

10 YEAR TERM TENDER QUERIES FROM POTENTIAL BIDDERS

CLAUSE/ SECTION NO. / ISSUE	QUERY	CLARIFICATION
Bid Document		
	Q: Can the bidder offer multiple prices? For instance, one price for first 5 years and second for next 5 years.	Per Clause 6.7.4 of the Bid Document, conditional bids are not allowed. You are requested to quote one price for the duration of the contract. Further, please note that per Clause 18 of the Confirmation Notice of PLL's 10-year term tender, either party may "walk-away" after the fifth year. Therefore, essentially the quoted price will be for five (05) years with an option of extending the contract for another five (05) years.
	Could you specify what documents are required to fulfill the requirement for "copies of financial statements of the bidder for the last 2 years"? [<i>Bid Document Annex 4 Required Information</i>]	Audited financial statements for the last two year
	Would presenting the audited financial statement for the ultimate parent company for 2017 and 2018 fulfill the requirement of "copies of financial statements of the bidder for the last 2 years"? Would presenting the bidding entity's audited financial statements, in form of P&L and Balance Sheet for 2016 and 2017, fulfill the requirement of "copies of financial statements of the bidder for the last 2 years"?	No, audited financial statements for the last two years the bidding entity are required.
Annex 3 - PQA Conditions of Use		

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<p>Clause 9.4.3 and Clause 12</p> <p>Clause 9.4.5</p>	<p>We have reviewed the COU for Port Qasim and would be grateful for your consideration of the following proposed amendments;</p> <ol style="list-style-type: none"> 1. <u>Clause 9.4.3 and Clause 12</u>: wreck removal indemnity. Neither this clause nor the main wreck removal clause (Clause 12) are dependent on the ship's fault in causing the wreck. This should not apply in a circumstance where the wreck is due to the terminal's sole negligence. We propose an amendment to clause 9.4.3 to read as follows: <p style="margin-left: 40px;"><i>“any loss suffered by the PQA with respect to a hazard under paragraph 12 hereof and which involves the fault, wholly or partially, of the Master, officers or crew”.</i></p> <p>We also propose to amend clause 12 by adding the following words at the end of the existing clause: <i>“subject to the terms of clause 9.4.3 hereof”.</i></p> 2. <u>Clause 9.4.5.</u>: indemnity in respect of personal injury, etc of the crew. There is no exception for the terminal's sole negligence. We propose to amend clause 9.4.5 by deleting the words <i>“regardless of any act, omission, fault or neglect on the part of the PQA”</i> and inserting the words <i>“and which involves the fault, wholly or partially, of the Master, officers or crew”.</i> 	<p>No change is contemplated, as the COU are not within PLL's purview. They are the domain of Port Qasim Authority and are approved by them. PLL has no control and cannot effectuate the proposed changes.</p>
Annex 1 - MSPA		
<p>Adverse Weather Conditions definition</p>	<p>We propose the addition of <u><i>“or another LNG vessel”</i></u> after LNG carrier in a <u>and b.</u></p>	<p>No change is contemplated in the MSPA which is a standard document based on industry standards and has already been accepted and executed by all suppliers/parties that PLL deals with.</p>

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8.2.2	<p>We propose the following;</p> <p><i>b) add <u>“using Three manifolds connected to Three shore loading arms”.</u></i></p> <p><i>d) iii) amend to <u>“applicable”</u> international standards.</i></p> <p><i>e) after hull and machinery add <u>“or be self insured”</u></i></p> <p>Our vessels have P&I cover, however we self-insure for hull and machinery. Please confirm that Seller may self-insure for hull and machinery.</p>	
8.3.1 & 8.3.2	<p>We propose to <i>clarify that any such inspection by Buyer shall be <u>“at its own risk and expense”</u></i></p>	
8.4.2	<p>We propose to <i>clarify that any such inspection by Buyer shall be <u>“at its own risk and expense”</u></i></p>	
8.7	<p>We propose the addition of the following;</p> <p><i><u>“Buyer shall provide Seller with all reasonable assistance in securing such Marine Services as Seller or the LNG Ship may reasonably require.”</u></i></p>	
9.1 to 9.3	<p>We propose the addition of the following;</p> <p><i><u>h) Add reference to appropriate telemetry systems for the transmission of emergency shut down signals and (if applicable) mooring tension and monitoring data.</u></i></p> <p><i><u>(i) LNG storage tanks, or tanks on board floating storage and re-gasification units, of adequate capacity to receive the LNG Cargo upon arrival of the LNG Ship.</u></i></p>	

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Annex 2 – Confirmation Notice		
4.1(a)	<p>Pursuant to this Clause 4.1(a) of the Confirmation Notice, the Start Date is between September 2019 to March 2020. The clause states that “The actual Start Date will be notified by the Buyer to the Seller no later than 30 days from the date of award.” The “date of award” is not defined in the Confirmation Notice so can we please request some clarification on this (in the Confirmation Notice)? Does this mean the “Date of Award Notification” as per the Bid Document? If so, 30 days from the 16th August 2019 (assuming no delay in award) is the 15th September 2019 which is already within the range of potential Start Date which means that, if notified by PLL, Seller could have an obligation to deliver a cargo one day later (for example) which is not operationally feasible. Can we please request this language to be amended to account for a reasonable timeline for Seller to have a cargo available or to amend the Start Date accordingly?</p>	<p>No change is necessary. The provision pertaining to start date (Clause 4.1(a)) needs to be read in conjunction with credit support provision (Clause 14(a)(i)) wherein PLL is mandated to provide an SBLC 30 days before the start date. Therefore, the occurrence of the start date being 1 day after date of award is unlikely.</p>
CN 4.1	<ul style="list-style-type: none"> • We note the previous clarification in respect of the start date between 15 September 2019 and 31 March 2020 and the reliance on the SBLC to give notice of the first cargo. • The SBLC is issued by the later of a number of potential trigger points in clause 14.a) i). Whilst under the first Seller would have 30 days-notice for the first cargo, the deadline of 5 days after the signing of the CN would not give sufficient notice to Seller. 	<p>For the first cargo, the SBLC shall be issued <i>at least</i> 30 days before the first day of the Delivery Window. The Standby Letter of Credit will then be renewed at least 30 days before the end of the year.</p>

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CN 4.1 c)	<ul style="list-style-type: none"> • Buyer can defer 2 cargoes each “calendar year”. A Calendar year is 1 Jan to 31 Dec. <ul style="list-style-type: none"> ○ Does Buyer have pro rata deferral rights in 2019? ○ We understand that Buyer may not exercise this right in the final contract year. • Please clarify the limit on the exercise of the deferred cargo option; <ul style="list-style-type: none"> ○ Does this apply when one cargo is outstanding for rescheduling and receipt, or two cargoes? ○ If one cargo has been deferred and already rescheduled for delivery but not delivered, may Buyer defer a second cargo or must the outstanding deferred cargo be delivered first? • We note there is no time limit on the rescheduling by Buyer; <ul style="list-style-type: none"> ○ Is Buyer required to reschedule, receive and pay for any deferred cargoes within the same year, or may it postpone to any subsequent year? ○ Is Buyer required to reschedule, receive and pay for any outstanding deferred cargoes before the end of the contract or may the contract expire with cargoes outstanding? ○ Similarly, please confirm that any deferred cargoes may not be rescheduled, received and paid for outside of the contract term. ○ We understand that any deferred cargo shall be paid for at the point it is actually delivered. 	<ul style="list-style-type: none"> • There is no concept of a pro rata deferral right. Subject to the start date, Buyer would have the deferral right in each calendar year <i>provided it gives 120 days’ notice</i> as per clause 4.2. • Yes, Buyer would not be entitled to exercise this right in the final contract year. • The limit to exercise deferral option is when two cargoes are outstanding for rescheduling and receipt. Please refer to clause 4.2 of the CN. • If one cargo has been deferred and already rescheduled for delivery but not delivered, Buyer may defer a second cargo. Please refer to clause 4.2 of the CN. • Deferred Cargo(es) may be rescheduled by PLL within the same year or in any subsequent year, subject to the notice of 120 days. • The contract may expire with cargoes outstanding. • Deferred Quantity shall not be rescheduled, received and paid for outside of the contract term. • Any deferred cargo shall be paid for at the point it is actually delivered.

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Scheduling	<p>Please confirm our understanding that two cargoes shall be delivered in each month (except for where deferred cargoes apply).</p> <p>Please confirm that each 5 day range and therefore each 2 day Delivery Window shall fall entirely within the relevant calendar month such that two cargoes shall be scheduled in each calendar month and that there will be no overlap across months.</p>	<p>Two cargoes shall be delivered in each month, except for where deferred cargoes apply.</p> <p>There is no intention for the two-day delivery window to not be in the same month, such that each month during the Term will have two two-day delivery windows. The advertisement also provides that the tender is for 2 cargoes/month.</p>

<p>SBLC and PG</p>	<p>We have a number of clarification questions in respect of the SBLC and PG:</p> <p>Value determination</p> <ul style="list-style-type: none"> • The price for the first cargoes may not be known at the time the SBLC / PG needs to be issued. How is this to be determined in such a circumstance? • Please could you clarify the redetermination method for the SBLC and PG. We note the reference to the contract price clause. Please confirm that this is by reference to the product of the Contract Price and the ECQ. • We note however the clause does not specify to which cargoes such redetermination applies. <p>Confirmation</p> <ul style="list-style-type: none"> • We note a party must be able to confirm the SBLC since the Demand for Payment must be to the confirming bank under the SBLC terms. Would PLL consider wording to that effect in the credit support provisions? • Assuming confirming bank is Standard Chartered Bank (Singapore) Limited (Swift: SCBLSG22), we would request the following clause be inserted into the SBLC text: <ul style="list-style-type: none"> i) Confirmation of this Standby Letter of Credit to be added by Standard Chartered Bank (Singapore) Limited (Swift: SCBLSG22). ii) Credit available with Standard Chartered Bank (Singapore) Limited (Swift: SCBLSG22) by payment. <p>Grounds for draw on the PG & extension</p> <ul style="list-style-type: none"> ○ Buyer can draw on the PG if “Seller has failed to satisfy or otherwise has contravened or failed to perform any of the conditions of the Agreement”. This is inconsistent with clause 17.2.3 of the MSA. Buyer 	<ul style="list-style-type: none"> • SBLC/PG shall be issued with expected price of the first cargo, and the same shall be adjusted once the price of first cargo is finalized. • Redetermination shall be done by multiplying the prevailing Contract Price (with respect to prevailing Brent_m) and the ECQ. • Redetermination shall be done every 90 days and will only be applicable for the purpose of SBLC/PG value. <ul style="list-style-type: none"> • No change is envisaged in the CN at this time as the format of the Demand is very standard and has been accepted by a number of suppliers already.
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should only be able to draw on the PG if Seller fails to pay, not when Seller has “failed to perform any of the conditions” which is far too broad. This should be changed to reflect drafting in Buyer’s SBLC which states that the beneficiary can draw on the SBLC for unpaid invoices.

- We do not believe the beneficiary should not be the one who can request an extension to the PG – this responsibility should be on Seller. Please consider amending this wording. (We note that this same issue exists in the Buyer SBLC and this should be addressed in both documents).
- If an extension is not granted, the Beneficiary may demand the full amount due by the Seller to the Beneficiary prior to the expiry date of the PG. There are circumstances in which a 1 year extension should not be granted, but refusal to grant such an extension may result in Buyer claiming under the PG:
 - In some instances (e.g. where either Party exercises termination rights under clause 3.2.4), the PG should only be extended for a few months until the termination effective date and not a whole 12 months;
 - There is no acknowledgement that the last PG for the term does not need to be extended.
 - Where the PG is not extended, Buyer can claim “the full amount due by the Seller”. Note that in any other case, clause 17.2.3 of the MSA states that Buyer may only claim 30% x Price x Estimated Contract Quantity per cargo under the PG.

As above, we note that this same issue exists in the Buyer SBLC and this should be addressed in both documents. We propose the SBLC/PG refer to a party’s rights under the Agreement and remove the reference to the Beneficiary’s request for extension.

- No change is envisaged as the provisions are in line with international practices. Any claim made by the Buyer shall be within the contours of the agreement.
- No change is envisaged. Any request of the Buyer would be subject to Bank’s own requirements.
- Buyer cannot exceed the parameters delineated in the agreement. The full amount demanded by the Buyer has to be within the limitation stipulated in Clause 17.2.3 of the MSPA.
- No change is envisaged, as PLL may be incur damages from downstream agreements and would need coverage for rights and obligations incurred prior to termination taking effect.

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	<p>Impact of termination</p> <p>The SBLC and PG provisions do not take into account new termination rights added in clause 3.2.4. If the CN is terminated by a Party on notice without cause and the effective date of termination is in the same year, there should be an ability to shorten the SBLC to end 30 days from the end of the Delivery Window for the last cargo.</p> <p>Can payments be made in USD or must they be made in PKR?</p>	<ul style="list-style-type: none"> In case the guarantee in foreign currency is invoked, the amount shall be paid per the prevailing regulations of State Bank of Pakistan. Currently, the claims are being paid in Pakistan Rupees per the current regulations of State Bank of Pakistan.
2(a) & 2(b)	<p>"The timings seem inconsistent with each other. Please explain how the clauses work in conjunction when dates do not align:</p> <p>2(a): Seller shall confirm to Buyer....that it is compatible with the Discharge Port and the Receiving Facilities as soon as practicable after the execution of the Confirmation Notice but in no case later than five (5) days prior to the departure of that LNG Carrier from the Loading Port.</p> <p>2(b): Seller shall....confirm to Buyer that the LNG Carrier is compatible with the Discharge Port and the Receiving Facilities as soon as practicable after each Delivery Window has been communicated in accordance with paragraph 5 of this Confirmation Notice but in nose case later than twenty-one (21) days prior to the first day of the relevant Delivery Window"</p>	<p>Clause 2(a) refers to the 5 days prior to the departure from the Loading Port, whereas clause 2(b) refers to the timelines pertaining to the relevant delivery window.</p> <p>As the voyage time may be different for each cargo, therefore clause 2(a) shall be applicable in case in case the timeline under clause 2(b) is less than that of 2(a).</p>
4.2 (a) and (b)	Kindly advise the expected exercise of these options. Would PLL be willing to consider qualifying the Deferred Quantity clauses such that Buyer right to Defer may be exercised only for Operational reasons?	No change is contemplated

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5(c) and 5(e)	For the first 2 cargos, if the CN is signed 28 August and PLL has decided to start deliveries in September, will there be sufficient notice period, i.e., at least 15 days? Also, it won't be possible for PLL to comply with 5 (e)	The provision pertaining to start date (Clause 4.1(a)) needs to be read in conjunction with credit support provision (Clause 14(a)(i)) wherein PLL is mandated to provide an SBLC 30 days before the start date. PLL will notify the Start Date no later than 30 days from the award date, and PLL has to provide SBLC to the Seller 30 days before the Start Date. Accordingly, Seller will have sufficient notice period.
18	Would PLL consider wording which states that the party that is not terminating the contract will calculate the termination amount due/owing to the other party	The existing language is adequate. No change is contemplated.
25	Is it correct to understand that PLL will have the right to terminate the entire Confirmation Notice in case of extended FM, and not just the relevant cargos?	Either party may terminate, not only PLL.
29	Would PLL be willing to accept cargos with HHV and Wobbe as per the original MSPA (1140 HHV and 1435 Wobbe), on a case by case basis?	No.
Appendix A	Demand for Payment/Paragraph 2: would PLL consider adding the phrase at the end "whichever is applicable"	The existing language is adequate. No change is contemplated.

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