



PUBLIC ENTERPRISE ELECTRIC POWER INDUSTRY OF SERBIA, BELGRADE
Carice Milice 2
Number: 2392/56-14
Belgrade, 10.11.2014.

Subject: additional clarifications no. 38 in accordance with Article 63 paragraph 3 of Public Procurement Law ("Official Gazette of the Republic of Serbia" number 124/12) in public procurement procedure **PP number 61/14/DEFP**, for which Invitation to Tender was published on Public Procurement Portal on **10.10.2014**.

Five and more days prior to expiry date foreseen for submission of tenders in subject public procurement procedure, interested party has submitted to the Employer via e-mail request for additional information, i.e. clarifications, regarding which the Employer, i.e. Public Procurement Committee, in accordance with provision of Article 54 paragraph 12 item 1) of the Law shall provide the following information i.e. clarifications within three days from the day of the receipt of the request:

Potential Tenderer asked QUESTION No. 38.1:

"Does all electricity sale in the country (sale within the group not included) go through EPS Supply?"

ANSWER of the Employer to QUESTION No. 38.1 is:

"Electricity sale in the country (sale within the group not included) to final customers goes through EPS Supply and on the wholesale electricity market through PE EPS– Electricity Trading Department"

Potential Tenderer asked QUESTION No. 38.2:

"How does PE EPS (individually) generate revenues after incorporation of EPS Supply? Does all EPS sale go to Supply? "

ANSWER of the Employer to QUESTION No.38.2 is:

"No, within the context of the previous answer."

Potential Tenderer asked QUESTION No. 38.3:

"Will, as the consequence of liberalization of electricity market, other companies (traders) be able to buy electricity from producers (EPS subsidiaries- thermal power plants and hydro power plants) or is EPS exclusive buyer from these companies?"

ANSWER of the Employer to QUESTION No.38.3 is:

"No."

Potential Tenderer asked QUESTION No. 38.4:

"Will, as the consequence of liberalization of electricity market other companies (suppliers) be able to buy electricity from PE EPS or EPS Supply is the exclusive buyer in this case? "

ANSWER of the Employer to QUESTION No. 38.4 is:

"Yes."

Potential Tenderer asked QUESTION No. 38.5:

"What represents costs of using energy capacities for generation of electricity in 2013 (in individual EPS balance sheet)? Company did not have these expenses in the previous year. Is this the consequence of reorganization of the group? Does EPS as a legal entity take part in electricity generation? "

Page 1 of 4

ANSWER of the Employer to QUESTION No. 38.5 is:

"Costs of using energy capacities for generation of electricity in 2013 are the result of the changed manner of determining transfer prices which from 2013 include, in addition to the price of delivered electricity also the price of capacity lease."

Potential Tenderer asked QUESTION No. 38.6:

"It is stated in the annual report that in 2013 generation of thermal power plants is 26,537 GWh, whereas generation of run of river hydro power plants is 9,488, that is 36,025 in total, and in the same document it is stated that the overall generation (with generation of small hydro power plants) is 37,476. Does that difference of 1,451 GWh refer to small HPP or something else?"

ANSWER of the Employer to QUESTION No. 38.6 is:

"In Technical report for 2013, which can be found on PE EPS website, it was stated, inter alia that in 2013 the production of thermal power plant was 26,537 GWh, thermal power plant- heating plant 167 GWh, and hydro power plants 10,729 GWh, which amounts to total production of 37,433, with the note that this value does not include the production of small hydro power plants in the amount of 44,8 GWh, which would amount to total production of 37.478 GWh."

Potential Tenderer asked QUESTION No. 38.7:

"How did you manage to achieve savings in generation costs in 2013 (maintenance material, oil, gas and other energy)? Is that permanent efficiency increase or is it something else? Please give your comment or clarification."

ANSWER of the Employer to QUESTION No. 38.7 is:

"Thermal Units of Company TENT and TPP Kostolac were fully engaged in 2013, there were minimum planned downtimes, and the number of forced outages was the lowest, as well as time for recovery from forced outages, analysed from 1995. In the structure of forced outages of TPP the highest participation has the boiler facility, but compared to the benchmark period there was improvement, since the time to recover defaults on pipe system was reduced. For the first time this year the time that operationally ready units spent in stand-by mode was longer than the duration of forced outages.

Specific coal consumption is the lowest in 2013. This means that operating costs of TPP are lower in 2013 than in 2012. In this year the consumption and the specific consumption of heavy fuel oil per generated GWh is at its minimum. Compared to the benchmarked year, 2,8 times less heavy fuel oil was spent in the analysed year and the specific consumption was reduced 3,3 times.

From the beginning of overhaul at 70% of installed capacity of TPP overhaul activities, rehabilitation, and recovery were performed with the aim of improving the condition of equipment and facilities, which contributed to significant improvement of energy efficiency and reliability in operation and by that also to reduction of operating costs of materials and fuels. Increased inflows in the first half of the year and rehabilitation of units in HPP Bajina Bašta and HPP Đerdap I had the largest impact on efficiency and scopes of realized production of HPP in this year. Compared to the benchmarked period hydro power plants were more engaged, operated with higher capacities which was reflected by the increased capacity usage. This year the time of planned and forced outages was reduced, as well as the stand-by time which reflected the increase of unit readiness and reduction of operating costs.

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Potential Tenderer asked QUESTION No. 38.8:

"What is the reason for high increase of transmissions costs (towards PE EMS)? Is it expected that these costs will be stable in the future or can we expect their further increase?"

ANSWER of the Employer to QUESTION No. 38.8 is:

"Price of electricity transmission as well as the price of distribution (network fees for EMS and DSO) that is regulated and is within the scope of responsibility of Energy Agency of RS according to previously defined methodology"

Potential Tenderer asked QUESTION No. 38.9:

"What is the reason for high negative exchange rate fluctuations in 2012 when compared to 2013 when import was higher? "

ANSWER of the Employer to QUESTION No. 38.9 is:

"Negative exchange rates are mostly result of EPS indebtedness. RSD during 2012 had bigger drop than the drop in 2013.

Potential Tenderer asked QUESTION No. 38.10:

"What is the reason for high impairment of assets in 2012? Is it economic or physical impairment? "

ANSWER of the Employer to QUESTION No. 38.10 is:

"It is solely economic impairment, application of IAS 36."

Potential Tenderer asked QUESTION No. 38.11:

"What is the policy for write offs and devaluation of receivables? "

ANSWER of the Employer to QUESTION No. 38.11 is:

„Please refer to answer to the question no. 29.12 of the potential Tenderer (published on 05.11.2014 on PP Portal and EPS website)."

Potential Tenderer asked QUESTION No. 38.12:

"What is the damage to company assets due to floods? "

ANSWER of the Employer to QUESTION No. 38.12 is:

"Please refer to answer to the question no. 13.1.1 of the potential tenderer (published on 21.10.2014 on PP Portal and EPS website)" -

Potential Tenderer asked QUESTION No. 38.13:

"What is the negative impact to revenues and profitability of the company (group) in 2014 caused by the floods? "

ANSWER of the Employer to QUESTION No. 38.13 is:

"Revenue from electricity sale in ABP that was prepared before floods was by RSD 2.8 billion higher than the revenue in Amendments to ABP that was defined after floods. Financial result in ABP that was prepared before floods was negative RSD 28 million, and financial result in Amendments to ABP that was defined after floods was negative RSD 37.5 billion"

Potential Tenderer asked QUESTION No. 38.14:

„What do fixed assets in preparation refer to and given advance payments for fixed assets in 31/12/2013? "

ANSWER of the Employer to QUESTION No. 38.14 is:

"To various fixed assets that are currently under construction, i.e. that were not activated on 31.12.2013."

These additional clarifications are submitted by email to the applicant and are published on Public Procurement Portal and web site of the Employer.

PROCUREMENT COMMITTEE

A handwritten signature in blue ink, appearing to read "S. L. Lichtenberg", is written over the printed text "PROCUREMENT COMMITTEE".

Attn:

- Records Management Office