised tolling capacity, the same shall be offered to interested third parties on an open access basis.</p>  |
| <p><b>4. Joint Study</b></p>                               | <ul style="list-style-type: none"> <li>• After the selection of an Applicant, a Detailed Feasibility Study will be undertaken jointly by APGDC and Strategic Partner. In this regard, a Joint Study Agreement (JSA) will be executed to govern the modalities for undertaking the Detailed Feasibility Study. The costs incurred in carrying out such a study would be shared in equal proportion by the APGDC and the Strategic Partner.</li> <li>• APGDC and the Strategic Partner will undertake various third party studies related to the Project jointly and equally share the cost towards such studies.</li> <li>• All internal costs shall be borne by the respective Partners, including out of pocket expenses such as travel and accommodation incurred by the personnel of each Partner and/or its Affiliates. The internal costs would also include the manpower costs, travel, board &amp; lodging, secretarial services etc.</li> </ul> |
| <p><b>5. Steering Committee</b></p>                        | <ul style="list-style-type: none"> <li>• Each Partner agrees to form a Joint Steering Committee and Joint Working Group(s) to undertake various tasks / studies and assess the feasibility of the Project</li> </ul>  |
| <p><b>6. EPC / PMC / Contracting / LNG Sourcing</b></p>    | <ul style="list-style-type: none"> <li>• Each Partner agrees to work at arms' length basis for appointment of EPC / PMC / Procurement / Contracting / LNG Sourcing contracts</li> </ul>   |
| <p><b>7. Conditions Precedent for formation of SPV</b></p> | <ul style="list-style-type: none"> <li>• Favourable outcome of the feasibility study of the Project</li> <li>• Financial viability and bankability of the Project</li> <li>• Approval from respective Boards to formally incorporate the SPV</li> <li>• Approval required from the regulatory authority and/or government approval required by any Partner</li> </ul>   |
| <p><b>8. Name of SPV</b></p>                               | <ul style="list-style-type: none"> <li>• To be decided mutually by the Partners</li> </ul>  |
| <p><b>9. Jurisdiction of Incorporation</b></p>             | <ul style="list-style-type: none"> <li>• Hyderabad, India</li> </ul>  |

| Terms | Description |
|-------|-------------|
|-------|-------------|

- |                            |   |
|----------------------------|---|
| <b>10. Equity Interest</b> | <ul style="list-style-type: none"> <li>• Partner A: 50%</li> <li>• Partner B: _____</li> <li>• (To be provided by the Applicant within the band of 15% to 26%)</li> </ul> |
|----------------------------|---|

- |                               |  |
|-------------------------------|--|
| <b>11. Board of Directors</b> | <ul style="list-style-type: none"> <li>• The Board shall comprise of not less than 6 (six) Directors</li> <li>• Partner A shall have the right to nominate minimum of 3 (three) Directors including the Chairman, CEO and CFO who shall be serving employee of Partner A and/or its promoters and/or parents / affiliates. The CEO &amp; CFO shall be non retiring executive directors of the company</li> <li>• Chairman of the Board will be non-executive and will not have a casting vote</li> <li>• Partner B shall have the right to nominate Directors related to the percentage of shareholding as described below:</li> </ul> |
|-------------------------------|--|

| Percentage Shareholding wrt Partner B | Number of Directors |
|---------------------------------------|---------------------|
| 15% - 25%                             | 1                   |
| 26%                                   | 2                   |

- Partner B shall have the right to nominate the COO. The COO shall be a non retiring executive director of the company

- |                       |   |
|-----------------------|---|
| <b>12. Management</b> | <ul style="list-style-type: none"> <li>• The CFO and COO shall report to CEO and their responsibilities will be defined by the Board</li> </ul> |
|-----------------------|---|

- |                              |   |
|------------------------------|---|
| <b>13. Management of SPV</b> | <ul style="list-style-type: none"> <li>• The management and control of JV shall vest in its Board of Directors</li> <li>• The Nominee Directors of each Partner shall hold office at the pleasure of that Partner and be subject to removal by that Partner. Each Partner agrees to vote for the election as well as the removal, as the case may be, of a Director nominated by the other Partner</li> </ul> |
|------------------------------|---|

| Terms                                       | Description   |
|---|---|
| <b>14. Lock-in Period</b>                   | <ul style="list-style-type: none"> <li>• Five years from the date of commencement of the commercial operation of the FSRU</li> <li>• Each Partner shall not be able to sell / transfer its equity interest in the SPV to any person (except its Affiliates) during the Lock-in-Period</li> <li>• After the Lock-in Period, the Partners shall be permitted to sell / transfer its equity interest</li> </ul>  |
| <b>15. Disposal of Interest</b>             | <ul style="list-style-type: none"> <li>• Each Partner shall have the right of first refusal on the sale to third parties in whole or part of the other Partner's interest in the SPV after the Lock-in Period</li> <li>• The valuation of the equity stake would be performed by independent auditor appointed with mutual consent.</li> </ul>  |
| <b>16. Participation of the third party</b> | <ul style="list-style-type: none"> <li>• Partner agree to induct a third party in the SPV at a later stage where the third party can contribute significantly to the Project or for any strategic reasons, subject to agreement by both the Partners</li> <li>• In such an event, terms and conditions of the PFA shall be reviewed and mutually agreed</li> </ul>  |
| <b>17. Non-Compete</b>                      | <ul style="list-style-type: none"> <li>• The co-operation between the Partners shall be on an exclusive basis and neither Partner will concurrently initiate or support any similar Project in offshore Andhra Pradesh to achieve the same or similar objectives till the expiry of this PFA or formation of the SPV whichever is earlier</li> <li>• After the Detailed Feasibility Study, if one Partner decides not to proceed with the formation of SPV, the other Partner has the right to proceed and implement the Project on its own or along with any other partner(s)</li> <li>• In such instances, the costs incurred for undertaking the Detailed Feasibility Study as per the Joint Study Agreement would not be refunded by the other Partner</li> </ul> |
| <b>18. Force Majeure</b>                    | <ul style="list-style-type: none"> <li>• A "Force Majeure Event" shall mean any event, circumstance or omission or any combination of them which is beyond the reasonable control of a Partner acting and having acted as a Reasonable and Prudent Operator and which materially affects the performance of that Partner of its obligations under or pursuant to this Agreement</li> </ul>  |

| Terms                                      | Description   |
|--|---|
| <b>19. Waiver And Consequential Losses</b> | <ul style="list-style-type: none"> <li>• No default or delay by either Partner in exercising their rights shall constitute a waiver and waiver of any provision shall be effective only if the same is in writing and signed by duly authorized representatives of the Partners</li> <li>• Neither Partner shall be liable to the other Partner for any indirect, incidental, special, punitive or consequential loss or damage or loss of opportunity or profits</li> </ul>  |
| <b>20. Dispute resolution</b>              | <ul style="list-style-type: none"> <li>• Partners shall endeavour to settle disputes amicably. Failure of which after attempts to settle within 60 days after notification by the aggrieved Partner to the other Partner, the Partners can proceed to apply for arbitration</li> <li>• Arbitration and Conciliation Act, 1996 of India and the venue of arbitration shall be Hyderabad, India</li> </ul>  |
| <b>21. Confidentiality</b>                 | <ul style="list-style-type: none"> <li>• Neither Partner or its employee or representative of its parents / affiliates shall divulge or communicate to any third party or use or exploit for any purpose whatsoever any of the trade secrets or confidential information belonging to or relating to the other Partner received or obtained as a result of entering into this Agreement</li> </ul>  |
| <b>22. Governing Laws and Jurisdiction</b> | <ul style="list-style-type: none"> <li>• Laws of India</li> <li>• Courts in Hyderabad, India alone shall have exclusive jurisdiction</li> </ul>   |
| <b>23. Term</b>                            | <ul style="list-style-type: none"> <li>• This Project Framework Agreement shall come into effect upon its execution by the Partner</li> <li>• This Project Framework Agreement shall automatically terminate upon expiry of two year period from the date of execution unless extended or on execution of definitive agreements for the formation of SPV, whichever is earlier</li> <li>• The termination effected by mutual consent during the PFA tenure with notice period of thirty days (30) by either side</li> </ul> |

This Project Framework Agreement is only reflective of a broad understanding between the Partners and the Partners are yet to enter into a binding agreement.

IN WITNESS WHEREOF THE PARTNERS THROUGH THEIR AUTHORISED REPRESENTATIVES SET THEIR HAND ON THE \_\_\_\_ DAY OF \_\_\_\_, 2012

For & on behalf of

For & on behalf of

**APGDC**

**APPLICANT**

By \_\_\_\_\_

By \_\_\_\_\_

**Name:**

**Name:**

**Designation:**

**Designation:**

### **Annexure 3A – Bank Guarantee for EMD**

#### **FORMAT OF THE UNCONDITIONAL AND IRREVOCABLE BANK GUARANTEE**

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution. Foreign entities submitting Applications are required to follow the applicable law in their country)

In consideration of the ..... (Insert name of the Applicant) submitting the Application for *selection of a Strategic Partner for conducting a Detailed Feasibility Study and subsequent formation of SPV for FSRU Project Development* to Andhra Pradesh Gas Distribution Corporation Limited (APGDC), the ..... (Insert name and address of the bank issuing the Bid Bond, and address of the head office) (Herein after referred to as “Guarantor Bank”) hereby agrees unequivocally, irrevocably and unconditionally to pay to APGDC at Hyderabad, India forthwith on demand in writing from APGDC or any representative authorized by it in this behalf an amount not exceeding Rupees 1 crore or USD 200,000 only on behalf of M/s. ....[Insert name of the Applicant].

This guarantee shall be valid and binding on the Guarantor Bank up to and including ..... and shall not be terminable by notice or any change in the constitution of the Guarantor Bank or by any other reasons whatsoever and our liability hereunder shall not be impaired or discharged by any extension of time or variations or alternations made, given, or agreed with or without our knowledge or consent, by or between concerned parties.

Our liability under this Guarantee is restricted to Rupees 1 crore or USD 200,000 only. Our guarantee shall remain in force until ..... APGDC or its authorized representative shall be entitled to invoke this Guarantee upto 30 days of the last date of the validity of this Guarantee by issuance of a written demand to invoke this Guarantee.

The Guarantor Bank hereby expressly agrees that it shall not require any proof in addition to the written demand from APGDC, made in any format, raised at the above mentioned address of the Guarantor Bank, in order to make the said payment to the APGDC or its authorized representative.

The Guarantor Bank shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection, disputes, or disparities raised by the Applicant or any other person. The Guarantor Bank shall not require APGDC or its authorized representative to justify the invocation of this BANK GUARANTEE, nor shall the Guarantor Bank have any recourse against the APGDC or its authorized representative in respect of any payment made hereunder.

This BANK GUARANTEE shall be interpreted in accordance with the laws of India and the courts at Hyderabad shall have exclusive jurisdiction. The Guarantor Bank represents that this BANK GUARANTEE has been established in such form and with such content that it is fully enforceable in accordance with its terms as against the Guarantor Bank in the manner provided herein.

This BANK GUARANTEE shall not be affected in any manner by reason of merger, amalgamation, restructuring, liquidation, winding up, dissolution or any other change in the constitution of the Guarantor Bank.

This BANK GUARANTEE shall be a primary obligation of the Guarantor Bank and accordingly, the APGDC or its authorized representative shall not be obliged before enforcing this BANK GUARANTEE to take any action in any court or arbitral proceedings against the ...[Insert name of Applicant], to make any claim against or any demand on the ...[Insert name of Applicant] or to give any notice to the ...[Insert name of Applicant] to enforce any security held by APGDC or its authorized representative or to exercise, levy or enforce any distress, diligence or other process against the Applicant.

The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to APGDC and may be assigned, in whole or in part, (whether absolutely or by way of security) by the APGDC to any entity to whom it is entitled to assign its rights and obligations under the tender Documents.

The Guarantor Bank hereby agrees and acknowledges that APGDC shall have a right to invoke this Bank Guarantee either in part or in full, as it may deem fit.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is restricted to Rs 1 crore or USD 200,000 and it shall remain in force until ..... We are liable to pay the guaranteed amount or any part thereof under this BANK GUARANTEE only if APGDC or its authorized representative serves upon us a written claim or demand.

In witness whereof the Bank, through its authorized officer, has set its hand and stamp on this ..... day of ..... at .....

**Witness:**

1. .... **Signature**

Signature

Name and address. Name:

2. .... Designation with Bank Stamp

Signature

Name and address

Attorney as per power of attorney No. ....

For:

..... [Insert Name of the Bank]

**Banker's Stamp and Full Address:**

Dated this ..... day of ..... 20.....

Note: The Stamp Paper should be in the name of the Executing Bank.

### **Annexure 3B– Bank Guarantee for Security Deposit**

#### **FORMAT OF THE UNCONDITIONAL AND IRREVOCABLE BANK GUARANTEE**

(To be on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution. Foreign entities submitting Applications are required to follow the applicable law in their country)

In consideration of the ..... (Insert name of the Strategic Partner) entering into a Joint Study Agreement (JSA) with Andhra Pradesh Gas Distribution Corporation Limited (APGDC), the ..... (Insert name and address of the bank issuing the Bid Bond, and address of the head office) (Herein after referred to as “Guarantor Bank”) hereby agrees unequivocally, irrevocably and unconditionally to pay to APGDC at Hyderabad forthwith on demand in writing from APGDC or any representative authorized by it in this behalf an amount not exceeding Rupees 5 Crores or USD 1 Million only on behalf of M/s. ....[Insert name of the Strategic Partner].

This guarantee shall be valid and binding on the Guarantor Bank up to and including ..... and shall not be terminable by notice or any change in the constitution of the Guarantor Bank or by any other reasons whatsoever and our liability hereunder shall not be impaired or discharged by any extension of time or variations or alternations made, given, or agreed with or without our knowledge or consent, by or between concerned parties.

Our liability under this Guarantee is restricted to Rupees 5 Crores or USD 1 Million only. Our guarantee shall remain in force until ..... APGDC or its authorized representative shall be entitled to invoke this Guarantee upto 30 days of the last date of the validity of this Guarantee by issuance of a written demand to invoke this Guarantee.

The Guarantor Bank hereby expressly agrees that it shall not require any proof in addition to the written demand from APGDC, made in any format, raised at the above mentioned address of the Guarantor Bank, in order to make the said payment to the APGDC or its authorized representative.

The Guarantor Bank shall make payment hereunder on first demand without restriction or conditions and notwithstanding any objection, disputes, or disparities raised by the Strategic Partner or any other person. The Guarantor Bank shall not require APGDC or its authorized representative to justify the invocation of this BANK GUARANTEE, nor shall the Guarantor Bank have any recourse against the APGDC or its authorized representative in respect of any payment made hereunder.

This BANK GUARANTEE shall be interpreted in accordance with the laws of India and the courts at Hyderabad shall have exclusive jurisdiction. The Guarantor Bank represents that this BANK GUARANTEE has been established in such form and with such content that it is fully enforceable in accordance with its terms as against the Guarantor Bank in the manner provided herein.

This BANK GUARANTEE shall not be affected in any manner by reason of merger, amalgamation, restructuring, liquidation, winding up, dissolution or any other change in the constitution of the Guarantor Bank.

This BANK GUARANTEE shall be a primary obligation of the Guarantor Bank and accordingly, the APGDC or its authorized representative shall not be obliged before enforcing this BANK GUARANTEE to take any action in any court or arbitral proceedings against the ....[Insert name of Strategic Partner], to make any claim against or any demand on the ....[Insert name of Strategic Partner] or to give any notice to the ....[Insert name of Strategic Partner] to enforce any security held by APGDC or its authorized representative or to exercise, levy or enforce any distress, diligence or other process against the Strategic Partner.

The Guarantor Bank acknowledges that this BANK GUARANTEE is not personal to APGDC and may be assigned, in whole or in part, (whether absolutely or by way of security) by the APGDC to any entity to whom it is entitled to assign its rights and obligations under the tender Documents.

The Guarantor Bank hereby agrees and acknowledges that APGDC shall have a right to invoke this Bank Guarantee either in part or in full, as it may deem fit.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is restricted to Rs 5 Crores or USD 1 Million and it shall remain in force until ....., We are liable to pay the guaranteed amount or any part thereof under this BANK GUARANTEE only if APGDC or its authorized representative serves upon us a written claim or demand.

In witness whereof the Bank, through its authorized officer, has set its hand and stamp on this ..... day of ..... at .....

**Witness:**

1. .... **Signature**

Signature

Name and address. Name:

2. .... Designation with Bank Stamp

Signature

Name and address

Attorney as per power of attorney No. ....

For:

..... [Insert Name of the Bank]

**Banker's Stamp and Full Address:**

Dated this ..... day of ..... 20.....

Note: The Stamp Paper should be in the name of the Executing Bank.