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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

### **SGGA Quarterly Report**

(Section F, Paragraph B (3))

**July 1 – September 30, 2013**

Prepared by:

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

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## Acronyms and Abbreviations

AISA	Afghanistan Investment Support Agency
APA	Afghanistan Petroleum Authority
ARDS	Afghanistan Reconstruction Development Service
CAREC	Central Asia Regional Economic Cooperation Program
CEO	Chief Executive Officer
DABS	Da Breshna Afghanistan Sherkat
EWI	East West Institute
MEW	Ministry of Energy and Water
MW	Megawatt
MoMP	Ministry of Mines and Petroleum
NEPA	National Environmental Protection Agency
OPIC	Overseas Private Investment Corporation
SAARC	South Asian Association for Regional Cooperation
SGGA	Sheberghan Gas Generation Activity
SGDP	Sheberghan Gas Development Project
TFBSO	Task Force for Business and Stability Operations
USAID	United States Agency for International Development

## 1. MoMP Procurement Technical Assistance (Objective 2)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p><b>Drilling Tender Progress.</b> a) The Drilling tender was approved by Special Procurement Commission on 17 Sep 13 and sent to Afghanistan Reconstruction Development Services (ARDS) for further processing.</p> <p>b) ARDS has cleared the tender and informed MoMP that award notice letters and public notice should be issued by the Ministry</p>	<p>Following the unexpected departure of Weis Sherdel, continuing uncertainty about which MoMP counterpart will support SGGA in coordinating SGDP activities. Preliminarily, Enayatullah Momand has been appointed, but he has indicated that his appointment may be temporary.</p>	<p>Requested DG Jalil Jumriany to assign a long term project manager for SGDP activities.</p>
<p><b>Afghan National Environmental Protection Agency Approvals for Re-entry/Drilling Operations.</b></p>	<p>MoMP did not promptly forward NEPA comments on the application for a Certificate of Compliance.</p>	<p>NEPA comments on the application have now been received, translated, and responses are being prepared.</p>
<p><b>Petroleum Engineering Services Tender Progress.</b> a) Completed petroleum engineering services proposal evaluation training materials, including a checklist, and score sheet, and report template; forwarded to MoMP Proposal Evaluation Committee.</p> <p>b) Developed Continuance Justification Letter for MoMP Minister to sign requesting SPC permission to proceed with evaluation despite receiving only one proposal.</p>	<p>1) Awaiting approval from the SPC to move to award without the normally required three bidders. Approval is taking longer than expected due to SPC backlog.</p> <p>2) MoMP proposal evaluation committee was reluctant to conduct the evaluation prior to SPC approval.</p>	<p>1) Minister Shahrani has requested, directly to the SPC, that the approval be moved forward on their agenda.</p> <p>2) ARDS requested MoMP proposal evaluation committee evaluate proposal without waiting on SPC approval. Evaluation has begun and will continue into the next reporting period.</p>

## 2. DABS Technical Assistance (Objective 1)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p><b>Technical Assistance</b></p> <p>a) SGGA requested proposals from Siemens to conduct a power study on the interconnection and operation of the proposed Sheberghan power plant.</p> <p>b) Provided recommendations to DABS CEO, Mr. Abdul Razique Samadi, for his presentations at the following international seminars: CAREC, SAARC and EWI.</p>	<p>1) DABS is not collecting system data (load/energy balance, pre- and post-system faults data, and protection relays actuation, among other information).</p> <p>2) DABS is not performing analysis on post-contingency, short term load forecast, generation schedule, etc.</p> <p>3) None of the DABS assistance programs from other donors are considering purchasing software for power system simulation.</p>	<p>1) SGGA is trying to contract regional institutes to conduct training courses to build DABS' capacity to gather and analyze required data.</p> <p>2) Provide training courses on how to perform analysis on post-contingency, short term load forecast, generation schedule, etc.</p> <p>3) SGGA advised that MEW transfer its Power System Simulator for Engineering licenses to DABS. SGGA is currently investigating if the licenses are still valid.</p>
<p><b>DABS Mazar-e-Sharif Assessment for Operations Department.</b></p>	<p>DABS's planning and design for expanding the network are not being completed in conformance with good engineering practices.</p>	<p>SGGA plans to provide training on medium voltage design and planning including load forecasting.</p>
<p><b>DABS Mazar-e-Sharif Assessment for Commercial Department.</b></p>	<p>After completing billing data collection, SGGA found several variances between the Breshna Mazar's data and DABS's headquarters data. For example, the headquarters office reports 120,000 customers in the northwestern area, but Breshna Mazar reports only 103,000. Variances also exist in revenue collection and other items.</p>	<p>SGGA will meet with Khwaja Masood, head of corporate planning for DABS to go through all of the data and obtain clarifications.</p>

### 3. Capacity Development (Objectives 1 & 5)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p><b>MoMP Capacity Development.</b></p> <p>a) Corresponded with TFBSO regarding the gas processing trainings that they are planning for their amine plant and compressor stations. Once TFBSO finalizes their plans, SGGA plans to send trainees to observe their training.</p> <p>b) Solicited proposals from 4 qualified training companies for the On-site Field Representative training.</p> <p>c) Began translating drilling terminology and background information from English to Dari.</p> <p>d) Drafted a master schedule for capacity building courses for the remainder of the option period.</p>	<p>1) The initial training organizations that SGGA contacted to conduct the On-site Field Representative, OFR, training were un-responsive to SGGA's attempts to process the subcontract.</p> <p>2) 100% of the training organizations with capabilities required to deliver trainings specific to the gas industry are not from Afghanistan. SGGA submitted the 2 most competitive vendors to USAID for vetting, but the Vetting Support Unit replied that either business licenses in Afghanistan, or an official release, or reference to an AISA regulation is required to allow vetting to finish.</p>	<p>1) SGGA identified an alternative training provider that has the willingness to contract, comparable technical quality, and willingness to come to Afghanistan to conduct the training.</p> <p>2) SGGA is working with the preferred training provider, Gulf Reservoir Modeling Ltd, to obtain a business license in Afghanistan.</p>
<p><b>DABS/MEW Capacity Development.</b></p> <p>a) Completed a statement of work and requested a proposal from Siemens to provide a power system simulator training.</p> <p>b) Designed the capacity building objectives and topics for DABS in relation to the addition of 200 MW to the electricity grid in the northwest provinces.</p>	<p>1) Siemens has delayed submitting the second portion of its technical proposal.</p> <p>2) In a separate contract funded by USAID, DABS has a statement of work entitled "Commercialization for Transmission and Generation," which has a capacity building component for the National Load Control Center and for the operation and maintenance of transmission facilities. SGGA must be careful to not duplicate efforts with those that will be provided under this new program.</p>	<p>1) SGGA provided information as requested to Siemens to support their proposal development; agreed on a September 30<sup>th</sup> deadline for proposal submission.</p> <p>2) SGGA will coordinate capacity building efforts with the company who wins the DABS on-budget commercialization statement of work.</p>

#### 4. Policy Support (Objectives 3 & 4)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<b>MEW/DABS review of ADB's Power Sector Master Plan done by Fichtner.</b>	If the interconnection with Turkmenistan is completed as included in the Fichtner plan, Turkmen power could supply much of the northwest load center, which would compete with the planned 200 MW Sheberghan power plant.	SGGA recommended to DABS that it negotiate expedited synchronization to Kabul with interconnecting countries. DABS initial discussion with Turkmen power indicated that synchronization was feasible.

#### 5. Transactions Involving Sale of Gas and Purchase of Power (Objective 5)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<b>Legal Transaction Advisors.</b>	Due to a large back-log of filings at the Ministry of Finance, its review of SGGA's preferred local law firm has not been completed. The local law firm's renewal of AISA license requires receipt of a Tax Clearance Certificate from the Ministry of Finance.	Follow-up on the AISA license renewal needed for USAID vetting.
<b>Sale of Gas / Purchase of Power.</b>	Difficulty in getting the time and focus of the MoMP staff to review the economic model to facilitate the gas sales negotiation preparation.	Working to identify the staff in the new Afghan Petroleum Authority to train for gas sales negotiation preparation.

#### 6. Infrastructure Activities (Objective 2)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<b>Gas Gathering System.</b> Completed preliminary system routing and equipment siting. Preliminary design criteria identified.	None	None
<b>Gas Processing Plant.</b> Preliminary assessment of gas plant capacity completed taking into account sources of gas other than from the Juma-Bashikurd Field that might be available for commercial processing by Afghan Gas or its successor entity.	None	None

## 7. Deliverables Submitted This Period (Section F)

Objective 1: Technical Assistance, Training, and Capacity Enhancement		
No.	Description	Date Submitted
1	Revised Annual Work and Staffing Plan	5 July 2013
2	MoMP SGDP/IL Advice and Support Action Plan with Schedule	5 July 2013
4	Joint Report on Capability and Needs Assessment of MoMP	11 July 2013