GUJARAT ENERGY

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Frequently Asked Questions

EoI for Selection of JV Partner for CBG Plants
EoI No. CBG/EOI/122026/01

01 Eligibility and credentials

Q01 **Can a bidder use the technical and financial credentials of its parent company or group entities to satisfy the pre-qualification criteria?**

As specified in Clause 4(b) of the EoI, credentials of a parent company holding at least 51% shareholding in the interested party may be considered, subject to submission of the requisite supporting documents. Credentials of subsidiaries, affiliates or other group entities may be considered only if expressly accepted by GEL.

Q02 **Can a bidder submit its EoI as part of a consortium or joint bidding arrangement?**

The EOI does not expressly provide for consortium or joint bidding arrangements. However, applicant may bid in consortium or joint bidding arrangement, subject to formalisation of the arrangement in form of a Company satisfying all criteria as mentioned in the EOI document upon award. Any permission for consortium or joint bidding would require an explicit acceptance by GEL post EOI submission stage.

Q03 **Can a bidder qualify using CBG plants that have been commissioned but have not completed their Performance Guarantee Test Run (PGTR)?**

No, not for meeting the minimum technical pre-qualification requirement as presently drafted. Clause 4(a)(i) requires at least three CBG plants, each with a minimum design capacity of 10 TPD, set up as an EPC/LSTK contractor and for which PGTR has been successfully completed.

Q04 **Can bidders submit FY 2024-25 audited financial statements where FY 2025-26 accounts have not yet been audited?**

Yes. The EoI permits the bidder to rely on the audited financial statements for FY 2024-25 where FY 2025-26 accounts are not audited. The bidder must still satisfy the minimum turnover requirement and submit the prescribed financial documents and Chartered Accountant certificate.

Q05 **Is the minimum project capacity of 50 TPD applicable to each selected JV partner or collectively across all selected partners?**

GEL intends to allocate a minimum of 50 TPD and up to 100 TPD of CBG capacity to each selected JV partner or partners. Individual plants are to be sized between 10 TPD and 20 TPD.

02 Land, locations and JV structure

Q06 **Can land be taken on a long-term lease instead of outright purchase, and is possession of land mandatory at the EoI stage?**

The EoI permits the JVC to acquire land either through outright purchase or long-term lease, with a minimum lease period of 20 years. The JV partner is responsible for identifying suitable land parcels of at least 15 acres per plant. At the EoI evaluation stage, land readiness may be demonstrated through an MoU, agreement to sell or lease, or relevant title documents, as specified in the technical evaluation criteria.

Q07 **Can land contributed or arranged by the selected JV partner be considered towards its equity contribution in the JVC? If so, how will it be valued?**

The EoI states that the JVC will acquire land by purchase or long-term lease and that the JV partner will subscribe to 51% of the JVC's equity. It does not expressly permit land to be contributed in kind towards the partner's equity subscription. Any such arrangement would therefore require GEL's prior approval and appropriate valuation, legal and corporate approvals, and documentation in the definitive agreements.

Q08 **What will be the respective roles, board representation, governance rights and decision-making powers of GEL and the selected JV partner under the proposed 49:51 equity structure?**

GEL will hold 49% and the selected JV partner will hold 51% of the JVC. The EOI provides for joint board representation, an annual business plan with KPIs and reserved matters under the Shareholders' Agreement. The detailed board composition, quorum, voting thresholds, reserved matters and deadlock-resolution mechanism will be set out in the definitive agreements.

Q09 **Will GEL facilitate project debt financing, or will the JVC and selected JV partner be responsible for arranging the required debt financing?**

The JVC will raise project debt, while GEL and the selected JV partner will contribute equity in the ratio of 49:51. The EoI does not commit GEL to provide a debt guarantee or lender support. Any additional financing support, security or guarantee by either shareholder would need to be separately agreed and documented.

Q10 **Can bidders propose locations outside the priority locations specified in Annexure 3 of the EOI?**

Bidders are expected to identify suitable locations within GEL's authorized CGD Geographical Areas or near the GIGL natural gas pipeline network, as specified in Annexure 3. Alternative locations may be considered by GEL, subject to feedstock availability, land suitability, technical and commercial feasibility, pipeline connectivity and necessary approvals. Final acceptance shall remain subject to GEL's approval.

03 Technology, feedstock and performance

Q11 **Can bidders propose proprietary or licensed technology for CBG production?**

Yes. Bidders may propose proprietary technology or technology obtained through licensing arrangements, provided that the technology is proven and suitable for the proposed feedstock mix. The selected JV partner shall provide technology for feedstock pre-treatment, digestion and gas purification and shall guarantee the minimum CBG yield per metric tonne of feedstock. The bidder should disclose material licensing requirements and costs in its proposal.

Q12 **Can bidders propose a combination of different feedstocks, and can the feedstock mix be changed during project implementation or operation?**

Yes. Bidders may propose a combination of eligible feedstocks, including agricultural residues, press mud, Napier grass, cattle dung, poultry litter and other suitable organic biomass. The proposed mix, including each feedstock's share by weight, factory-gate price and expected CBG yield, must be submitted with Form V. The final mix will be established through the DFR and approved by the JVC Board. Any subsequent change must comply with Form VI, including the requirement that the resulting feedstock cost per kilogram of CBG does not exceed the cost implied by the quoted price and yield.

Q13 **Who will be responsible for sourcing, aggregation, transportation and uninterrupted supply of feedstock?**

The selected JV partner will be responsible for end-to-end sourcing and supply of the approved feedstock mix for the 20-year project life. This includes procurement, aggregation, intermediate storage, handling, transportation, delivery at the factory gate and arrangement of supplementary feedstock, where required. The JVC will purchase feedstock at the agreed factory-gate price under the Feedstock Supply Agreement.

Q14 **What happens if actual CBG production, plant load factor or guaranteed yield falls below the parameters quoted by the selected bidder?**

The selected JV partner will be responsible for achieving the technical and commercial parameters committed in its bid and definitive agreements, including guaranteed CBG yield and plant load factor. Failure to achieve agreed guarantees will attract the liquidated damages, penalties or other contractual remedies as specified in the agreements. The detailed test protocol, measurement methodology, exclusions, cure periods and penalty provisions will be finalised in those agreements.

04 Commercial terms and CBG offtake

Q15 **What is the minimum acceptable project IRR, and will GEL provide a standardised financial model for commercial evaluation?**

Under Clause 5(d), the commercial score will be calculated using the IRR derived from the bidder's commercial quotation and the assumptions in Annexure-2. The bidder achieving the highest IRR will receive 100 commercial marks; other bidders will receive proportionate marks. A bidder with an IRR below 14% will receive zero commercial marks. GEL will provide the calculation format in due course.

Q16 **Are feedstock and FOM prices fixed for the entire 20-year project period, or will annual price escalation apply?**

Form V specifies annual escalation of 3% for feedstock and 2% for FOM. The quoted base rates remain binding and confirm with stated annual escalation throughout the project period.

Q17 **Will GEL guarantee purchase/ offtake of all CBG produced by the JVC, and what pricing mechanism will apply?**

GEL will support offtake of CBG produced by the JVC for injection into GEL's CGD network or the GIGL pipeline, in accordance with the applicable CBG-CGD synchronization scheme. For IRR evaluation, Annexure-2 uses an indicative CBG price of ₹2,110/ MMBtu, subject to revision when applicable announcements are made by MoPNG, PPAC or GAIL. The detailed CBG quality, quantity, pricing, metering, injection, payment and offtake obligations will be set out in the CBG Offtake Agreement.

05 By-products and O&M

Q18 **Who will be responsible for the offtake and monetisation of FOM, LFOM and other by-products generated by the CBG plant?**

The selected JV partner will assure offtake of 100% of the FOM produced for the 20-year project period, including lifting, transportation, marketing and utilisation at the quoted price and applicable escalation. The partner will claim applicable Market Development Assistance (MDA) at its own risk and will be responsible for LFOM disposal. Any LFOM and CO_2 monetisation specified in the EoI will accrue to the JVC.

Q19 **Who will be responsible for long-term operation and maintenance, and what costs are included in the quoted O&M charges?**

The selected JV partner will undertake operation and maintenance of each CBG plant for 20 years from its commercial operation date. The quoted O&M cost includes repairs and maintenance, manpower, chemicals and consumables, fuels, water, overheads, operational insurance and critical/capital spares. Feedstock cost, land lease rent, mobile cascade transportation and electricity are excluded from the quoted O&M cost, as specified in Form V. The JVC will retain operational oversight, with detailed obligations governed by the O&M Agreement.

More questions? Email **CBG@gujenergy.com** quoting EoI No. CBG/EOI/122026/01.
Contact: Mr. Jaimin Shah, Manager (Commercial).