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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

Period: May 1 – May 31, 2013

Prepared by:

Advanced Engineering Associates International, Inc. (AEAI)/SGGA Project Team  
1707 L Street, NW, Suite 1030, Washington, DC (USA) 20036  
Telephone: 1-202-263-0601

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## Acronyms and Abbreviations

ADB	Asian Development Bank
AEAI	Advanced Engineering Associates International Inc.
AEIC	Afghan Energy Information Center
AGE	Afghan Gas Enterprise
ARDS	Afghanistan Reconstruction and Development Services
CNG	Compressed Natural Gas
DABS	Da Afghanistan Breshna Sherkat
DG	Director General
GPS	Global Positioning System
IOM	International Organization for Migration
IPS	Industrial Promotion Services
IRR	Internal Rate of Return
kW	Kilowatt
M/F	Male/Female
MEW	Ministry of Energy and Water
MIDAS	Mining Investment Development for Afghanistan Sustainability
MoMP	Ministry of Mines and Petroleum
MW	Megawatt
NAPWA	National Action Plan for Women in Afghanistan
NEPA	National Environmental Protection Agency
NEPS	North East Power System
NW	North West
OFR	On-Sight Field Representative
OGS	Oil and Gas Survey
OPIC	Overseas Private Investment Corporation
PGI	Privatization Group International
PMO	Project Management Office
PMP	Performance Monitoring Plan
PTI	Power Technologies Inc.
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SoW	Scope of Work
USAID	United States Agency for International Development
VTC	Video Teleconference

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

## 1.1 Achievements / Activities

- Completed responses to questions from prospective bidders for drilling/re-entry tender.
- Delivered recommendations for staffing of contract management positions for SGDP drilling/re-entry programs to DG Jumriany.
- Conducted analysis of projected Sheberghan operations and trips in order to submit an accurate budget forecast to assist in assembling the SGGA option period budget submittal.
- Completed first outline of the terms of reference for combined gas gathering system and gas processing plant.
- Introduced new mid-stream expert to MoMP counterparts and began establishing working relationships.
- Completed application, Dari version, to NEPA for certificate of environmental compliance.
- Review and update of status of legal and donor requirements for execution of drilling/re-entry contract completed and sent to Ministry of Mines and Petroleum.

## 1.2 Meetings

- 19 May 13, Met with newly appointed MoMP Technical Director Khosti and discussed SGGA's proposed on-site field representative strategy, specifically how to select the best candidates for formal training.
- 20 May 13, Met with DG Jumriany to catch him up on numerous issues such as the gas market evaluation report, status of tenders, and on required steps to properly prepare and train an on-site field representative. Weis Sherdel was introduced as the apparent SGDP Project Manager replacing Eng. Zamir.
- 21 May 13, Met with new MoMP counterpart, Weis Sherdel, to introduce mid-stream engineer Salmon Taghizadeh.
- 22 May 13, Met with ARDS to introduce Weis Sherdel and discuss his concerns about industry contact regarding tender.
- 27 May 13, Met with Weis Sherdel and staff for training and discussion on tender bid opening.
- 29 May 13, Bid opening for re-tendered drilling and re-entry contract.
- 29 May 13, Sheberghan Working Group VTC.

## 1.3 Challenges

- The new MoMP liaison, Weis Sherdel, has been appointed by the Minister as replacing Eng. Zamir, Project Manager. Weis has informally advised that even though his title is "Director for the Sheberghan Gas Development Project", the role is limited from tendering of contracts to contract execution. This is the Policy and Promotion department's responsibility, not under Jalil's jurisdiction.
- Determining exact scope of authority of new MoMP liaison, and working out mutually acceptable new communications channels with Ministry personnel. To ensure continuity this matter it is recommended to address this matter in USAID/SGGA/MoMP meeting with both Jalil and Weis attending.

## 1.4 Plans for Next Month

- Assist MoMP to complete bid evaluations for drilling/re-entry contract, and conclude contract.
- Coordinate with MoMP to assure that monitoring, reporting, contractor support, and payment procedures are in place prior to commencement of drilling/re-entry contract.

- Assist MoMP to successfully complete application to NEPA for project's certificate of environmental compliance.

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

### 2.1 Achievements / Activities

#### North West (NW) Breshna Assessment:

- Performed analysis on commercial losses existing in Balkh Breshna.
- Completed the draft of a single line diagram of the Balkh Breshna network.
- Performed analysis on the average costs of imported energy and retail prices to customers during 2012 in Balkh province.
- Reviewed the existing billing and cash collection procedures in NW Breshna hubs.
- Worked on the Breshna's assessment plan for Sar-e-Pul and Jowzjan provinces.
- Collected data to calculate the load forecast for the NW provinces.
- Performed analysis of the energy consumption, and access to electricity in Jowzjan, Sar-e-Pul, and Samangan provinces.
- Drafted and revised a Single Line Diagram for the new 220/110/20 kV Substation in Sheberghan as part of the Afghanistan – Turkmenistan Interconnection project.
- Performed calculations of voltage drop, voltage variation and power variation for the Jarquduq Substation.
- Reviewed Jowzjan Province's billing and collection data.
- Reviewed the study cases and data collection portions of the Fichtner Master Plan draft.

#### Capacity Building

- Finalized MEW/DABS capacity development budget estimates through 20 Dec 14.
- Prepared and presented a Power Point presentation to DABS, which explained the scope of work for the power system study for the interconnection and operation from the Sheberghan 200 MW Power Plant to Sheberghan Electrical Island.
- Prepared and shared the presentation on Afghanistan – Turkmenistan interconnection in NW provinces with ADB funded PMO office in DABS.
- Corresponded with an international institute regarding addition trainings to MEW and DABS personnel.
- Compiled training materials for some basic course contents of the proposed capacity building trainings for DABS personnel.

#### Interconnection and Operation of Sheberghan 200 MW Power Plant Study

- Exchanged correspondences with Siemens PTI regarding:
- Operational study cases (scenarios) to be analyzed.
- Objectives and content of the training courses for MEW and DABS personnel

#### Others

- Investigated the suppliers, characteristics, installation, and use of Automatic Weather Stations for the Jarquduq Substation.
- Calculated water consumption for cooling the generation units/engines.

### 2.2 Meetings

- 7 May 13, Conference call with Siemens and ironed out the SoW for the Interconnection and Operation of Sheberghan 200 MW Power Plant Study.
- 11 May 13, Met with DABS to discuss the scope of the Interconnection and Operation of Sheberghan 200 MW Power Plant Study.

- 16 May 13, Met with MEW's energy policy interface, Randal Nottingham, discussed the likelihood of having access to the Afghan Energy Information Center's (AEIC) information, that is being dismantled.
- 18 May 13, Met with the General Manager of Kabul Electricity Directorate to facilitate access to substations and data in Kabul.
- 20 & 21 May 13, Extended meetings with the Acting Head of Engineering & the Planning department of PMO; discussed the allocation of land for a new 220/110/0kV substation in Sheberghan, the scope of the Turkmenistan – Afghanistan interconnection project, and its funding as other projects could also be funded by ADB.
- 28 May 13, Weekly Power Team meeting to discuss the Load Flow Studies for NW provinces.

## 2.3 Challenges

- None.

## 2.4 Plans for Next Month

- Visit substations in Kabul connected to NEPS to collect technical data and operational procedures to prepare materials for training courses.
- Visit Sheberghan Breshna for Commercial and Operational assessment and also to Sar-e-Pul Breshna depending on security conditions.
- Produce final draft of Mazar Breshna's Assessment Report.
- Finalize the SoW with Siemens for them to present the technical and commercial proposal for the Interconnection and Operation of Sheberghan 200 MW Power Plant Study.

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

## 3.1 Achievements / Activities

- Continued exploring options for technical and non-technical capacity building classes by specialized third parties for MoMP and DABS to develop a detailed schedule and budget.
- Completed draft of contract deliverable 1-11, Six-Month Capacity Development Evaluation Report; edited and made final submission on schedule.
- Projected future training costs for capacity development program through the complete option period in order to assist in finalizing a budget for submission to USAID.
- Received the participant list for the next economic training in Sheberghan.
- Coordinated selection of the final list of people to be trained for the on/site Field Representative positions among OGS and AGE.
- Prepared draft National Action Plan for Women in Afghanistan (NAPWA) presentation for MoMP.

## 3.2 Meetings

- 20 May 13, Met with MoMP Technical Director, Mr. Khosti regarding the OFR training.
- 26 May 13, Met with Dr. Qutbuddin, President of Oil and Gas Survey to discuss the list of participants in the training for the On-site Field Representatives.
- 26 May 13, Met with Mr. Sali Mohammad, president of Afghan Gas Enterprise to discuss the list of participants in the training for the On-site Field Representatives.
- 26 May 13, Met with Mr. Ebadullah, Chancellor of Jowzjan University to discuss possible joint work regarding the Capacity Building in the future, regarding the Upstream and Downstream sectors.

### 3.3 Challenges

- Foreign training companies are resisting travel to Afghanistan due to the perceived increase in violence.

### 3.4 Plans for Next Month

- Plan the Natural Gas Economics courses in Sheberghan for Afghan Gas Enterprise and Oil and Gas Survey employees.
- Finalize and deliver the NAPWA training for MoMP employees.

## 4 RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM

### 4.1 Achievements Activities

- Evaluated options for a more detailed Gantt chart for Deliverables and Reports tracking.
- Assisted in consolidating and finalizing the option period budget to ensure all workstreams' future budgets were integrated into a cohesive submittal.
- Prepared notifications to the first and second choice local legal advisors regarding the selection and vetting process.

### 4.2 Meetings

- None.

### 4.3 Challenges

- None.

### 4.4 Plans for Next Month

- Complete the selection, vetting process, and sub-contracting for the local legal advisors.
- Address concerns of OPIC and the IPS regarding the preliminary economic model and discussion involving the appropriate IRR.

## 5 PROCUREMENT WORKSTREAM

### 5.1 Achievements / Activities

- Researched tender-related questions from industry received during the pre-bid conference.
- Completed the shortlisting evaluation report for MoMP to submit to ARDS, selecting six firms to compete for the professional engineering services contract. ARDS approved and document was sent to the Minister for signature.
- Updated petroleum engineering services tender (notably Bid Data Sheet and Special Contract Conditions) with new comments from ARDS; draft ready for ARDS.
- Wrote proposed Minister's letter to forward newest tender to ARDS for release.
- Developed a submission template for seeking request for consent to subcontract authority with Siemens.
- Prepared first draft of deliverable 2-3, Report on receipt and Evaluation of Bids and Award of Drilling Contract. Further additions will be made following bid opening and bid evaluation completion.
- Reviewed and final edited deliverable 11-1, Six-Month Capacity Development Evaluation Report, prior to submittal to USAID on 14 May 13.
- Completed accumulation of research and responses to on-budget committee questions about the MoMP Human Resources Manual; submitted to USAID.

- Developed a fifteen step orientation schedule for the MoMP's 7th SGDP liaison; prepared training materials and continuity materials spanning the entire project.
- Provided two sessions of orientation/training to Weis Sherdel.
- Wrote draft MoMP response to second Jaguar unsuccessful letter, in case MoMP determines to respond.
- Drafted four new letters containing information that the new MoMP liaison intends to send directly to industry concerning the drilling tender.
- Developed a comprehensive bid evaluation checklist for the MoMP Bid Evaluation Committee to utilize in examining SGDP drilling tender bids; prepared binders full of tender and evaluation materials for bid evaluation committee members to utilize during their bid evaluation next week.
- Researched and answered approximately 15 questions from MoMP concerning the Afghan procurement law and guiding procedures.
- Attended SGDP drilling tender bid opening and prepared results for interested parties.
  - Process Manufacturing Company - \$ (financial information omitted).
  - Turkish Petroleum – \$ (financial information omitted).
  - Kingdom Technologies Worldwide - \$ (financial information omitted).
  - JV of Adidya International & Al Musawer - \$ (financial information omitted)
- Completed 5 Weekly Reports.
- Completed Monthly Report.

## 5.2 Meetings

- 1 May 13, Met with Eng. Zamir on the result of the shortlisting committee.
- 4 May 13, Met with USAID for weekly meeting. Discussed pre-bid conference results, prepped for forthcoming three-party meeting, and discussed the potential problems from a possible future refinery being located near our projected project facilities.
- 6 May 13, Met with MoMP and USAID for May three-party meeting. Discussed numerous open issues with DG Jumriany, in particular the inability to provide his new gas development department staffing through SGGA and need for future Implementation Letters.
- 7 May 13, Met with ARDS to review our draft shortlisting evaluation report for the petroleum engineering services.
- 8 May 13, Delivered another bidder's conference package to Eng. Zamir for a new interested company that has emerged.
- 11 May 13, Met with USAID for weekly meeting. Discussed SGGA providing assistance to MIDAS program such as lessons learned; reviewed our budget submittal for the option period and weekly report.
- 12 May 13, Met with Eng. Zamir to discuss latest status of Minister approval of shortlisting report.
- 18 May 13, Met with USAID for Weekly Meeting and primarily discussed recent deliverable submissions such as capacity development and gas market evaluation report; briefed the latest on the tenders.
- 19 May 13, Met with MoMP Technical Director Khosti and discussed SGGA's proposed on-site field representative strategy, notably how to select the best candidates for formal training.
- 20 May 13, Met with DG Jumriany to catch him up on numerous issues such as the gas market evaluation report, status of tenders, and on required steps to properly prepare and train an on-site field representative.
- 21 May 13, Met with Weis Sherdel for the first of approximately 15 formal orientation sessions.
- 22 May 13, Met with ARDS to introduce Weis Sherdel and discuss some of his contact with industry concerns and to allow him to get a second opinion after not accepting the SGGA

procurement specialist's advice; conducted bid evaluation committee training with him to prepare him for next week's bid opening.

- 25 May 13, Met with USAID for Weekly Meeting and discussed orientation of new MoMP liaison and preparations for bid opening and Sheberghan Working Group.
- 27 May 13, Met with Weis Sherdel and provided two additional hours of bid evaluation training; he asked SGGA to prepare a detailed bid evaluation checklist.
- 29 May 13, Attended bid opening at ARDS and recorded results.
- 29 May 13, Attended and briefed bid opening results to Sheberghan Working Group.

### 5.3 Challenges

- Frequent changing of MoMP Project Manager (Weis is the 7<sup>th</sup> in the past year) necessitates substantial time commitments for orientation.
- Providing monitoring and guidance to MoMP during their drilling tender bid evaluation, without getting directly involved with the bids.

### 5.4 Plans for Next Month

- Assist MoMP in writing Bid Evaluation report for drilling tender.
- Complete USAID deliverable 2-3, Report on receipt and evaluation of bids and award of drilling contract.

## 6 GAS MARKET WORKSTREAM

### 6.1 Achievements / Activities

- Reviewed the initial economic perspective of the final Feasibility Report including parameters such as consumption levels and coal prices for industrial customers and CNG pricing that establish natural gas price ceilings.
- Supported the completion and timely submitted contract deliverable 3-2, Final Feasibility Report on Industrial Development and Natural Gas Market Development in Afghanistan.
- Researched value and possible arrangements for a study tour to Pakistan and India on Gas-to-Power pricing.
- Prepared and presented summaries of the Final Feasibility Report on Natural Gas to the Working Group meeting in May 29<sup>th</sup>. 2013.

### 6.2 Meetings

- 18 May 13, Final Feasibility Report presentation on Natural Gas with USAID.
- 20 May 13, Final Feasibility Report presentation on Natural Gas with MoMP DG Jurnriany and Weis Sherdel.

### 6.3 Challenges

- The accuracy and consistency of the official energy information is questionable.

### 6.4 Plans for Next Month

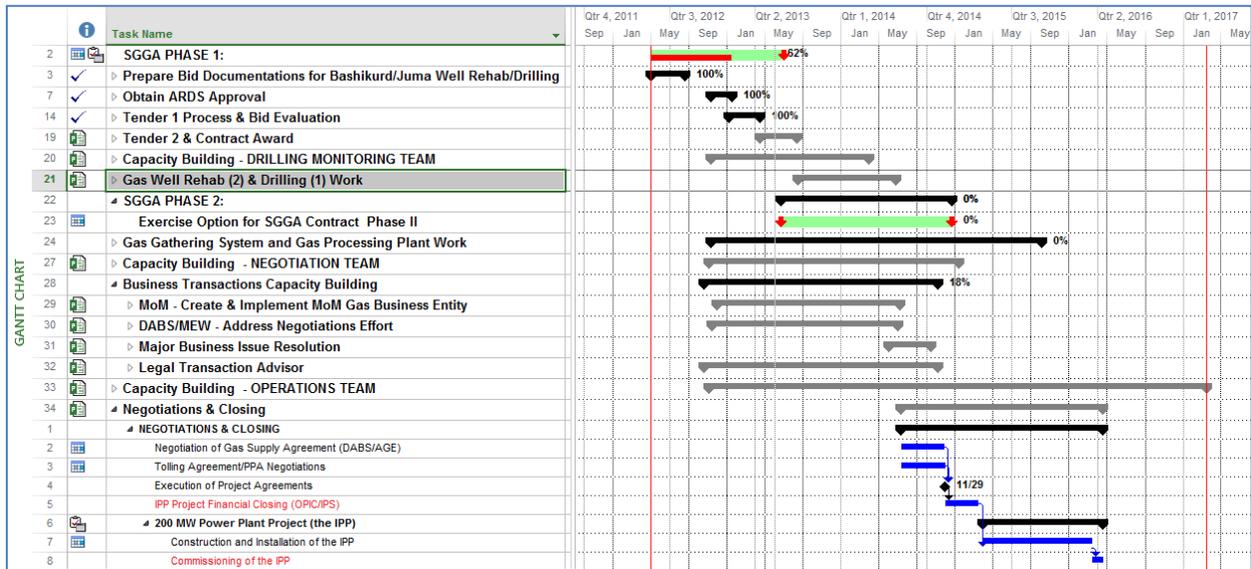
- Work with MoMP staff to analyze the main findings in the Feasibility Report, especially the CNG section.

## 7 SECURITY

- APPF Contract was signed on April 30, 2013 and submitted for vetting as well as USAID approval.
- Movement restrictions were imposed on AEAI on May 24, 2013 during a complex attack on IOM Guesthouse, while partial restrictions were imposed on several occasions near Kabul University and Iranian Embassy areas due to demonstrations.
- AEAI support team travelled to Sheberghan from May 25 to May 28, 2013 to provide training to AEAI Sheberghan personnel on using an advanced GPS to accurately plot the gas collection system and route of the gas pipeline to the Jerquduc processing plant. Several potential guesthouses and vehicle suppliers were identified in Sheberghan and personnel interviewed for potential positions in Sheberghan to support the technical teams who will be visiting the area during the next 18 months from July 1, 2013.

# 8 PROJECT SCHEDULE AS OF JUNE 4, 2013

Note: Revised on June 4, 2013



## 9 PMP Data

SGGA PGI Performance Monitoring Plan Indicators			
<b>Milestones</b>			
<b>Capacity Building - MoMP, DABS, MEW</b>	<b>Prior</b>	<b>Current</b>	
Capacity Assessments	0	0	
Training Courses	0	0	
Evaluations	0	0	
<b>Tenders</b>	<b>Prior</b>	<b>Current</b>	
1. Advertising	3	4	
2. Award	0	0	
3. Mobilization	0	0	
4. Activity work	0	0	
5. Completion	0	0	
<b>Indicators</b>			
<b>Capacity Building - MoMP, DABS, MEW</b>	<b>Prior M/F</b>	<b>Current M/F</b>	<b>Indicator Code</b>
# of Assessed people	200/10	200/10	I1/I2
# of Afghan prof. trained – "F" indicator	0/0	56/13	I3/I4
# of Afghan prof. evaluated	0/0	0/0	I5/I6
<i>M = Male F = Female</i>			
<b>Tenders</b>	<b>Prior</b>	<b>Current</b>	
# of Rehab. & Drilled Wells	0	0	I7
# of Gas Plants constructed	0	0	I8
Prof. Engineers for Drilling hired	0	0	I9
Prof. Engineer Proc. Plant hired	0	0	I10