

RESPONSE DOCUMENT No. III



**Karachi Water and Sewerage Corporation
Local Government & Housing Town Planning Department
Government of Sindh**

West Karachi Recycled Water Project 1

**Dated
September 19, 2024**

IMPORTANT NOTICE/DISCLAIMER

*This Response to Queries Document No. 3 (the **Response Document**) is issued further to various queries received from the Prequalified Bidder(s) in respect of the Request for Proposal (including the Concession Agreement (the **CA**) attached therewith) (the **RFP**) dated March 15, 2024 (as amended from time to time) issued by the Karachi Water and Sewerage Corporation (the **Agency**) for the Bidding Process of the West Karachi Recycled Water Project 1 (the **Project**).*

This Response Document is being circulated by the Agency, solely for use by the Prequalified Bidders in preparing and submitting their Bids in response to the RFP.

Unless expressly specified otherwise, all capitalized terms used herein shall bear the meaning ascribed thereto in the RFP.

This Response Document is not an agreement; its sole purpose is to provide interested parties with information that may be useful to them in preparing their Bids in respect to the RFP. The RFP and this Response Document include statements which reflect various assumptions and assessments arrived at by the Agency in relation to the Project. Such assumptions, assessments and statements do not purport to contain all the information that each Prequalified Bidder may require. This Response Document may not be appropriate for all persons, and it is not possible for the Agency (including its employees, personnel, agents, consultants, advisors and/ or contractors etc.) to consider the investment objectives, financial situation and particular needs of each party, that relies on, reads or uses this Response Document.

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The Agency expressly disavows any obligation or duty (whether in contract, tort or otherwise) to any Prequalified Bidder. No Prequalified Bidder is entitled to rely on the Agency's involvement in the preparation of this Response Document or in the Bidding Process as a basis for preparing the Bid.

RESPONSES TO PREQUALIFIED BIDDERS' QUERIES

SR. NO.	SECTION	PROSPECTIVE BIDDER'S QUERY	ADB'S ADVISORY RESPONSE
1.	Section 1.1 (a) (i) - Definition of Abandonment in the CA.	<p>Risk of abandonment is high as the abandonment will occur if the Company fails to demonstrate that the Commercial Operations Date (COD) will be achieved on or before the Required COD and it constitutes a Company Event of Default.</p> <p>Abandonment should occur if the Construction Program for the Project is delayed by a specific period of time usually sixty (60) Days and the Company cannot demonstrate that the COD will occur by the COD Long Stop Date. This is common definition for Abandonment in PPPA projects.</p>	<p>Section (a) of the definition of Abandonment will in practice require there to be an obvious delay (even if it is not set out as sixty (60) Days). It is only if there is a delay that the Company must demonstrate it can achieve COD by the Required COD. Accordingly, we do not consider the suggestion put forward is substantially different to the current position and accordingly we do not consider any change is required.</p>
2.	Section 1.1 – Definition of Availability Event Damages	<p>If the Project Company fails to satisfy the Availability requirements, deduction from the capacity payment will apply even if there was no demand from Offtakers on any specific day.</p> <p>Therefore, no per day penalty should be applied.</p>	<p>One hundred percent (100%) Availability of the Wastewater Treatment Plant is a key component of this Project and has been the position from the original unsolicited proposal (USP). The Wastewater Treatment Plant must be Available and damages are payable for each day it is not Available. Therefore, the daily damages are important to back the obligation for one hundred percent (100%) Availability.</p>
3.	Section 1.1 – Definition of Change in Law	<p>In clause “(a) of the definition of “Change in Law”, risk as the bidders should be aware of all Changes in Law currently under consideration by the government. This is not a usual provision as the Company won't be aware if</p>	<p>For proviso (a) in the definition of Change in Law, this is noted and the requisite changes will be made to the CA.</p> <p>For proviso (b) in the definition of Change in Law, please note that Change in Law will cover any increase in costs/reduction in revenues (subject to the thresholds in section 23) that</p>

		<p>the law under consideration will be changed or not.</p> <p>For clause ""b"", all changes in tax rules should be considered Change in Law".</p> <p>Therefore, any Change in Law after signing regardless if it was under consideration before signing date should be considered as Change in Law. Any change in tax rules should be considered Change in Law.</p>	<p>results from an imposition of, or change in Taxes, duties or levies payable by the Company in relation to the Project. However, the Change in Law coverage shall not extend to any change in any withholding tax, or other similar Taxes, on income or dividends or other distributions distributed by the Company, the EPC Contractor or the O&M Contractor.</p>
4.	Section 1.1 – Definition of Extension of Time	<p>Extension of Time means an extension of time in each case as determined under Section 2.6 prior to the Effective Date, as a result of a Relief Event, a Variation Order under Section 6.3 (Variation Order) or a Force Majeure, a Day for Day extension.</p> <p>Extension of time shall be allowed even post the Effective Date.</p>	<p>An Extension of Time may be granted after the Effective Date. The reference to prior to the Effective Date is only for Section 2.6. The Extension of Time granted for a Relief Event, Variation Order under Clause 6.3 or a Force Majeure Event will naturally all occur after the Effective Date (and we do not think it is possible to interpret these instance of Extension of Time in any other fashion given variations, Force Majeure and these Relief Events will all generally occur after the Effective Date).</p>
5.	Section 1.1 – Definition of MRG Amount Notice	<p>MRG (Minimum Revenue Guarantee) is only applicable for Ramp Up period (phase 1) and Ramp Up period (Phase 2). No Guarantee on the MRG post the Ramp Up period (Phase 2).</p> <p>There is risk of loss of revenue post Ramp Up Period (Phase 2). There should be a guarantee on the MRG post Ramp Up Period (Phase 2). This is a bankability issue as the cash flows from end of year six (6)</p>	<p>Not agreed. This is a key commercial position that was part of the original USP. A Six (6) year minimum revenue guarantee (MRG) period is quite sufficient to remove IWS and sign Offtake Agreements to supply Recycled Water to Offtakers assuring that Company is able to supply one hundred percent (100%) of the Offtakers.</p>

		might not be enough to service the debt.	
6.	Section 1.1 – Definition of MRG Test (Phase 1 and Phase 2)	<p>MRG amount in case of a reduction in the supply and sale of Recycled Water by the Company to Offtakers in a Contract Year is not guaranteed and the Project Company needs to demonstrate its compliance with conditions as set out in the definition of MRG Tests (Phase 1 and Phase 2) to receive the MRG amount. Some of the conditions pose high risk for guaranteeing the MRG amount such as:</p> <p>(b) "there has been no KPI Breach Event in the relevant Contract Year in respect of which the MRG Amount is payable</p> <p>If a KPI breach event occurs for any day in the year even if it was rectified, the Company will not be in a position to claim the MRG payment.</p> <p>(a) "the Company has completed a comprehensive marketing and engagement campaign for the sale of Recycled Water based upon the Offtake Planning Report and the Company can demonstrate that there has been ongoing engagement with each Offtaker as well as Offtakers (Potential) with the aim to sign Offtake Agreements."</p> <p>This is an open subjective condition which may pose a risk on the Company eligibility to receive MRG. The test is not clear as to what extent is the campaign</p>	<p>KPI Breach Events will primarily be around Availability of the Wastewater Treatment Plant and ensuring the Wastewater Treatment and Recycling Plant are treating in accordance with required specs set out in Schedule 1 (MPSS).</p> <p>The Agency's position is that to receive the MRG Amount the Wastewater Treatment Plant must have been available and the Wastewater Treatment Plant/Recycling Plant must have been operating in accordance with the CA (including Schedule 1 (MPSS)) requirements.</p> <p>If the Company is in default or is for example not treating influent through the WWT Plant then the Company should not be entitled to the MRG Amount.</p>

		<p>and the engagement with each off-takers.</p> <p>Therefore, there should be no subjective reason or reasons that may be rectified by the Company to receive the MRG payment. Eligibility should be measurable.</p>	
7.	Section 1.1 – Definition of MRG Test (Phase 1 and Phase 2)	<p>The requirements which the Company shall demonstrate it is in compliance with as at the date of the MRG Amount Notice in clause (c) includes compliance of Section 9.2. In section 9.2, the Company obligation is to treat the Influent delivered by the Agency to Influent Delivery Point that was below the Flow Parameters (Agency).</p> <p>The Company shall comply with treating the Influent even if it below the flow parameters but it should be eligible for the MRG payment if the Agency delivers influent to the Influent Delivery Point below the Flow Parameters (Agency).</p>	<p>If the Agency does not supply Influent in accordance with the Flow Parameters (Agency), then the Company is eligible for a Relief Event (Special).</p> <p>The Company is not eligible for the MRG Amount as the MRG Amount is not designed to address the afore-mentioned risk.</p> <p>In addition, based on Schedule 5, Section 9.1.1, and the definition of Relief Event (Special) set out provisions regarding the Relief Cost that the Company is eligible to receive when Influent and the Influent Delivery Point do not meet the Flow Parameters (Agency).</p>
8.	Section 1.1 – definition of Ramp Up Reason	<p>Ramp Up Reason is part of the MRG Notice that the Company needs to submit to Agency to claim the MRG amount. The reason is subjective and difficult to demonstrate specifically "a" and "b" hence MRG amount may be declined. It is also applicable only for Ramp up period (Phase 1).</p> <p>Therefore, no subjective reasons should govern the eligibility of the Company to receive the MRG payment. Eligibility should be measurable. Also, the</p>	<p>As provided in the original USP, a Ramp Up Reason only applies during Phase 1 which subsequently triggers the payment of the MRG Amount.</p> <p>In addition, please note that the MRG is not going to be applied to cover all reductions in Revenue of the Company. During Phase 1, the MRG provides protection for delays in converting Off-takers over to Recycled Water and IWS issues as per the definition of Ramp Up Reason. We note that the definition of Ramp Up Reason is reasonably broad which should</p>

		<p>Company should be eligible for the MRG payment if the Agency delivers influent to the Influent Delivery Point below the flow Parameters (Agency).</p>	<p>make it a fairly easy threshold to satisfy.</p> <p>For Phase 2, the MRG is narrower and more difficult to satisfy and so it only protects for failure to disconnect IWS.</p> <p>With regards to Influent being below the required specifications, the compensation will be through the Relief Event (Special). Please refer to Schedule 5 for its computational formula.</p>
9.	Section 2.1.3	<p>The new development of Adjoining Projects may supply recycled water to potential customers in other zones. This poses a risk to the Company's revenue.</p> <p>In addition, loss of revenue as the Adjoining Projects may compete with the Company on the customers within the Project Land (Distribution Other Zones) in case Distribution Network (Other Zones) Stop Notice is not issued.</p>	<p>The Company has exclusivity for supply within the Project Land (Distribution Company Zones). The Company has no exclusivity outside these zones (for example, in the 'Other Zones'). The Adjoining Project relates to the 'Other Zones' areas, for which the Company does not have any exclusivity and, therefore, the Company will not be competing with the Adjoining Projects for Offtakers. The Company's obligations vis-à-vis the Distribution Network in the 'Other Zones' shall be limited to design, and, if a Stop Notice is not issued, to the construction of such a network.</p>
10.	Section 2.1.4	<p>The Agency undertakes to ensure that SITE shall terminate these rights as soon as possible after the Project Land Zones Determination Date, without any deadline for when the termination will occur.</p> <p>Therefore, the Agency should ensure that SITE shall terminate these rights as soon as possible after the Project Land Zones Determination Date to allow the Company to start earning revenue at COD.</p>	<p>These rights of the Company can only be terminated when a replacement supply of Recycled Water from the Company is available to replace the Agency's supply. The Company should take comfort from:</p> <ul style="list-style-type: none"> (a) the Agency's commitments around exclusivity in Sections 2.1.1 and 2.1.2; and (b) the provision at the end of Clause 2.1.4 that the Agency shall not compete with the Company.

11.	Section 2.4.1	<p>The Implementation Plan and the implementation schedule in the bid is a preliminary schedule and it is subject to changes.</p> <p>Therefore, Company should be allowed to change relevant dates apart from COD (unless attributed to agency reasons) as at the Effective Date. Further during execution, Company and EPC may have mitigation plans which may change some relevant dates apart from the COD (unless attributed to Agency reasons).</p>	<p>The Required Effective Date and the Required COD are the key dates behind which key Company obligations sit. The Company may revise the Implementation Plan or the Construction Programme to reflect the actual progress of construction works and any mitigation plans. However, under such revisions, the Project Milestones of Required Effective Date and Required COD shall remain the same, unless an Extension of Time is permitted by the Agency.</p>
12.	Section 2.6.7	<p>Company is not entitled to any Relief Costs or any other costs, compensation or payments for the delay to commence or carry out the Preliminary Engineering Design Facilities (Excluding Distribution Network) caused by the Agency without any time cap for such delay.</p> <p>Therefore, Company should be entitled to compensation and a cap on delays from Agency.</p>	<p>In this case, the Company shall solely be entitled to an Extension of Time and not to Relief Costs. The Bids are based on the aforementioned presumption. We do not follow the concept of the cap on delays; is this suggesting that delays beyond the cap would constitute an Event of Default?</p>
13.	Section 3.1.1 (c) (iii)	<p>In case of non-payment by the Offtakers, the Agency, SITE, or a third party will provide for the disconnection of water connections. There is no guarantee on the payments.</p> <p>Therefore, non-payment by the Offtakers is a risk on the Company revenue and should be guaranteed.</p>	<p>This has been a basic risk allocation in the original USP. The Company takes all collection risk, and since the Company will be signing on the Offtakers and dealing with them, it is the best party to assume that risk. Note that under the SITE Agreement, there will be a provision for the disconnection of Offtakers that are in default.</p>

14.	General	As per the RFP documents, the EIA scope lies with the Company and initial EIA study is not provided as part of the RFP documents; Accordingly, the risk of non-acceptance of the Effluent flow, RO Concentrate and sludge Disposal lies with the Company. Therefore, the initial EIA should be done by the Agency.	EIA shall be done by the Company.
15.	Section 3.1.8	Different Construction Security expiry date in 3.1.8 and 5.7.1. Therefore, Construction Security expiry date to be confirmed.	We shall amend Section 3.1.8 to provide that the Construction Security shall have an expiry date that is twenty-four (24) months after the Required COD. Following the Effective Date, section 5.7.1 provides that Construction Security must be maintained for twenty-four (24) months after the actual COD (in other words if COD is delayed beyond the Required COD the Construction Security must still be maintained until twenty-four (24) months after COD).
16.	Section 3.3.2	The Agreement may be terminated if the Company has failed to comply with its obligations under Section 3.1 (Agency and Company Conditions Precedent) by the Required Effective Date but without any possible extension. Therefore, given the high risk of termination, the extension of the Effective Date with specific conditions needs to be introduced even for reasons not attributed to the Agency. This is usual practice in PPPA projects.	Section 3.1 provides standard Company Conditions Precedent that it needs to satisfy prior to the Required Effective Date in the same fashion as Agency must satisfy the Agency Conditions Precedent. We do not follow what is requested here. However, it is pertinent to note here that in usual practice, if a certain Company Conditions Precedent cannot be satisfied prior to Required Effective Date on valid grounds acceptable to the Agency and the Company can demonstrate that works can begin without any material breach, then such a Company Conditions Precedent may be deferred until another date at the discretion of the Agency.

17.	Section 4.3 (b)	<p>Inaccuracies or mistakes in the application, materials or information or delays in lodging an application for or obtaining the Consent for the connection and supply of electricity may cause significant delays for the project execution. The Company is not entitled to Relief Costs or an Extension of Time in respect to such delays or inaccuracies.</p> <p>Therefore, this should be an Agency default event and Company should be entitled for compensation and Extension of Time.</p>	<p>The Company shall prepare and provide to the Agency the application forms and other information and materials for the application to the electricity provider and the Agency shall be responsible for submission of the application forms and other information to the electricity provider. The timelines and procedures for the application to K-Electric shall be agreed mutually with the Agency and coordinated with K-Electric.</p> <p>The Agency shall be restricted to amend the application and other information in its absolute discretion; however, the Company shall not be entitled to any relief with regards to any inaccuracies or mistakes in the application, or delays in filing such application for electricity connection.</p>
18.	Section 4.3.4	<p>Interruption of the utilities including utilities poses high risk on the Company and cannot be a risk on the Company. Therefore, interruption of electricity and other utilities should be an Agency event of default.</p>	<p>Based on the risk allocation in the USP, the Agency shall not guarantee utilities.</p>
19.	Section 7.1.1 (c)	<p>Post the Ramp Up Period (Phase 2), the Agency will only support the Company to ensure that IWS are not reintroduced, reinstalled or re-connected to supply Offtakers. This poses a high risk on the Company revenue. No guarantee on the supply of recycled water to Offtakers.</p> <p>Therefore, ensuring that IWS is not reinstalled or re-connected to supply Offtaker or Offtakers (Potential) to be</p>	<p>Agency provides support to ensure IWS is not re-introduced. MRG support is not available beyond Phase 2. This has been the risk allocation since the USP. Please also refer to the procedure laid down in Section 7.1.3 under such scenario and the Company can gain comfort from that it has been relieved of its obligations under the Agreement to supply Recycled Water Target Volume at the occurrence of such event.</p>

		ensured by Agency or MRG payments to be applicable.	
20.	Section 7.1.3 (a)	<p>This is a risk on revenue for the Company. After ramp up period phase 2, it is the Company responsibility to enforce its rights under Applicable Laws and under the Offtake Agreements to ensure that each Offtaker does not reintroduce, install, connect to IWS or if connected to IWS shall disconnect from that IWS.</p> <p>Therefore, ensuring that IWS is not reinstalled or re-connected to supply Offtaker or Offtakers (Potential) to be ensured by Agency or MRG payments to be applicable.</p>	<p>Agency provides support to ensure IWS is not re-introduced. MRG support is not available beyond Phase 2. This has been the risk allocation since the USP. In case where such event has a material impact on the Company's operations and is unable to continue its business and the Company can demonstrate that it has Material Adverse Effect, it shall be considered a material breach by GoS Parties leading to the occurrence of an event of default and, subsequently, termination.</p>
21.	Section 7.1.3 (b)	<p>Risk of loss of revenue during the period when the IWS are reintroduced, installed or reconnected.</p> <p>Therefore, Company should be compensated for the period till the reintroduced IWS are disconnected and the supply of Recycled Water from Company to Offtakers resume.</p>	<p>During Phase 1 and Phase 2 the Company is covered for its losses under the MRG Amount definition subject to caps. There is no MRG protection post Phase 2.</p>
22.	Section 7.1.3 (c)	<p>Agency shall use reasonable endeavours to remove the IWS. Risk of revenue, no guarantee.</p> <p>Therefore, Company should be compensated for the period till the reintroduced IWS are disconnected and the supply of Recycled Water from Company to Offtakers resume.</p>	<p>As above.</p>
23.	Section 9.7.4	<p>No compensation in case the influent failed to satisfy</p>	<p>See response to query 7.</p>

		<p>the Quality Parameters (Agency). Relief Event (Special) in 10.1 a, b, c and doesn't include any influent quality Relief Event.</p> <p>Therefore, Company should be compensated in case of the influent failed to satisfy the Quality Parameters (Agency) as this may cause loss of revenue to the Company.</p>	
24.	Section 10.1	<p>No relief for electricity outage, influent flow quantity and quality. This poses high risk for the Company on revenues and considered a bankability issue.</p> <p>Therefore, Company should be compensated for such events. Such events should be Agency event of default.</p>	<p>See response to query 5 regarding Influent and Schedule 5 for compensation in case of Relief Event (Special).</p> <p>The Electricity outage is a Company risk and the Agency shall be responsible to the extent of applying and securing the electricity connection for the Company. See also Clause 4.3.7 (<i>Influent Delivery System and Bypass Electrical</i>) and Clause 4.4.12 (<i>Wastewater Treatment Plant Electrical</i>) of the Schedule 1 (MPSS) which both state that standby automatic mains failure power facilities shall be provided for critical items of equipment required to maintain the specified Availability.</p>
25.	Section 10.2.1 (a) (ii)	<p>What if the part not in compliance is not related to the reason for raising relief.</p> <p>Therefore, Relief Cost or Extension of Time should be only assessed for the part related to the Relief Order Request and a request for an Extension of Time.</p>	<p>The Company should not be in default in order to be entitled to Relief Costs. The Company cannot be in breach on the one hand and claiming for damages on the other.</p>
26.	Section 12.1.2	<p>The GoS Parties shall not assume any liability for and the GoS Parties shall not be required to compensate the Company for Losses arising</p>	<p>The Company is already receiving compensation for such Uninsurable Risk under the Water Tariff i.e., the insurance premium amounts that shall not be paid to</p>

		<p>in respect of any Uninsurable Risk except to the extent that the Company's Losses are compensated under Sections 10 and 7.2. what about financial consequences for the Project Company if such Uninsurable risk did occur and it the reason is not covered in 10 and 7.2.</p> <p>Therefore, commercial implications for Uninsurable Risk (not due to Company reasons) shall be discussed between Company and Agent. Company shall be compensated for uninsurable risks.</p>	<p>the Insurers and retained by the Company. Hence, such risk shall reside with the Company, however this shall not lead to a Company event of default.</p>
27.	Section 14.5.1 (b) (iii)	<p>The provision for a defect liability for the EPC as per this clause is twelve (12) months and the required construction security in the Agreement should expire twenty-four (24) months post COD.</p> <p>Therefore, Construction Security should be till the end of the defect liability period from EPC that is twelve (12) months.</p>	<p>Construction Security is in place for twenty- four (24) months after COD. This position is in line with precedent transactions of the GoS.</p>
28.	Section 15.1 (b) (iii)	<p>This clause is similar to 15.1 (a) (iii). It might be understood that it means thirty (30) consecutive Days or LESS (not more).</p>	<p>Reasonably standard allocation of risks between political and non-political Force Majeure. Political Force Majeure strikes are nationwide and political. Non-Political strikes are local, non-political strikes. We do not follow the reference to thirty (30) Days as both should be more than thirty (30) Days to avoid periods where there are minimum delays.</p>
29.	Section 15.1 (b) (i)	<p>As per clause 15.4, (a) (i), Force Majeure (Non-Political), the GoS Parties</p>	<p>This approach is consistent with other projects as the Agency only compensates for Force Majeure</p>

		<p>shall not pay any Force Majeure Costs to the Company. lightning, fire, earthquake, tsunami, flood, storm, cyclone, typhoon, or tornado, which has, in each case, affected the work or operations for more than fifteen (15) consecutive Days; are considered Force Majeure (Non-Political) hence the GoS Parties shall not pay any Force Majeure Costs to the Company.</p> <p>Therefore, the provision of lightning, fire, earthquake, tsunami, flood, storm, cyclone, typhoon, or tornado, which has, in each case, affected the work or operations are to be considered Force Majeure and Company should be compensated.</p>	<p>(Political Events). The Company should seek insurance coverage for Force Majeure (Non-Political). This is not a risk that can be covered by Agency.</p>
30.	Section 17.2	<p>Electricity outage and Influent Delivery Point below the flow Parameters (Agency) are not part of the GOS parties events of default.</p> <p>Therefore, electricity outage and Influent Delivery Point below the flow Parameters (Agency) should be part of the GOS parties events of default.</p>	<p>Electricity outage is not an Agency Risk. The Agency shall be responsible to the extent of applying and securing the electricity connection for the Company. See above response to query 5 regarding Influent and Schedule 5 for compensation in case of Relief Event (Special). See also Clause 4.3.7 (<i>Influent Delivery System and Bypass Electrical</i>) and Clause 4.4.12 (<i>Wastewater Treatment Plant Electrical</i>) of Schedule 1 (MPSS) which both state that standby automatic mains failure power facilities shall be provided for critical items of equipment required to maintain the specified Availability.</p>
31.	Section 20.4	<p>Arbitration outside Pakistan pursuant to the Rules of the International Chamber of Commerce (ICC) should be allowed.</p>	<p>A bill titled "<u><i>The Sindh Public-Private Partnership (Amendment) Act, 2024</i></u>" (the Bill), incorporating a new sub-section 3 into Section 27 (<i>Dispute Resolution</i>) of the Sindh Public-Private Partnership</p>

			<p>Act, 2010, enabling international arbitration, has been approved by the Cabinet.</p> <p>The Bill has been forwarded to the Provincial Assembly of Sindh for discussion and approval. The new sub-section 3 allows procuring agencies to keep international arbitration as a dispute resolution mechanism under Project Agreements, subject to recommendation of the PPP Policy Board and approval of the Cabinet. Following approval by the Cabinet, the PPP Policy Board, in its last meeting, recommended to the Cabinet that the provision of international arbitration be incorporated in the bidding documents / Project Agreements, subject to the enactment of the Sindh Public-Private Partnership (Amendment) Act, 2024.</p>
32.	General	No agreement referenced in the Concession to protect the Company from less influent flow or to supply additional flow as per design. Therefore, Influent agreement needs to be in place.	See Clause 9 of the CA.
33.	General	No Electricity agreement referenced in the Concession Agreement. Without electricity agreement in place with the electricity provider the Company exposure of short electricity supply and outages is high. Therefore, Electricity agreement needs to be in place to protect the Company against shortage of supply and outages. This should also include water supply.	As has been the position in the USP, water and power are not Agency risks, and any disruption is a Company risk.

34.	General	Land Agreement needs to be provided for review.	Please see Volume II Part 2 of the RFP which is the draft Project Land Agreement.
35.	Commercial	As per the CA 8.1.2, The Parties agree that commencing from the second Contract Year: the Water Tariff shall be adjusted at the commencement of each Contract Year so that the Water Tariff for that Contract Year shall be an amount equal to one hundred and eight percent (108%) of the Water Tariff applicable on the final day of the immediately previous Contract Year. No provision for tariff adjustment in case of variations. Therefore, provision for tariff adjustment needs to be defined.	Please note that a Variation does not lead to adjustment of the tariff. Variation is dealt with in Clause 6 and liability to compensate depends upon who requests the variation.
36.	General	The site security is the responsibility of the Company only. Therefore, there should be a provision in the Concession Agreement for any commercial implications on the Company from any illegal connections.	Is the mention of illegal connections referring to IWS? If so, this is covered in Clause 7 and the definitions of IWS and MRG Amount.
37.	Section 4.2.3 and 3.1.15 – definition of the Offtake planning Report	The Offtake Planning Report, which includes: (a) an estimate of the total demand, potential Offtakers of Recycled Water, and IWS within the area likely to become the Project Land (Distribution Company Zones), along with the location of both the Project Land (Distribution Company Zones) and the Project Land (Distribution Other Zones), must be prepared by the Company and provided to	The Offtake Planning Report is prepared by the Company as the Company must take market risk as to demand for recycled water. Given this, the report should be prepared by the Company as it will take risk around problems with the report. The CA has been structured on this assumption.

		<p>the Agency and Independent Experts.</p> <p>Therefore, Offtake planning report shall be prepared by Agency and attached to the RFP to reduce the risk of any results coming out from the report.</p>	
38.	2.3 Influent Delivery System, Wastewater Treatment Plant, Effluent Discharge	Please specific design requirements for the Effluent Discharge Pipeline or the Effluent Pumping Station.	The design requirements for the Effluent Discharge Pipeline are given in MPSS Clause 4.7.2 - Effluent Discharge Pipeline Design. The design requirements for the Effluent Pumping Station are given in MPSS Clause 4.7.6.- Effluent Pumping Station (OPTIONAL).
39.	2.4 Recycled Plant and Recycled Water Delivery System	Please clarify if the recycling plant's capacity of 10,220 MIG of recycled water supply annually after the ramp-up period is fixed, or can it be adjusted according to changes in demand?	The Recycling Plant shall be designed to supply not less than 10,220 MIG of Recycled Water during each Contract Year after the end of the ramp up period. The capacity of the Recycling Plant shall be fixed for the Concession Period unless the Company is unable to meet the Recycled Water Target Volume and is required to modify the plant at their own cost to comply with the Contract.
40.	3.5 Construction and Commissioning	Please provide further details on the required tests, methods, and procedures that need to be approved by the IE prior to commissioning? Are there any specific industry standards or protocols that should be followed?	Acceptance tests for components of the Project are specified in Schedule 3 of the Concession Agreement. The Company shall submit full details of the tests, methods and procedures for testing, commissioning and acceptance and methods of evaluation it proposes for approval by the Independent Engineer.
41.	3.6 Operation and Maintenance	In the Operation schematic diagram, Bypass water and treated effluent from the WWTP both flow into the Emergency Discharge Chamber (EDC). The	Clause 9.7.3 of the Concession Agreement conditionally indemnifies the Company if regulatory limits are exceeded when Influent is diverted through the Bypass to the EDC and

		addition of untreated bypass wastewater will alter the concentration of the treated effluent, potentially causing it to exceed regulatory limits and resulting in a discharge that may not comply with regulations for release into the river through the effluent discharge pipeline. Please confirm if we can use separate storage for bypass water.	conveyed to the Discharge Point (River).
42.	4.1.1 Design Principles	Please confirm specific materials or construction methods preferred for the pipelines to ensure they meet the minimum cover requirements (1.0 m below ground and 1.2 m under roads).	The Company is responsible for design and construction of all pipelines. The pipe material is specified in the MPSS for the Distribution Network, Effluent Discharge Pipeline and RO Concentrate Discharge to the Sea and options are given for other pipelines.
43.	4.2.1 Capacities	The tables indicate that the RO Concentrate Pumping Station is optional and only required if gravity flow is not feasible. Could you provide more details on the conditions under which gravity flow might not be feasible? Are there any specific design considerations for the RO Concentrate Pumping Station?	The Company is responsible for design of the RO Concentrate Pipeline to the Sea and based on this will determine whether or not pumping is necessary to convey RO Concentrate to the sea. MPSS Clause 4.8.5 - RO Concentrate Pumping Station (Sea) (OPTIONAL) states that the pumping station building, pumps and motors, surge analysis, ventilation system, materials, SCADA system and instrumentation shall be generally in accordance with Section 4.3 for the Influent Pumping Station.
44.	4.2.2 Influent Quality	Please provide following influent design parameters required for process design of WWTP and Recycled Water Plant. - Temperature - Turbidity	The Company will be responsible for the quality of the feed water to the Recycling Plant which is dependent on the quality of their Treated Effluent. The responses below relate to the Influent to the Wastewater Treatment Plant: - Temperature: Not specified.

		<ul style="list-style-type: none"> - Silt Density Index - Nitrate (NO₃⁻) - Nitrite (NO₂⁻) - Chlorine - Flouride - Sulphide - Silver - Zinc - Phosphate - Sulfate - Iron - Manganese -Total Hardness - Silica - Total Coliform Bacteria 	<ul style="list-style-type: none"> - Turbidity: Not applicable - Silt Density Index: Not applicable - Nitrate (NO₃⁻): Not a parameter in SEQS - Nitrite (NO₂⁻): Not a parameter in SEQS - Chlorine: The SEQS limit is 1.0 mg/L - Fluoride: The SEQS limit is 10 mg/L - Sulphide: The SEQS limit is 1.0 mg/L - Silver: The SEQS limit is 1.0 mg/L - Zinc: The SEQS limit is 5 mg/L - Phosphate: Not a parameter in SEQS but TP is specified. - Sulfate: The SEQS limit is 1000 mg/L - Iron: The SEQS limit is 8 mg/L - Manganese: The SEQS limit is 1.5 mg/L - Total Hardness: Not applicable - Silica: Not a parameter in SEQS - Total Coliform: Not applicable
45.	4.2.3 Treated Effluent Quality	Given the allowable effluent concentration for pesticides (0.15 mg/L), are there specific types of pesticides or sources contributing to the influent that we should be aware of?	The maximum allowable concentration of pesticides is the same for Influent, Treated Effluent and Effluent. The Company may obtain information on specific pesticides by sampling and testing the water quality in Gujro Nullah and Orangi Nullah but it will depend on pesticides being used at the time and may vary during the Concession Period.

46.	4.2.4 Effluent Quality	TDS, chloride, and sulfate limits for RO concentrate discharged to the sea must be below sea concentration. Could you provide the specific concentration limits or criteria for TDS, chloride, and sulfate for discharge to the sea?	The definition of sea concentration will be as determined by SEPA for compliance with SEQS but for guidance only the following concentrations were recorded during recent sampling and testing of seawater off Karachi: TDS > 30,000 mg/L, chloride > 15,000 mg/L, sulphate > 1,000 mg/L.
47.	4.2.6 Recycled Water Quality Requirements	The table does not specify a maximum allowable concentration for Suspended Solids (SS). Could you provide more details or confirm if there is a specific limit for SS that we should design to meet, especially considering industrial reuse requirements?	The predominant user of recycled water in SITE will be textile industries. It depends on the processes they will be using the water for but 5 mg/L is typically an acceptable concentration for suspended solids.
48.	4.2. Location of Facilities	Please confirm the following - For the Distribution Network (Company Zones) and (Other Zones), are there specific requirements for pipeline crossings or integration with existing infrastructure? - Are there existing utilities within the project land that may need to be relocated or protected during construction? - There is a mention of a reserved area for K-Electric to construct a GIS grid station within the Project Land (Plants). Could you provide more details on how this construction will be coordinated with K-Electric? Are there any specific requirements or timelines we need to consider?	(a) Company's design for the Distribution Network shall take into account existing infrastructure and any specific requirements of respective utility owners for working in proximity. (b) There are no existing utilities to be relocated or protected within the Project Land (Plants). (c) The latest completion date of Electricity Delivery Point by K-Electric is to be shown on the Gantt chart submitted with the bid (Bidding Form T8 - Technical Submittals). The Company will coordinate with K-Electric regarding their construction.

49.	4.3.5 Influent Delivery System and Monitoring Bypass Systems	Please confirm the specific laboratory testing requirements for verifying the Real-Time Quality Monitoring System results.	The Real Time Quality Monitoring System for the Influent is to identify pollutants harmful to the biological treatment system so the Influent can be discharged through the Bypass. The system shall be designed and installed by the Company to protect their plant.
50.	4.4.5 Sludge Handling	Please confirm the distance between the landfill site and the WWTP site, and provide details on the specific protocols to be followed for disposing of sludge at the disposal site.	Clause 4.4.5 - Sludge Handling states that Dewatered Sludge shall be transported by the Company to a pre-approved offsite disposal site. The location of the disposal site shall be proposed by the Company for approval by the applicable authorities. Sludge handling, stabilization, dewatering, transportation and disposal shall also be in accordance local, regional and national regulations.
51.	4.10 Power Supply	Please confirm specific timelines or procedures that we need to follow for submitting the application to K-Electric for power provision.	<p>The subject "Potable water supply" is incorrect. The Company shall prepare and provide to the Agency the application forms and other information and materials for the application to the electricity provider and the Agency shall be responsible for submission of the application forms and other information and materials to the electricity provider. The timelines and procedures for the application to K-Electric shall be agreed mutually with the Agency and coordinated with K-Electric. The latest completion date of Electricity Delivery Point by K-Electric is to be shown on the Gantt chart submitted with the bid (Bidding Form T8 - Technical Submittals).</p> <p>A revision to give effect to the same shall be done in clause 4.10 of MPSS under the Concession Agreement.</p>

52.	4.11 Ancillary Works	Please provide more details on any specific design requirements or standards for the new heavy vehicle entrance and access road from Estate Avenue to the Project Land (Access)? Are there preferred materials or construction techniques to be used, especially for handling heavy vehicle traffic?	Clause 4.11.1 (<i>Access Road</i>) states it must conform to all laws, rules, codes and regulations related to road construction in the province of Sindh and shall be designed for vehicular loadings during construction of the Facilities in the Project Land (Plants) and during the Operating Period for sludge removal from the Project Land (Plants). The Company is responsible for the design.
53.	6.1 Performance Criteria	Please confirm the following: - Please provide more details on the requirements for maintaining the security and integrity of the data server used for reporting? Are there specific cybersecurity measures or protocols that need to be implemented to protect sensitive data? - Please provide more details on the specific gender-sensitive stakeholder engagement plan required? What Are the minimum targets for women's employment during the project cycle, and Are there any additional guidelines or expectations for creating an enabling work environment?	(a) The Company is responsible for maintaining the security and integrity of the data server used for reporting. There is a KPI for all operational data, including the maintenance management system, to be available virtually through a protected server in real time (continuously reported). (b) The Company shall comply with the gender and development standards of ADB, as updated from time to time, and as set out in (https://www.adb.org/sites/default/files/institutional-document/32035/gender-policy.pdf)
54.	Section 4 of the MPSS	As per section 4 of the MPSS, the design requirements must meet the N-1 requirements for 100% availability even during maintenance outages. All equipment with N+1 redundancy would increase the overall cost and the water tariff.	The Influent PS and WWTP shall be designed with N+1 redundancy to enable partial shutdown during maintenance while allowing treatment of the design capacity. The components related to WWTP shall be available to operate at design capacity 100% of the time during the Operating Period. USP states that it will be ensured that the biological plant has 100% availability so that during any

			outages, the effluent that is discharged into the Lyari river meets NEQS standards.
55.	Section 8.1.2 in the CA	The original USP was submitted with the economic assumptions at the time and as such 8% escalation was suggested. However, as requested earlier, considering the inflationary impact as well as the devaluation of PKR, CPI indexation is requested to be considered.	The RFP and the draft CA are based on USP and cannot deviate from the same. Hence, the eight percent (8%) per annum fixed escalation would prevail.