

EPC PACKAGE FOR WASTE TO ENERGY PROJECT (2X350 TPD) FOR KAWAS GAS POWER STATION

Bidding Document No.: CS-2600-001-9

Amendment No. 01 to Forms & Procedures (FP), Section-VII

S. No.	Clause Reference	Amendment	
		Existing Provisions	Amended Provisions
1	Book 2 of 3 Price Bid Form Para 3.0	Schedule No. 3 Installation Services including Erection Works, Insurance covers other than inland transit insurance and other services as specified in the Bidding Documents	Replace with following: Schedule No. 3 Installation Services including Erection Works, Insurance covers other than inland transit insurance, Safety Aspects/Compliance to Safety Rules and other services as specified in the Bidding Documents.
2	Book 2 of 3 Price Bid Form Para 4.2	...(c) Installation Services including Erection, Civil & Allied Works and other services specified in Price Schedule No. 3.	Replace with following: ...(c) Installation Services including Erection, Civil & Allied Works, Safety Aspects/Compliance to Safety Rules and other services specified in Price Schedule No. 3.
3	Book 2 of 3 Schedules	Schedule-3 & 6 in excel format	Replace Schedule-3 & 6 with Schedule-3 (Rev.01) & Schedule-6 (Rev.01) enclosed as separate excel sheet.
4	Book 3 of 3 Appendix-1 To Form of Contract Agreement	Existing provisions	Replace Appendix-1 with Appendix-1 (REV.01) enclosed herewith.

TERMS AND PROCEDURES OF PAYMENT

In accordance with the provisions of GCC Clause 12 (Terms of Payment), the Employer shall pay the Contractor in the following manner and at the following times, on the basis of the Price Break down given in the Section on Price Schedules. Payments will be made in the currencies quoted by the Bidder unless otherwise agreed between the parties. Application for payment in respect of part deliveries may be made by the Contractor as work proceeds.

TERMS OF PAYMENT

A. Schedule No.1 : Plant and Equipment (excluding Mandatory Spares and Type Test Charges) quoted on Ex-works (India) basis:

In respect of Plant and Equipment (excluding Mandatory Spares and Type Test charges) supplied from within the Employer's country the following payment shall be made:

For Ex-works Price component of Plant and Equipment (excluding Mandatory Spares and Type Test Charges) :

- (I) **Fifteen percent (15%)** of the total Ex-works price component of Contract Price as Initial Advance Payment on :
 - (i) Acceptance of Notification of Award and Signing of the Contract Agreement.
 - (ii) Submission of an unconditional Bank Guarantee covering the advance amount plus GST as applicable on the advance payment to be paid to the contractor, which shall be initially kept valid upto (ninety) 90 days beyond the schedule date for successful Completion of the Facilities under the Package. However, in case of delay in completion of facilities, the validity of this Bank Guarantee shall be extended by the period of such delay. Proforma of Bank Guarantee is enclosed in Section-VII - Bank Guarantee Form for Advance Payment.
 - (iii) Submission by the Main Contractor of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts all initially valid upto ninety (90) days after the end of Defects Liability Period of all equipment covered under Contract. However, in case of delay in Defect Liability Period, the validity of this Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Performance Security.
 - (iv) In case Deed of Joint Undertaking by the Contractor alongwith his Associate/Collaborator forms part of the Contract then submission of an unconditional Bank guarantee from such Associate/Collaborator towards faithful performance of the Deed of Joint Undertaking for an

amount specified in the deed and initially valid upto ninety (90) days after the end of Defect Liability Period of all equipment covered under the Contract.

However, in case of delay in Defect Liability Period, the validity of this Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee(s) shall be as enclosed in Section-VII.

- (v) Submission of a detailed PERT Network (L2) based on the Time Schedule stipulated in Appendix - 4 to Form of the Contract Agreement and its approval by the Employer.
- (II) **Sixty percent (60%)** of Ex-Works price component of Contract Price of the Contract price for each identified equipment upon despatch of equipment from manufacturer's works on pro-rata basis on production of invoices and satisfactory evidence of shipment (which shall be Original Goods Receipt/RR) and Material Despatch Clearance Certificate (MDCC) issued by the Employer's Corporate QA & I representative.
- (III) **Fifteen percent (15%)** of Ex-Works price component of Contract Price of Contract Price for each identified equipment on receipt of equipment at site on pro-rata basis and physical verification and certification by the Project Manager of having received and stored the equipment at site.
- (IV) **Five Percent (5%)** of Ex-Works Price Component of the Contract Price on **Completion of the Facilities including all associated auxiliaries and ancillary works** and issue of Completion Certificate by the Project Manager.
- (V) **Five Percent (5%)** of Ex-Works price component of the Contract Price on Successful **Completion of Guarantee Tests** and issuance of Operational Acceptance Certificate by the Project Manager.

Note: (i) The basis for the pro-rata payment at (II) and (III) above shall be mutually discussed and agreed upon.

The Billing Break Up shall be generally on item rate basis. However, for the items which are generally supplied and billed on weight (tonnage) basis, the Billing Break-Up may be considered on weight (tonnage) basis.

(ii) In case, Installation Price (Excluding Civil/Structural works price) is less than **15%** of the total Ex-works Price of Main Equipment, the

amount by which it is lower shall be retained from the Ex-works component of Contract price while releasing payments due on receipt of equipment, and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid on pro-rata basis upon completion of installation of the respective equipment and its certification by the Project Manager.

(iii) In case the Civil Works Price (including Site Fabricated Structural works price) is less than **20%** of the Ex-works Price of Main Equipment, the amount by which it is lower shall be retained proportionately from the Ex-Works component of Contract price while releasing payments due on dispatch of equipment, and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid on pro-rata basis upon completion of Civil Works including Structural works (if any) corresponding to the respective equipment and its certification by the Project Manager.

(iv) In case O&M charges is less than 5% of the total Ex-works Price of Main Equipment, the amount by which it is lower shall be retained proportionately from the Ex-works component of Contract Price while releasing payments due on receipt of equipment, and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid on pro-rata basis upon completion of O&M period and its certification by the Project Manager.

B. Schedule 1 and 5 : Payment Terms for Recommended Spares (When ordered) on Ex-Works (India) basis

The Ex-works price component of spares to be supplied within the Employer's country shall be paid as under :-

- (i) **Seventy five percent (75%)** of Ex-works price component of the spares to be paid on pro-rata basis: upon dispatch to site and against invoices and shipping documents along with Material Despatch Clearance Certificate (MDCC) issued by the Employer's QA&I representative.
- (ii) **Twenty five percent (25%)** of Ex-works price component of the spares to be paid on pro-rata basis: on receipt and storage at site and on physical verifications & certification by the Project Manager for the spares received and stored at site.

C. Schedule No. 2 : Local Transportation

All Plant and Equipment and recommended spares (if ordered)

One hundred Percent (100%) Local Transportation (including inland insurance charges) for the equipment covered in Schedule - 1 shall be paid to the Contractor pro-rata to the value of the equipment received at site and on production of invoices by the Contractor. The aggregate of all such prorata payments shall, however, not exceed the total amount identified in the Contract for Local Transportation. However, wherever equipment wise local transportation charges (including insurance charges) have been furnished by the Contractor, the payment shall be made after receipt of equipment at site based on the charges so identified in the Contract.

D. Schedule No. 3 : Installation Services excluding Civil and Structural Works Portion

The Installation Services component shall be paid as under:

(I)(A) Five Percent (5%) of the total installation services component of the Contract Price will be paid to the Contractor as interest bearing advance payment on:

- (i) Acceptance of Notification of Award and Signing of Contract Agreement.
- (ii) Establishing their office at site in preparatory to commencement of Installation.
- (iii) Submission of an unconditional Bank Guarantee for an amount equivalent to One Hundred Ten Percent (110%) of Advance Amount plus GST as applicable on the advance payment to be paid to the contractor, which shall be initially kept valid upto ninety (90) days, beyond the schedule date for successful 'Completion of the Facilities' under the Package. However, in case of delay in completion of facilities the validity of this advance Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee-7(ii) Bank Guarantee Form for Advance Payment (Installation Services), is enclosed in Part 3 of 3, Section-VII.
- (iv) Submission by the Main Contractor of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts all initially valid upto ninety (90) days after the end of Defects Liability Period of all equipment covered under Contract. However, in case of delay in Defect Liability Period, the validity of this Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Performance Security.
- (v) In case Deed of joint Undertaking by the Contractor alongwith his Associate form part of the Contract, then submission of unconditional Bank Guarantee from such Associate towards faithful performance of the Deed of Joint Undertaking for amount specified in the respective Deed of Joint Undertaking and valid upto ninety

(90) days after the end of Defects Liability Period of all the equipment covered under the contract. However, in case of delay in Defect Liability Period, the validity of this Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee(s) shall be as enclosed in Section-VII.

- (vi) Submission of a detailed PERT Network based on the work schedule stipulated in Appendix-4 to Form of the Contract Agreement and its approval by the Employer.
- (vii) Advance payment for Installation services/ structural/ Civil works price components shall be released after certification of Engineer-in-Charge that the Contractor has brought to site the Safety equipments & Safety personal Protective equipments as per minimum quantity specified in the Bidding Documents.

In case the Contractor decides not to take advance payment, the first progressive payment for installation services/structural/civil works price component shall be released after certification of Engineer-in-Charge that the contractor has brought to site the Safety equipments & Safety personal Protective Equipments as per minimum quantity specified in the Bidding Documents.

- (B) Further, Five Percent (5%) of the total installation services component of the Contract Price will be paid to the Contractor as **interest bearing** advance payment on:

- (i) Fulfilment of conditions as mentioned at D(I)(A)(i) to (vii) above.
- (ii) T&P Mobilisation as identified alongwith PERT network for start of Erection and Certification thereof by the Engineer-In-Charge.
- (iii) Submission of an unconditional Bank Guarantee for an amount equivalent to One Hundred Ten Percent (110%) of Advance Amount plus GST as applicable on the advance payment to be paid to the contractor, which shall be initially kept valid upto ninety (90) days, beyond the schedule date for successful 'Completion of the Facilities' under the Package.

- (II) The recovery of the interest component on the above advance amount shall be made from the progressive payments released to the contractor as per clause D(III) of Appendix-1, Part 3 of 3, Section-VII. The amount of interest to be recovered from a particular bill shall be calculated @ **12.20%** per annum on the value of advance corresponding to the %age of total progressive payment being released. The period for which the interest is to be calculated shall be reckoned from the date of release of the advance payment to the actual date of release of the said progressive payment or the expiry

of the stipulated time frame for release of such progressive payments under the Contract, whichever is earlier. The interest on the advance payment shall stand fully recovered on release of all the progressive payments. If the amount payable under any interim bill is not sufficient to cover all deductions to be made for interest on the advance payment and other sums deductible therefrom, the balance outstanding shall be recovered from the next payments immediately falling due.

In case the contractor decides not to take interest bearing advance payment, the advance payment shall be proportionately adjusted in the balance payments excluding final payment (i.e. in the progressive payment indicated at D (III) below.

- (III) **Eighty Percent (80%)** of the Erection Portion of installation Services component of contract price will be made on pro-rata basis against progressive erection of the equipment on certification by the Project Manager for the quantum of work completed and by the Project Manager's field quality assurance & surveillance representative for the successful completion of quality check points involved in the quantum of work billed.
- (IV) **Five Percent (5%)** of total Installation Services Component of Contract Price (excluding Civil and Structural Works) **on Completion of the Facilities including all associated auxiliaries and ancillary works** and issue of Completion Certificate by the Project Manager.
- (V) **Five Percent (5%)** of total installation Services Component of Contract Price (excluding Civil and Structural Works) **on successful completion of guarantee Tests** and issue of Operational Acceptance Certificate by the Project Manager.

- Note:**
- (i) The basis of the prorata payment at Sl. No. III above shall be Billing break-up, to be submitted by the Contractor and subject to approval by the Employer.
 - (ii) In case the Installation Price (excluding Civil/Structural works price) is more than **20%** of the cumulative total of Ex-works Price of Main Equipment, the amount by which it is higher shall be retained while releasing progressive payments due on installation of equipment, and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid along with payment due on completion of Trial Operation / Completion of Facilities.

E. **Schedule - 3 : Payment Terms for Training**

100% of each training module shall be paid upon completion of the corresponding module on pro-rata basis on certification by Employer. The basis of the prorata payment above shall be Billing break-up, to be submitted by the Contractor and subject to approval by the Employer.

F. **Schedule No. 3 : Civil Works**

The Civil Works Price Component of the Contract Price shall be paid as under :

(I)(a) **Five Percent (5%)** of the total Civil Works Price component of the Contract Price will be paid to the Contractor **as interest bearing advance** payment on :

- (i) Acceptance of Notification of Award and Signing of Contract Agreement.
- (ii) Establishment their office at site in preparatory to commencement of Civil Works.
- (iii) Submission of an unconditional Bank Guarantee for an amount equivalent to one hundred ten percent (110%) of the advance amount, which shall be initially kept valid upto ninety (90) days beyond the schedule date for successful 'Completion of the Facilities' under the Package. However, in case of delay in completion of facilities the validity of this advance Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Bank Guarantee for Advance Payment.
- (iv) Submission by the Main Contractor of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts (including the Contracts entered into with the Contractor's Assignee, if applicable in case of foreign contractor) and submission by the Assignee (if applicable in case of Foreign Contractor) of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts entered into with the Assignee, all initially valid upto ninety (90) days after the end of Defects Liability Period of all equipments covered under the Contract. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Performance Security.
- (v) Submission of unconditional Bank Guarantee(s) from all executents of Deed(s) of Joint Undertaking other than Contractor towards faithful performance of the Deed(s) of Joint Undertaking for amount(s) and validity specified in the respective Deed(s) of Joint Undertaking enclosed in Section-VII of Bidding Documents. The proforma of Bank Guarantee(s) shall be as enclosed in Section - VII.
- (vi) Submission of a detailed PERT Network based on the work schedule stipulated in Appendix-4 to Form of the Contract Agreement and its approval by the Employer.
- (vii) Advance Payment for Civil works price components shall be released after certification of Engineer-in-Charge that the Contractor has brought to site the Safety equipments & Safety Personal Protective Equipments as per minimum quantity specified in the Bidding Documents.

In case the Contractor decides not to take advance payment, the first progressive payment for Civil works price component shall be released after certification of Engineer-in-Charge that the Contractor has brought to site the Safety equipments & Safety Personal Protective Equipments as per minimum quantity specified in the Bidding Documents.

(I)(b) **Further, Five Percent (5%)** of the total Civil Works Price component of the Contract Price will be paid to the Contractor **as interest bearing advance** payment on :

- (i) Fulfillment of conditions mentioned at F(I)(a)(i) to (viii) above.
- (ii) Submission of an unconditional Bank Guarantee for an amount equivalent to one hundred ten percent (110%) of the advance amount, which shall be initially kept valid upto ninety (90) days beyond the schedule date for successful 'Completion of the Facilities' under the Package. However, in case of delay in completion of facilities the validity of this advance Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Bank Guarantee for Advance Payment.
- (iii) T&P mobilization as identified alongwith PERT Network for start of Civil works and certificate thereof by the Engineer-in-Charge.

(I)(c) The recovery of the interest component on the above advance amount shall be made from the progressive payments released to the contractor as per clause F(II) of Appendix-1 to Form of Contract Agreement, Book 3 of 3, Section-VII. The amount of interest to be recovered from a particular bill shall be calculated @ **12.20% per annum** on the value of advance corresponding to the %age of total progressive payment being released. The period for which the interest is to be calculated shall be reckoned from the date of release of the advance payment to the actual date of release of the said progressive payment or the expiry of the stipulated time frame for release of such progressive payments under the contract, whichever is earlier. The interest on the advance payment shall stand fully recovered on release of all the progressive payments. If the amount payable under any interim bill is not sufficient to cover all deductions to be made for interest on the advance payment and other sums deductible therefrom, the balance outstanding shall be recovered from the next payments immediately falling due.

Note: In case the contractor decides not to take interest bearing advance payment, the advance payment shall be proportionately adjusted in the balance payments excluding final payment (i.e. in the Progressive payment of 80%).

(II) **Eighty percent (80%)** of the total Civil Works Price Component of Contract Price shall be paid progressively on certification by the Project Manager for the quantum of work completed and by Project Manager's field quality

surveillance representative for the successful completion of quality check points involved in the quantum of work billed.

Note: The release of first progressive payment for civil works shall also be subject to submission of documentary evidence by the Contractor towards having taken the insurance policy(ies) in terms of relevant provisions of GCC Clause 34 (Insurance) and acceptance of same by the Project Manager.

(III) **Ten Percent (10%)** of total Civil Works Price component of Contract price shall be paid on successful completion of Guarantee Test of Entire EPC Package and issuance of Operational Acceptance Certificate by the Project Manager.

(IV) Secured advance against materials (Cement & Reinforcement Steel) shall be paid to the Contractor on the certificate of Project Manager. The contractor shall be paid material secured advance upto maximum limit of 75% (exact percent of material secured advance shall be decided by Project Manager based on total requirement of Cement and Reinforcement Steel for the complete work and total cost of Civil Construction works as provided in the Contract) of the cost of Cement & Reinforcement Steel which in the opinion of Project Manager is reasonably required in accordance with the Contract and the same has been brought to site for incorporation in the works and are safeguarded against loss due to any cause whatsoever and stored as per requirement of Technical specification.

Total amount of secured advances against material (i.e., Cement & Reinforcement Steel) payable as per the above provision however, shall not exceed 10% of the cost of total Civil Construction works for cement & 25% of the cost of total Civil Construction works for Reinforcement Steel.

(V) The material secured advance payment under clause (IV) above shall be fully adjusted from the payments due to contractor for the works done against clause (II) above as and when materials are utilised in the same.

(VI) On completion of works as per requirement of specification, if any balance materials (i.e. Cement and Reinforcement Steel) are available in the contractor's store after full adjustment of material secured advance from the payments due under clause (II) above, contractor shall be allowed by the Employer to take out the balance material (Cement & Reinforcement Steel) from the plant.

(VII) The Contractor store shall be opened, for supervision and verification by the Project Manager or his authorised representatives, at any time, in case he so desires.

G. **Schedule No. 3 : Site Fabricated Structural Works**

The Site Fabricated Structural Works Price Component of the Contract Price shall be paid as under :

- (l)(a) **Five Percent (5%)** of the total Site Fabricated Structural works Price component of the Contract Price will be paid to the Contractor **as interest bearing advance** payment on:
- (i) Acceptance of Notification of Award and Signing of Contract Agreement.
 - (ii) Establishment their office at site in preparatory to commencement of Structural Works.
 - (iii) Submission of an unconditional Bank Guarantee for an amount equivalent to one hundred ten percent (110%) of the advance amount, which shall be initially kept valid upto ninety (90) days beyond the schedule date for successful 'Completion of the Facilities' under the Package. However, in case of delay in completion of facilities the validity of this advance Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Bank Guarantee for Advance Payment.
 - (iv) Submission by the Main Contractor of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts (including the Contracts entered into with the Contractor's Assignee, if applicable in case of foreign contractor) and submission by the Assignee (if applicable in case of Foreign Contractor) of an unconditional Bank Guarantee(s) towards Performance Security(s) in respect of all Contracts entered into with the Assignee, all initially valid upto ninety (90) days after the end of Defects Liability Period of all equipments covered under the Contract. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Performance Security.
 - (v) Submission of unconditional Bank Guarantee(s) from all executents of Deed(s) of Joint Undertaking other than Contractor towards faithful performance of the Deed(s) of Joint Undertaking for amount(s) and validity specified in the respective Deed(s) of Joint Undertaking enclosed in Section-VII of Bidding Documents. The proforma of Bank Guarantee(s) shall be as enclosed in Section - VII.
 - (vi) Submission of a detailed PERT Network based on the work schedule stipulated in Appendix-4 to Form of the Contract Agreement and its approval by the Employer.
 - (vii) Advance Payment for site fabricated Structural works price components shall be released after certification of Engineer-in-Charge that the Contractor has brought to site the Safety equipments & Safety Personal Protective Equipments as per minimum quantity specified in the Bidding Documents.
In case the Contractor decides not to take advance payment, the first progressive payment for Structural works price component shall be released after certification of Engineer-in-Charge that the

Contractor has brought to site the Safety equipments & Safety Personal Protective Equipments as per minimum quantity specified in the Bidding Documents.

(I)(b) **Further, Five Percent (5%)** of the total Site Fabricated Structural works Price component of the Contract Price will be paid to the Contractor **as interest bearing advance** payment on:

- (i) Fulfillment of conditions as mentioned at G(I)(a)(i) to (viii) above
- (ii) Submission of an unconditional Bank Guarantee for an amount equivalent to one hundred ten percent (110%) of the advance amount, which shall be initially kept valid upto ninety (90) days beyond the schedule date for successful 'Completion of the Facilities' under the Package. However, in case of delay in completion of facilities the validity of this advance Bank Guarantee shall be extended by the period of such delay. The proforma of Bank Guarantee is enclosed in Section-VII-Form of Bank Guarantee for Advance Payment.
- (iii) T&P mobilization as identified alongwith PERT Network for start of Structural works and certificate thereof by the Engineer-in-Charge.

(I)(c) The recovery of the interest component on the above advance amount shall be made from the progressive payments released to the contractor as per clause G(II) to G(V) of Appendix-1, Form of Contract Agreement, Book 3 of 3, Section-VII. The amount of interest to be recovered from a particular bill shall be calculated @ **12.20% per annum** on the value of advance corresponding to the %age of total progressive payment being released. The period for which the interest is to be calculated shall be reckoned from the date of release of the advance payment to the actual date of release of the said progressive payment or the expiry of the stipulated time frame for release of such progressive payments under the contract, whichever is earlier. The interest on the advance payment shall stand fully recovered on release of all the progressive payments. If the amount payable under any interim bill is not sufficient to cover all deductions to be made for interest on the advance payment and other sums deductible therefrom, the balance outstanding shall be recovered from the next payments immediately falling due.

Note: In case the contractor decides not to take interest bearing advance payment, the advance payment shall be proportionately adjusted in the balance payments excluding final payment (i.e. in Progressive Payments at G-II to G-V).

(II) **Forty Percent (40%)** of the total Site Fabricated Structural Works Price component of Contract Price shall be paid prorata basis **on receipt of material at site** and physical verification and certification by the Project Manager for the material received and stored at site.

Note: The release of first progressive payment for Structural works shall also be subject to submission of documentary evidence by the Contractor towards having taken the insurance policy(ies) in terms of relevant provisions of

GCC Clause 34 (Insurance) and acceptance of same by the Project Manager.

- (III) **Eighteen Percent (18%)** of the total Site Fabricated Structural Works Price component of Contract Price shall be paid **on pro-rata basis on fabrication of Structural Steel** and certification by the Project Manager on the quantum of work performed and the Project Manager's field quality surveillance representative for successful completion of quality check points involved in the quantum of work.
- (IV) **Twelve Percent (12%)** of the total Site Fabricated Structural Works Price component of Contract Price shall be paid on pro-rata basis **on erection of Structural Steel** and certification by the Project manager on quantum of work performed and by the Project Manager's field quality surveillance representative for successful completion of quality check points involved in the quantum of work.
- (V) **Ten percent (10%)** of the total Site Fabricated Structural Works price component of Contract Price shall be paid on pro-rata basis **on final alignment, bolting or welding etc.** including primer coats of painting on certification by the Project Manager on quantum of work performed and by the Project Manager field quality surveillance representative for successful completion of quality check points involved in the quantum of work.
- (VI) **Ten Percent (10%)** of the total Site Fabricated Structural Works Price Component of Contract Price shall be paid on successful completion of Guarantee Tests of entire EPC Package and issuance of Operational Acceptance Certificate by the Project Manager

NOTE: In case the Civil Works Price (including Site Fabricated Structural Works Price) is more than **30%** of the Ex-works Price of Main Equipment, the amount by which it is higher shall be retained while releasing progressive payments due on completion of civil works (including Site Fabricated Structural works), and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid along with payment due on completion of Trial Operation / Completion of Facilities.

H. **Schedule No. 3: Amount linked to Safety Aspects/ compliance to Safety Rules**

- i. **The amount linked to Safety Aspects/ compliance to Safety Rules shall be paid in two parts, viz,**
 - a) 10% amount (calculated as 0.1 Y of the service portion amount of RA bill) shall be linked to Fatal/Major Accidents, and
 - b) 90% amount (calculated as 0.9 Y of the service portion amount of RA bill) shall be linked to various Safety Aspects specified in Safety Rules of NTPC.

NOTE:

**Amount linked to Safety Aspects/ Compliance to Safety Rules specified
in Price Schedule**

$$Y = \frac{\text{Total amount for Service Portion of the Contract, i.e. Civil + Installation/ Erection + Structural Works}}{\text{Total amount for Service Portion of the Contract, i.e. Civil + Installation/ Erection + Structural Works}} \times 100$$

- ii. While raising each RA Bill, Contractor shall claim Amount linked to Safety Aspects/ Compliance to Safety Rules in such a manner that amount claimed is equal to Y% of the service portion (Civil + Installation/ Erection + Structural Works) of RA Bill.
- iii. The amount as elaborated at para H.i. shall be withheld from first and second monthly RA bill of the respective quarter/three month period and shall be released in part or full based on safety compliance duly certified by Project Manager and Safety-in-charge on quarterly basis. The amount for the entire quarter (i.e. RA bills raised during a 3 month period) shall be paid to the Contractors at the end of that three months period along with 3rd/last RA Bill for the quarter/three months period upon complying the following conditions:

a) **Amount of RA Bill linked to Fatal/ Major Accidents (0.1Y as elaborated above at para H.i.a)**

Aforesaid amount (on quarterly basis) shall be payable to Contractor only in case, there is

- i) No fatal injury or accident causing death in that three months period
and
- ii) No Major injury or accident causing 25% or more permanent disablement to workmen or employees in that three months period. Permanent disablement shall have the same meaning as indicated in The Workmen's Compensation Act' 1923.

In case of any fatal injury or accident as elaborated above occurs during that three month period, the stipulated amount (0.1Y) subject to minimum of **Rs 10 Lakh per fatality** shall be forfeited and shall not be payable to the Contractor under the contract. In case, the amount to be deducted/forfeited exceeds the amount linked to Fatal/ Major Accidents, the same shall be recovered from remaining Amount (0.9Y) linked to Compliance of Safety Rules and/or any other payments immediately due to the Contractor under the Contract.

In case of any Major injury or accident causing 25% or more permanent disablement to workmen or employees occurs during that three month period, **Rs 4 lakh per Major injury** shall be deducted from the amount (0.1Y) linked to Fatal/ Major Accidents and shall not be payable to the Contractor under the contract. In case, the amount to be deducted/forfeited exceeds the amount linked to Fatal/ Major Accidents, the same shall be recovered from remaining Amount (0.9Y) linked to Compliance of Safety Rules and/or any other payments immediately due to the Contractor under the Contract.

Further, in case, Contractor doesn't raise RA Bills in any three month period/quarter and if any fatal injury and/or major accident takes place in that period, Project Manager shall deduct the amount [Rs 10 Lakh per fatality and Rs 4 lakh per Major injury] pertaining to this particular quarter from his next RA bill/due payment. In case, the amount to be deducted/forfeited exceeds the amount linked to Safety, the same shall be recovered from any other payments immediately due to the Contractor under the Contract.

The amount deducted/forfeited as mentioned above shall be in addition to the compensation payable to the workmen / employees under the relevant provisions of the Workmen's Compensation Act' 1923 and rules framed there under or any other applicable laws as applicable from time to time.

b) Amount of RA Bill linked to Compliance of Safety Rules (0.9Y i.e. 90% of amount as elaborated above at para H.i.b)

Aforesaid amount (on quarterly basis) shall be payable to Contractor in five equal parts under five heads as under:

(i) Amount payable on deployment of required Safety Personnel

One fifth of the amount specified at H.iii.b (calculated as 0.18Y of Service portion amount of RA Bill), on quarterly basis, shall be paid upon certification by Project Manager in consultation with Safety dept. that required number of Safety personnel as per Clause 2.3 of 'NTPC Safety Rules for Construction and Erection of Power Plants' [as enclosed with GCC/SCC] have been deployed. The aforesaid amount linked to deployment of requisite safety personnel shall be paid as under:

- a) 50% of the amount referred at H.iii.b.(i), for deployment of Safety Supervisors shall be paid on pro-rata basis depending upon the actual no. of Safety Supervisors deployed vis-à-vis actual requirement :

Amount to be paid = $0.09Y \times \text{Service portion of RA bill amount} \times (a/b)$

Where 'a' is actual no. of Safety supervisors deployed and

'b' is required no. of Safety supervisors as per Safety Rules.

In case, actual no. of Safety supervisors deployed is more than requisite number (i.e. a/b is more than 1), the amount to be paid shall be restricted to 0.09Y.

- b) 50% of the amount referred at H.iii.b.(i), for deployment of Safety Officers shall be paid on pro-rata basis depending upon the actual no. of Safety Officers deployed vis-à-vis actual requirement :

Amount to be paid = $0.09Y \times \text{Service portion of RA bill amount} \times (a/b)$

Where 'a' is actual no. of Safety Officers deployed and

'b' is required no. of Safety Officers as per Safety Rules.

In case, actual no. of Safety Officers deployed is more than requisite number (i.e. a/b is more than 1), the amount to be paid shall be restricted to 0.09Y.

- c) In case aforesaid requisite no. of Safety personnel are not deployed by Contractor, amount not to be paid as calculated above for that particular quarter/three month period shall be forfeited and shall not be payable to the Contractor under the contract.

(ii) Amount payable on providing requisite Personal Protective Equipment & Safety Equipment

One fifth of the amount specified at H.iii.b (calculated as 0.18Y of Service portion amount of RA Bill), on quarterly basis, shall be paid upon certification by Project Manager in consultation with Safety dept. that Contractor has adhered to the requirements of Clause 4 (Personal Protective Equipment) of 'NTPC Safety Rules for Construction and Erection of Power Plants' and the provisions of the Bidding Documents with regards to number of Safety Equipment/PPEs to be provided by the Contractor.

In case of non-compliance by Contractor, warning letter/Non-compliance shall be issued by Project Manager /Safety Officer of NTPC as per clause 22.3.3 (ii) of GCC. Further, if more than two such warning letters/Non Compliance Memos are issued in a quarter/three monthly period, above mentioned amount for that particular quarter/three month period shall be forfeited and shall not be payable to the Contractor under the contract.

(iii) Amount payable on providing requisite Safety Induction and Training

One fifth of the amount specified at H.iii.b (calculated as 0.18Y of Service portion amount of RA Bill), on quarterly basis, shall be paid upon certification by Project Manager in consultation with Safety dept. that Contractor has adhered to the requirements of imparting Safety training as per Clause 8.0 (Safety Induction and Training) of 'NTPC Safety Rules for Construction and Erection of Power Plants to at least 90% of its employees/workmen (who have not been previously provided with requisite training) in a quarter/ three months period.

In case Contractor fails in meeting the aforesaid requirement, above mentioned amount for that particular quarter/three month period shall be forfeited and shall not be payable to the Contractor under the contract.

(iv) Amount payable on providing requisite Medical and First Aid Amenities

One fifth of the amount specified at H.iii.b (calculated as 0.18Y of Service portion amount of RA Bill), on quarterly basis, shall be paid upon certification by Project Manager in consultation with Safety dept. that Contractor has adhered to the requirements of Clause 13 (Medical and First Aid Amenities) of 'NTPC Safety Rules for Construction and Erection of Power Plants'.

In case Contractor fails to provide Medical and first aid amenities as per requirement of aforesaid Clause 13 even on one incidence in any quarter/three month period, above mentioned amount for that particular quarter/three month period shall be forfeited and shall not be payable to the Contractor under the contract.

(v) Amount payable on compliance to Work Permit System

One fifth of the amount specified at H.iii.b (calculated as 0.18Y of Service portion amount of RA Bill), on quarterly basis, shall be paid upon certification by Project Manager in consultation with Safety dept. that Contractor has adhered to the requirements of Clause 17 (Work Permit System) of 'NTPC Safety Rules for Construction and Erection of Power Plants'.

In case of non-compliance by Contractor, warning letters/Non Compliance Memos shall be issued by Project Manager /Safety Officer of NTPC as per clause 22.3.3 (v) of GCC. In case of issuance of more than two such warning letters/Non Compliance Memos in a quarter/three monthly period, above mentioned amount for that particular quarter/three month period shall be forfeited and shall not be payable to the Contractor under the contract.

- iv. In case 'Amount linked to Safety Aspects / compliance to Safety Rules' is less than **2.5%** of the cumulative total of Service Portion of the Contract, i.e. Civil + Installation/ Erection + Structural Works, the amount by which it is lower shall be retained proportionately from the other components of Schedule-3 of the Contract price while releasing payments of each RA bill. No interest shall be payable on the amounts linked to Safety Aspects / Compliance to Safety Rules including aforesaid retained amount. The amounts linked to Safety Aspects / Compliance to Safety Rules including aforesaid retained amount shall be payable in part or full based on safety compliance duly certified by Project Manager and Safety-in-charge on quarterly basis

I. **Schedule-3 : Payment Terms for Operation and Maintenance Charges**

100% of operation and maintenance charges shall be paid quarterly on pro-rata basis on the certification by Project Manager of the work completed.

Note: (i) For release of payment against O&M charges, Contractor has to furnish Bank Guarantee of **Five percent (5%)** of total O&M contract value for two Years at the beginning of O&M Contract period and BG shall be valid 90 days beyond the completion of O&M Contract period.

- (i) In case O&M charges is less than 5% of the total Ex-works Price of Main Equipment, the amount by which it is lower shall be retained from the Ex-works component of Contract Price while releasing payments due on receipt of equipment, and no interest shall be payable on the retained amount. The aforesaid retained amount shall be paid on pro-rata basis upon completion of O&M period and its certification by the Project Manager.

J. Schedule - 6 : Payment Terms for Taxes & Duties

100% of applicable Taxes and Duties which are payable by the Employer under the Contract shall be paid / reimbursed to the Contractor upon receipt of equipment/spares/services and on production of satisfactory documentary evidence by the Contractor. However, GST as applicable on Advance payment shall be paid to the Contractor along with the Advance sanctioned. The GST paid along with advance shall be adjusted prorata against the tax due upon supply of goods/services, based on the value of the respective goods/services.

K. Payment terms for Price Adjustment Amount

Any addition due to adjustment to the Contract Price shall be payable in the similar manner as provided in the clauses above. The price adjustment amount corresponding to advance payment shall be clubbed with the first progressive payment of that equipment. Reduction to the Contract Price, if any, due to price adjustment provisions, shall be effected by recovering 100% of the reduction amount (including advance) from any of the Contractor's bills falling immediately due for payment

L. Schedule - 7 : Payment Terms for Type tests

100% of each Type Test Charges shall be paid to the Contractor upon conductance of the corresponding Type Test and Certification by the Engineer thereon.

M. Additional Advance Payment

An Additional Advance upto 5% of the Ex works/Installation Services (including Civil & Structural Works) price component, apart from the Advance already provided for in the specified Terms of Payment, may be paid to the Contractor which shall be interest bearing and against Bank Guarantee of 110% of the advance requested and covering the interest charges. The advance amount shall be provided during various phases of Contract execution to meet the requirement of payment by the Contractor to the contractor's sub-vendors/sub-contractors but in aggregate shall not exceed 5% of the Ex works/Installation Service (including Civil Works) Price Component. The advance amount shall be released in Indian Rupees only and Tax implication, if any, shall be to the account of the Contractor.

While applying for advance under this provision, the contractor shall provide a statement of past payment utilization evidencing the need for cash flow support and also plan for utilization of the amount requested as per above. The advance shall be provided in exceptional circumstances to enable work to be carried out. The advance amount shall be transferred to an ESCROW account (to be opened by the Contractor in any Scheduled Bank of India under intimation to the Employer) and after availing the advance, the contractor will be required to submit

proof of utilization, as per the recovery plan submitted to NTPC. Sample format enclosed at **Annexure-4 to Appendix-1**.

The advance amounts shall be interest bearing and rate of interest to be notified by NTPC from time to time. This advance shall not be lumpsum advance, but shall be provided in phases to tide over the financial constraints being faced by the contractor, along with the progress of work. The requirement of this advance shall be with the approval of the NTPC Head of Project.

The recovery of the interest component on the advance amount shall be made from subsequent progressive payments to be released to the contractor.

The period for which the interest to be calculated, shall be reckoned from the date of release of the Additional Advance(s) to the actual date of release of subsequent progressive payments as per the Plan to be agreed with the Contractor.

The advance Amount shall be recovered from the milestone payments to be agreed between Employer and the Contractor.

PAYMENT PROCEDURES

The Procedures to be followed in making application for, certifying and making payments shall as follows :

1. **Payment Schedule/Price Break-up for Payments**

1.1 The Contractor shall prepare and submit to the Project Manager for approval, a break-up of the Contract Price. The Contract Price break-up shall be interlinked with the agreed detailed PERT network of the Contract setting forth starting and completion dates for the various key phases of the Facilities. Any payment under the Contract, sub-sequent to Advance payment, shall be made only after the Contractor's price break-up is approved by the Employer. The aggregate sum of the Contractor's price break-up shall be equal to the total Contract Price.

1.2 The Billing Breakup for Mandatory Spares shall be submitted to the Employer for approval as per the format enclosed as **Annexure-1 to this Appendix-1** indicating therein the details such as Make, Model number, Drawing/Datasheet number and Part number of all spare items. The relevant drawings/documents shall be submitted along with the Billing Break up. **NOT APPLICABLE**

1.3 The Contractor shall, by the 15th of April of every year, furnish the BBU value of supplies sourced from Micro and Small Enterprises (MSEs) along with the total BBU value of supplies dispatched by it during the preceding financial year as per the format enclosed as **Annexure-2 to this Appendix-1**.

2. **Currency of Payment:** The Contract Price shall be paid in Indian currency only.

3. **Application for Payment**

3.1 The Contractor shall submit application for the payment in the proforma enclosed.

3.2 Each sum application shall state the amount claimed and shall set forth in details, the order of the Payment Schedule, particulars of the Facilities including the Facilities executed at Site and of the equipment shipped/brought on to the Site pursuant to the Contract upto the date mentioned in the application and for the period covered since the last preceding certificate, if any.

3.3 Every interim payment certificate shall certify the Contract Value of the Facilities executed upto the date mentioned in the application for the payment certificate, provided that no sum shall be included in any interim payment certificate in respect of the Facilities that according to the decision of the Project Manager, does not comply with the Contract, or has been performed, at the date of certificate prematurely.

4. Due Dates for Payment

- 4.1 The advance payment amount shall be payable after fulfilment of all the conditions laid down in the Terms of Payment (Appendix 1 to the Contract Agreement) and receipt of the Contractor's invoice alongwith all necessary supporting documents for such advance payment. Employer will make progressive payment as and when the payment is due as per the Terms of Payment set forth in Appendix 1 to the Contract Agreement. Progressive payment other than that under the letter of credit will become due and payable by the Project Manager within forty five (45) days from the date of receipt of Contractor's bill/invoice/debit note by the Employer, provided the documents submitted are complete in all respects.

5. Mode of Payment

- 5.1 The Employer will establish an irrevocable Letter of Credit (L/C) in favour of the Contractor through the Employer's Bank in Employer's country for payments due, as per Terms of Payment, on despatch of equipment & spares i.e. Ex-works of equipment & spares (including due payments towards ocean freight and marine insurance). The value of L/C will be as per payment schedule for each quarter and valid for a quarter. It will be the responsibility of the Contractor to utilise the L/C to the fullest extent. In case L/C has been established by the Employer and not utilised by the Contractor, for reasons of delay attributable to him, all reinstatement charges for the L/C for further period necessitated due to non-utilisation of L/C will be to the account of the Contractor.

- 5.2 The payment of the advance amount, Type Test Charges if any and all other supply payments, taxes and duties (wherever admissible) inland transportation (including port handling if any) insurance and the Installation Portion of the Facilities shall be made direct to the Contractor by the Employer and no L/C shall be established by the Employer for such payments. Wherever technically feasible, such payments shall be made electronically only as per details of Bank Account indicated in the contract. In case of any changes to the bank account indicated in the contract, the contractor shall immediately inform the employer. The Contractor shall hold the employer harmless and employer shall not be liable for any direct, indirect or consequential loss or damage sustained by the bidder on account of any error in the information or change in Bank details provided to the employer in the prescribed form without information to employer duly acknowledged.

5.3 For Payments related to erection/ civil / Site Fabricated Structural Works

A single designated ESCROW account shall be opened by the Contractor in any Scheduled Bank of India under intimation to Employer. All payments related to erection/ civil / Site Fabricated Structural Works by the Employer due under the contract to the Contractor shall be released into above-mentioned ESCROW account set up as per the Tri-Partite Escrow Agreement between Employer,

Contractor and Escrow Bank. The payment shall be disbursed in accordance with the mechanism set out in the Contract and Escrow Agreement. The purpose of the Escrow Account would be to ensure that payments received under the contract are solely used for implementation of the Contract. Under Tri-partite Escrow Agreement, the Escrow Bank will agree to ensure that amounts received in the ESCROW Account are utilized for making payments only to suppliers of goods and services, statutory authorities, establishment expenses etc. as may be required in the performance of the contract.

All expenses/charges for opening /operation (including Annual Fee) of the Escrow Account shall be paid by the Contractor.

The draft agreement is annexed as **Annexure-3** to this Appendix-1, which shall be followed for executing Escrow Account Agreement.

The Detailed Operative Procedure and Terms and Conditions of Escrow Account (Schedule III of draft agreement) shall be finalized between the Employer, Contractor and the Escrow Bank within 15 days of the placement of award.

FORM OF APPLICATION FOR PAYMENTS

Project :
 Equipment Package : Date :
 Name of Contractor : Contract No. :
 Contract Value : Contact Name :
 Unit Reference : Application Serial
 Number :

To

..... *

(Name of Employer)

Dear sir

APPLICATION FOR PAYMENT #

1. Pursuant to the above referred Contract Agreement dated the undersigned hereby applies for payment of the sum of (Specify amount and currency in which claim is made).
2. The above amount is on account of : (check whichever applicable)
 - Advance payment (Schedule **)
 - Interim payment as advance (Scheldule **)
 - Progressive payment against despatch of equipment (Schedule **)
 - Progressive payment against receipt of equipment (Schedule **)
 - Progressive payment against Installation (Schedule **)
 - Ocean freight & marine insurance (Schedule **)
 - Inland transportation (Schedule **)

Inland insurance

Price adjustment

Extra work not specified in contract
(Ref. Contract change order No.....)

Others (specify)

Final payment (Schedule **)

as detailed in the attached schedule(s) which form an integral part of this application.

3. The payment claimed is as per item(s) No (s) of the payment schedule annexed to the above mentioned Contract.

4. The application consists of this page, a summary of claim statement (Schedule **), and the following signed schedules

1 -----

2 -----

3 -----

The following document are also enclosed :

1 -----

2 -----

3 -----

Signature of Contractor/
authorised Signatory

* Application for payment will be made to 'Project Manager' as to be designated for this purpose at the time of Notification of Award.

Prepare separate application for claims in different currencies.

** Proforma for the Schedules will be mutually discussed and agreed to during the finalisation of the Contract Agreement.