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## SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

Contract No. EPP-I-00-03-00004-00, Task Order No. AID-306-TO-12-00002

### Monthly Report

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## Table of Contents

1	GAS WORKSTREAM (MOM LIAISON, DRILLING, ENVIRONMENTAL).....	1
1.1	Achievements / Activities.....	1
1.2	Meetings.....	1
1.3	Challenges.....	1
1.4	Plans for Next Month.....	1
2	ENERGY AND POWER WORKSTREAM (DABS and MEW).....	2
2.1	Achievements / Activities.....	2
2.2	Meetings.....	2
2.3	Challenges.....	3
2.4	Plans for Next Month.....	3
3	CAPACITY BUILDING (DABS & MOM, ECONOMICS, TRAINING).....	3
3.1	Achievements / Activities.....	3
3.2	Meetings.....	3
3.3	Challenges.....	3
3.4	Plans for Next Month.....	3
4	RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM.....	3
4.1	Achievements Activities.....	3
4.2	Meetings.....	4
4.3	Challenges.....	4
4.4	Plans for Next Month.....	4
5	PROCUREMENT WORKSTREAM.....	4
5.1	Achievements / Activities.....	4
5.2	Meetings.....	5
5.3	Challenges.....	5
5.4	Plans for Next Month.....	5
6	GAS MARKET WORKSTREAM.....	6
6.1	Achievements / Activities.....	6
6.2	Meetings.....	6
6.3	Challenges.....	6
6.4	Plans for Next Month.....	6
7	SECURITY.....	6
8	PROJECT SCHEDULE AS OF DECEMBER 2012.....	7

## Acronyms and Abbreviations

ADB	Asian Development Bank
AEAI	Advanced Engineering Associates International Inc.
APPF	Afghan Public Protection Force
ARDS	Afghanistan Reconstruction and Development Service
CCO	Chief Commercial Officer
COR	Contracting Officers Representative
DABS	Da Afghanistan Breshna Sherkat
DOC	Development Outreach and Communication
E&P	Exploration and Production
E.O.I.	Expression of Interest
IL	Implementation Letter
kV	Kilovolt
MEW	Ministry of Energy and Water
MoM	Ministry of Mines
NEPA	National Environmental Protection Agency
NW	North West
PCC	Particular Contract Conditions
R&R	Rest and Relaxation
RRB	Regional Rest Break
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
TFBSO	Task Force for Business and Stability Operations
USA	United States of America
USAID	United States Agency for International Development
USG	United States Government

# 1 GAS WORKSTREAM (MOM LIAISON, DRILLING, ENVIRONMENTAL)

## 1.1 Achievements / Activities

- Completed letter to Ministry of Mines describing approvals and other requirements that should be completed prior to execution of the proposed services contract for Juma/Bashikurd Field operations.
- Completed and delivered a concept paper on Ministry of Mines realigning of commercial, regulatory, and sovereign functions required by MoM's Jalil Jumriany.
- Advised and reviewed official contract deliverable 2-3, Multiple Corporatization Models Including Public Private Partnerships.
- Completed and reviewed official contract deliverable 2-4, Single Window Strategy for Promoting Private Investment and Participation in the Power Sector.
- Prepared work order for environmental management plan for drilling operations.
- Updated the drilling tender PCCs to support tender Amendment #2.
- Prepared response to USAID request for information on petroleum engineering subcontracting and development of drilling services tender.
- Prepared terms of reference for internal preparatory studies for design of the Juma/Bashikurd gas gathering system and processing capacity of Sheberghan treatment facility.
- Completed training materials on technical evaluation for drilling tender review committee.
- Completed environmental management plan Juma/Bashikurd drilling and re-entry operations.
- Provided background information and timeline regarding efforts to subcontract with Senergy for drilling and re-entry tender support.

## 1.2 Meetings

- 5 Feb 13, Met with Jalil Jumriany MoM Director General for Policy and Promotion and discussed terms of reference for petroleum engineering consultant services and closing requirements for Juma/Bashikurd oilfield services contract.
- 27 Feb 13, Met with Jalil Jumriany, Director General, Ministry of Mines Policy and Promotion Division, Jules Jordy, COR, USAID, Glenn Corliss, TFBSO economic advisor to Ministry of Mines, SGGA staff representatives regarding bid opening for drilling and re-entry tender, economic modeling, and application to National Environmental Protection Agency for certificate of environmental compliance for drilling and re-entry operations.

## 1.3 Challenges

- At the Gerquduq gas processing plant and DABS substation location, begin work on a comprehensive "Energy Park" feasibility and concept design to ensure that interfaces and facility locations are congruent with one another, including potential competing projects such as a planned refinery, ADB's planned 500/220/110 kV substation, SGDP pipeline and gas processing plant, ADB's Gerquduq gas well re-entry program and associated facilities, that if not managed comprehensively, could become a rival for critical Sheberghan real estate.

## 1.4 Plans for Next Month

- Provide Ministry of Mines technical support post-bid opening.
- Secure NEPA approval of environmental information.

## 2 ENERGY AND POWER WORKSTREAM (DABS and MEW)

### 2.1 Achievements / Activities

- Prepared negotiation points for DABS discussions on the proposed Power Purchase and Sales Agreement with Turkmenistan.
- Refined Siemens scope of work and sole source justification.
- Completed and reviewed official contract deliverable 2-4, Single Window Strategy for Promoting Private Investment and Participation in the Power Sector.
- Deployed and followed up with members of team working out of DABS Mazar to coordinate remaining actions.
- Reviewed the regulations regarding a waiver from the 937 authorized geographic codes, if needed.
- Began drafting status reports; in two specific areas, namely commercial and operations, based on the information gathered from various departments of Mazar Breshna including, Billing, Customer Care, Meter Reading, Cash Reconciliation, Junction Stations, Dispatch Center, Operation & Maintenance, Distribution Transformer Repairing, Distribution & Expansion and Substations.
- Integrated improvement recommendations made by a number of Mazar Breshna departments to improve:
  - Bill Printing.
  - Meter Reading.
  - Bill Delivery.
  - Cash Collection.
  - Customer Services.
- Also to address the challenges faced by the Operation Department as:
  - The lack of proper management.
  - The lack of protection system in the outgoing feeders (due to various conductor sizes, disorganized transmission directions) of all Junction Stations.
  - The existence of old 6kV transmission network, equipment of which are not available in the event of failures.
  - The lack of transportation means to resolve defaults on time.
- Worked on mapping (via Google-earth imageries) the location of existing sub-stations, 220/110/20kV and 110/35/6kV in Mazar-e-Sharif, some large customers as the Industrial Parks, Police Training Centers and the future electricity consumers, huge residential towns especially.

### 2.2 Meetings

- Feb 13, Numerous during DABS Mazar visit:
  - Power Team had meetings with DABS Mazar President Eng. Nassir and with all his top managers including Revenue Protection, Billing, Cash Reconciliation, Planning Department, Operation Deputy Director, Substation Operators, and Junction Station.
  - We met also with Fichtner Mazar, the consulting company in charge of the energy projects funded by the German Government through KfW.
- 11 Feb 13, Met with DABS CCO to discuss finding from the Mazar trip.
- 11 Feb 13, Met with DABS corporate planning.
- 12 Feb 13, Met with Mirwais Attai to discuss donors intentions for Mazar and Northern provinces as well as known constraints of the transmission system.
- 13 Feb 13, Met with DABS/CCO to present financial economic model.

- 23 Feb 13, Met with SGGA Chief of Party to explain the achievements that the Power Team had, including the collection of information, site visits to some distanced areas of Balkh Province as Balkh District, Dehdadi District, Naib-Abad, Nahr-e-Shahi, Shadayan.
- 26 Feb 13, Held Power Team weekly meeting to discuss the development of status reports focusing the existing DABS infrastructure in Balkh Province, Business Trends, the feasibility of the growing demand, the challenges faced by Mazar Breshna and the potential of contributing in Sheberghan Gas to Power program.

## 2.3 Challenges

- Continue to work on suitable replacements for Manitoba Hydro's Scope of Service for technical and commercial support to DABS in the NW provinces due to shift in Geographic Code from 935 to 937. Discussions with Siemens of USA have started on technical scope and on vetting
- SGGA is making an assessment with DABS Kabul and NW District management to define the Project Management Team composition from DABS. After definition, DABS will be better able to understand the level of their personnel to support to the Sheberghan Project Management Team. Subsequently DABS can determine level of commitment until program completion.

## 2.4 Plans for Next Month

- Finalize data from DABS Mazar visits.
- Finalize Siemens scope of work and subcontracting strategy.

# 3 CAPACITY BUILDING (DABS & MOM, ECONOMICS, TRAINING)

## 3.1 Achievements / Activities

- 2-6 Feb 13, Conducted training on "Economic modeling of E&P investment" with the participation of 15 professionals of MoM.
- Continue working on presentation on Gas Business Unit training program.
- Completed the "Organizational Development Training for Oil and Gas Engineers" in MoM; (24) Ministry of Mines staff attended.

## 3.2 Meetings

- Met with Drew Miller to learn about your planned legal capacity building efforts of the Commerce Department in Afghanistan and consider the potential for collaborating.

## 3.3 Challenges

- Obtaining approvals and arranging convenient times to present management capacity building courses to MoM.
- Obtaining firm commitments for training session's times with MoM staff to plan the next trainings.

## 3.4 Plans for Next Month

- Mauricio Medinaceli will take R&R during the month of March.

# 4 RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM

## 4.1 Achievements Activities

- Refined the economic model of the integrated gas to power project.

- Continued to pursue local legal assistance to support both the project finance efforts and related capacity building courses.
- Completed official contract deliverable 2-3, Multiple Corporatization Models Including Public Private Partnerships.
- Prepared memorandum on the required approvals, authorizations and concurrences under the USAID Contract and Modification Agreement.
- Reviewed USAID and USG rules and regulations regarding sub-contracting and Code 937 waivers.

## 4.2 Meetings

- 13 Feb 13, Met with DABS/CCO to present financial economic model.
- 26 Feb 13, Met with Glenn Corliss TFBSO to present introductory presentation materials for economic modeling of the integrated gas to power project.
- 27 Feb 13, Met with Jalil Jumriany, Director General, Ministry of Mines Policy and Promotion Division, Jules Jordy, COR, USAID, Glenn Corliss, TFBSO economic advisor to Ministry of Mines, SGGA staff representatives regarding bid opening for drilling and re-entry tender, economic modeling, and application to National Environmental Protection Agency for certificate of environmental compliance for drilling and re-entry operations.

## 4.3 Challenges

- Arranging a time on Engineer Zamir's busy schedule to present the economic modeling of the integrated gas to power projects.

## 4.4 Plans for Next Month

- Michael Scholder will take RRB during the month of March.

# 5 PROCUREMENT WORKSTREAM

## 5.1 Achievements / Activities

- Attended USAID workshop and discussed the branding and marking issue with them.
- Researched and studied the procurement law and authorities and functions of bid evaluation committees.
- Updated petroleum engineering scope of work to require contractor to provide security.
- Prepared two amendments to drilling tender, twice extending bid due date by two weeks and processed through MoM through to ARDS; ensured Minister assigned shortlisting committee for Petroleum Engineering Services.
- Conducted market research of several dozen companies to provide MoM more options for shortlisting.
- Assisted DABS team researching Siemens as a potential subcontractor and requirements for requesting consent to subcontract.
- Provided Expression of Interest (E.O.I.) package to Eng. Zamir to facilitate their shortlisting of the professional engineering services requirement; also dropped off draft tender for their review and submission to ARDS.
- Developed a drilling contract invoice flow chart to track invoice processing.
- Developed a new outline for the required Quarterly Reports.
- Populated 3-part training materials into bid evaluation committee binders.
- Finalized Request for Consent to Subcontract with Siemens to the tightest point possible while the scope of work is finalized.

- Conducted a new review of the IL and Mod2 to ensure that we understood the required involvement of SGGA in the SGDP invoicing process.
- Reviewed new IL amendments, 45-02 through 45-05; provided feedback to USAID of a few outstanding items and assisted in staffing them through MoM for signature.
- Initiated a second round of market research of petroleum engineering services with the industry, primarily focused upon Gulf Coast Countries.
- Developed a new proposed Quarterly Report template and distributed to team for review and comments.
- Flow charted the Siemen's subcontract/vetting/geographic code process scenarios.
- Compiled 4 Weekly Reports.
- Compiled Monthly Report.

## 5.2 Meetings

- 5 Feb 13, Met with USAID-DOC office to discuss the branding and marking issue.
- 10 Feb 13, Met with USAID and discussed outstanding approvals of conditions precedent, tenders, and IL amendments; also discussed how to determine geographic code 937 applicability and numerous DABS issues.
- 11 Feb 13, Met with Eng. Zamir and came to an agreement on SGGA assistance on the Expressions of Interest closure leading up to tender release for professional engineering services.
- 12 Feb 13, Visited MoM to provide Eng. Zamir more information on the drilling tender amendment and express need to expedite it's processing with ARDS.
- 16 Feb 13, Met with Eng. Zamir and obtained signed Minister Letter for Amendment 2 to the drilling tender (for forwarding to USAID).
- 16 Feb 13, Met with USAID and provided them the official tender amendment for approval; also discussed remaining IL approvals; the master plan meeting results, and a few other issues.
- 17 Feb 13, Met with Eng. Zamir and provided him the E.O.I. package of 10 companies capable of supplying engineering services to the Ministry for shortlisting down to 6.
- 23 Feb 13, Met with USAID for weekly meeting; discussed status of deliverable approvals; picked up letter to deliver to MoM approving the tender.
- 25 Feb 13, Met with Jalil Jumriany on a number of issues such as appointment of Bid Evaluation Committee status, IL Amendments processing, and economic model; also obtained Jalil Jumriany signature accepting the tender approval letter from USAID.
- 26 Feb 13, Met with Eng. Zamir and ARDS to finalize how to proceed with shortlisting given too few responses to their Expressions of Interest.
- 27 Feb 13, Met with Jalil Jumriany and USAID in first tri-party project meeting.

## 5.3 Challenges

- Develop contingency plan for any surprises that might result from the drilling tender bid opening on 2 Mar 13.

## 5.4 Plans for Next Month

- Support drilling tender bid opening and aftermath.
- Staff Petroleum Engineering Services draft tender through ARDS for release.
- Summarize bid opening data for USAID bulletin and start on Deliverable 2-3, which is triggered by actions between bid opening and contract award.
- Continue to prepare Weekly, Monthly, and Quarterly Reports.

## 6 GAS MARKET WORKSTREAM

### 6.1 Achievements / Activities

- Acquired an economic data survey of families in Afghanistan to support the Feasibility Report in the Natural Gas Market.
- Reviewed the status and work plan for Feasibility Report in the Natural Gas Market.
- Sent requests for information on energy usage to various agencies.
- Reviewed additional data for possible application for the Feasibility Report.
- Continued working to finalize travel plans and budget for an economic data gathering trip to Mazar, Sheberghan and the surrounding markets.

### 6.2 Meetings

- Various data collections meetings

### 6.3 Challenges

- Collecting accurate and complete data for energy market in Afghanistan.

### 6.4 Plans for Next Month

- Complete the planning and implement a two week trip to Northwest Afghanistan for data collection for potential residential, industrial and commercial demand for natural gas for the Feasibility Report in the Natural Gas Market.

## 7 SECURITY

- Security contract with APPF will be renewed on March 20, 2013. Additional APPF personnel will be required to provide mobile security to AEAI personnel in Mazar-e-Sharif and Sheberghan during the next phase of the project. Details are being discussed with APPF and contract will be submitted for vetting afterwards.
- Movement restrictions were imposed on AEAI international personnel on Feb 24, 2013 after suicide attack was thwarted in Sher Poor, Kabul and coordinated attacks occurred in other provinces.
- A Close Protection Officer deployed to Mazar-e-Sharif to provide security to one international staff member from 2-7 Feb 13 and 16-20 Feb 13.

## 8 PROJECT SCHEDULE AS OF DECEMBER 2012

Note: Revised on December 22, 2012

