

Response to Pre-Proposal Clarification No. 02 from Proposer M/s Umer Jan & Co. on RFP/EPC Bidding Document of Package-III: Electro-Mechanical Works of ALHPP

Sr. No.	Clarification from Proposer	Reply by AHMC
1.	With reference to the RFP/EPC Bidding Document (RFP No.: BD/ICB- ALHPP- 03) issued/uploaded for Package-III for the Attabad Lake Hydropower Project (54 MW), we would like to seek clarification and request reconsideration of certain Payment provisions stipulated under Sub- Clause 14.4 (Schedule of Payments) of Section-VIII, Particular Conditions (Part B – Special Provisions). It has been noted that the RFP/EPC Bidding Document provide for a deduction of 2.5% of retention money from each section of Payment under the Payment Schedules, to be released upon issuance of the Defects Notification Certificate (DNC). We further observe that this Contractual Provision has also been applied to the Design Services Payment Schedule. In this regard, we respectfully submit that, as per established Engineering practice and standard Contract frameworks, Design Services are typically paid in full upon approval by the Employer, as they are not subject to Post- Construction defects in the same manner as physical works. The withholding of a portion of Design Services Payments until the Defects Notification stage does not align with standard industry practices and may adversely impact the design development process. Furthermore, the RFP/EPC Bidding Document also stipulate a 5% retention money deduction from each Payment Schedule. We would like to highlight that, under standard FIDIC conditions, retention money is primarily associated with construction (Civil) Works to ensure performance and remedy of defects during the Defects Notification Period (DNP). Given that the present scope predominantly relates to Electro- Mechanical (E&M) works and design, the application of retention in the same manner as civil	1. The provisions stipulated under Sub-Clause 14.4 Schedule of Payments, Part-B Special Provisions, Section-VIII Particular Conditions, Volume-I, RFP / EPC Bidding Document shall prevail. 2. The provisions stipulated under Sub-Clause 14.4 Schedule of Payments, Part-B Special Provisions, Section-VIII Particular Conditions, Volume-I, RFP / EPC Bidding Document shall prevail.

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	works requires clarification. Typically, for E&M works, performance securities, warranties, and defect liability obligations adequately cover the Employer's risk without necessitating substantial retention deductions. In view of the above, we kindly request the Employer to: 1. Clarify the applicability of the 2.5% deduction on design payments; and 2. Review and amend the retention provisions to align with standard Engineers practices, particularly considering the nature of E&M works and design services. We shall appreciate your clarification on the above matters at the earliest, to enable us to proceed with a clear understanding of the commercial framework.	