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MONTHLY REPORT-III JAN-FEB 2011

REPAIR & REHABILITATION OF GUDDU THERMAL POWER STATION CENTRAL POWER GENERATION COMPANY LIMITED (CPGCL) GENCO-II

February 2011

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GUDDU THERMAL POWER STATION

CENTRAL POWER GENERATION COMPANY LIMITED

(CPGCL) GENCO-II

Contract No: AID-EPP-I-00-03-00004

Order No: 08

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I. SUMMARY

The report presents progress on the repair and rehabilitation of CPGCL for the months of Jan-Feb 2011. General Electric Energy submitted the proposal for the uprate of Block-I Combined Cycle Plant (CCP) of 600MW on Nov 01, 2010 which will be financed under USAID FARA. The total cost quoted by GE is ~ US\$ 27m and currently CPGCL is in the process of evaluating and negotiating the proposal with GE. It is anticipated that a Purchase Order will be placed by the end of Dec. which will allow GE to finish the work by Nov 30, 2011.

The start of up-rating and upgrading project activities for Block-I of 600 MW CCP was initially scheduled from 1st July, 2010 since then it was anticipated that the GE Energy will finish all their activities on a similar project of up-rating and upgrading on Block-II, including performance test. However, completion of the on-going project on block-II has been significantly delayed for which CPGCL authorities are not very content with GE's progress. Hence CPGCL might consider others vendors/suppliers for the uprate and upgrade of Block-I apart from GE.

2. KEY MEETINGS

AEAI's Senior Energy Expert (Mr. Ghulam Abbas) has constantly been in close communication with CPGCL and GE to monitor and support the repair and rehabilitation program under the FARA. A meeting was held on Nov 13, 2010 at AEAI's office with the GE Country Executive to further discuss the proposal submitted by GE.

3. PROGRESS ON MONITORING AND SUPPORT

Lot no.	Description of Work	COMPLETION DATES				Remarks
		FARA	CPGCL Scheduled	Last Month	Current Month	
1	Supply of Spares / Equipment required for reliability assurance (up-rating and upgrading) including GT control modification with MK VIe Control System and up-gradation of Excitation System with EX2100 for GT- 7&8	Sept 30, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Presently CPGCL and General Electric are negotiating the price of the turn-key rehabilitation contract that provides for completion of the rehabilitation work and placement of the plant back in service by December 31, 2011, provided both parties reach an agreement and a purchase order is placed in March 2011.
2	Replacement of existing DCS with new Mk VIe Single Platform DCS on Turn-Key basis	Sept 30, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Same as above
3	Supply of 1 st & 2 nd stage up-rated buckets and nozzles for GT- 7&8	Aug 15, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Same as above
4	Rehabilitation of HRSGs, Replacement of Modified Bypass Dampers, all existing expansion joints of HRSGs and Replacement of Economizer tubes and bends of HRSG	Sept 30, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Same as above
5	Rehabilitation / Replacement of Evaporative Coolers parts and Cooling Media of GT- 7&8	Aug 15, 2011	Aug 15, 2011	30-Nov 2011	31-Dec 2011	Same as above
6	Inspection, testing and repair of Generators of GT-7, GT-8, ST-5 along with supply of essential spares like one set of complete Generator winding, rewinding material and testing kits etc.	Sept 30, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Same as above
7	Control Cables, Monitoring Instruments, Motorized and pneumatic Actuators and Turbine Supervisory Instruments / Equipment	Aug 15, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	Same as above
8	Service Charges for overhauling of turbines and replacement of controls including cost of additional services	Sept 30, 2011	Sept 30, 2011	30-Nov 2011	31-Dec 2011	

4. CRITICAL ISSUES AND USAID/AEAI SUPPORT REQUIRED

Item no.	Critical Issues	Status/Mitigation Strategy	USAID/AEAI Support
1	CPGCL to place a Purchase Order with GE (OEM)	Offer from GE has been received which is being evaluated by Plant Management.	AEAI will support CPGCL in early negotiations on cost of equipment, scope of work and services.
2	Appointment of Procurement Specialist	Vacancy advertised in newspapers and applications are collected.	To follow-up with CEO for a prompt action.
3	Exemption from Duties on equipment procured under the FARA	CPGCL is pursuing Federal Board of Revenue for acquiring approval.	AEAI has provided CPGCL with requisite copy of the Assistance Agreement referred to in the FARA which explains the terms for exemption and will be used as the basis for exemption.

5. ACTION ITEMS FOR NEXT MONTH

- ✓ Jointly review with CPGCL, the offer from GE and its contractor and also compare with FARA cost estimates and delivery schedules.
- ✓ Support CPGCL in finalizing the recruitment of Procurement Specialist.
- ✓ Provide support in conducting a credible baseline audit of CPGCL units to determine benchmark capacity and efficiency (heat rates) which would be utilized for comparison against operational improvements achieved when USAID's rehab assistance is completed.
- ✓ Follow-up on exemption from custom duties on procurement of equipment under FARA.

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