

28/02/2019

To:
Bidders in International Public Tender for
the Manufacture and Supply of High Pressure
Natural Gas Pipes
(INGL/TENDER/2019/06)

Contract & Procurement
Department
e-mail: c-tender@ingl.co.il
Ref: 394814

Via: e-mail and INGL Website

**Re: Clarification & Amendment no. 2 -
International Public Tender for the Manufacture and Supply of High Pressure Natural Gas
Pipes (INGL/TENDER/2019/06)**

1. **General**

- 1.1. All capitalized terms not expressly defined herein shall have the meaning attributed to them in the Tender Documents.
- 1.2. The clarifications and amendments appearing below replace and supersede all prior correspondence, whether written or oral, and shall constitute the sole binding document with respect to the subject matter hereof and an integral part of the Tender Documents.
- 1.3. Except where expressly stated herein, nothing in this clarification and amendment letter shall be construed to derogate from the Tender Documents.
- 1.4. **Bidders are requested to send a confirmed signed copy of this Clarification no. 2 immediately upon its receipt and to submit it signed as integral part of their Bid.**

Q – Question, **A** – Answer

ITB – the instruction Submit Bids (doc. no. 394233)

Contract - the Contract for the Manufacture & Supply of Pipes (doc. no. 394290)

2. **Clarifications**

[see next page]

#		DOCUMENT SECTION	CLARIFICATION
1	Q	ITB, Clause 6	We kindly ask you to extend the period for the receipt of the bank comments to the draft of the Tender Bond (if any) until 1/3/2019.
	A		Confirmed.
2	Q	ITB, Clause 6	We kindly request to extend the last date for submission of Clarifications until 1/3/2019 and the Last Submission Deadline of the Bids to 28/3/2019.
	A		<p>Not Confirmed.</p> <p>Extension has already been given in Clarification & Amendment no.1. Unfortunately due to the Company's needs we are unable to grant additional extensions.</p>
3	Q	ITB, Clause 6	<p>Please clarify what do you mean with clarifications. Are clarifications only requests to the tender-process or also comments to the contract?</p> <p>Do we have to send all our Comments / Deviations to the Contract till 26/02/2019 to INGL or shall we submit our Deviation together with our Qualification / Bid?</p>
	A		All clarifications and requests for amendments in the Tender Documents including the Contract must have been sent within the time frame for clarifications stipulated in the Tender, before submission of the Bids. Deviations and clarifications not confirmed in writing by the Company are not allowed to be submitted within the Bid (including the Quotation). Any Deviation not confirmed by the Company in writing before the submission of the Bids may cause to the disqualification of the Bid.

#	DOCUMENT SECTION	CLARIFICATION
4	Q ITB, Clause 1.4, Spec. EEN- EPI-SPC- 002, Pipe Category B	<p>According to the ITB Clause 1.4, Pipe category B includes 18" – 30" and HFI however the Company's specification limits HFW to DN500 (20").</p> <p>We would like to request the extension of the OD limit up to 26" for ERW/HFI.</p>
	A	<p>Currently the Company Specification EEN-EPI-SPC-002 limits the manufacturing of the Pipes to DN500 (20 inch diameter). In the future, the Company may allow manufacturing of HFW Pipes in larger diameters subject to amending this specification and subject to the Supplier (the Bidder) providing relevant documents proving its actual capabilities and experience for such diameters.</p> <p>Please note that currently, manufacturing of HFW / HFI / ERW Pipes in Category B (18" and up to 30") is limited up to DN500 (20 inch diameter) only.</p>
5	Q ITB, Clauses 1.2, 11.3, 11.4	Can we participate in the Tender as main bidder along with local pipe maker?
	A	<p>No. Please note that the Bidder itself has to meet all the Threshold Requirements of the Tender as being the manufacturer of the Pipes. Nevertheless, for the purposes of compliance with any of the Threshold requirements regarding Qualifications & Capabilities in clause 11.3 of the ITB and Professional Experience in Clause 11.4 of the ITB, a Bidder may rely upon the qualifications, capabilities and the experience, as applicable, of a subsidiary company as provided in clauses 11.3.6 and 11.4.5 of the ITB.</p> <p>Please also note to the Structure of the Bidder as provided in clause 11.2 of the ITB.</p>

#		DOCUMENT SECTION	CLARIFICATION
6	Q	ITB, Clause 11.3.2	For Dutch NEN 3650 standard, there are different parts. Please clarify, which NEN 3650 standard's parts should Bidder show its full compliance.
	A		The Bidder shall be In full compliance with NEN 3650-1 and NEN 3650-2 Dutch standards.
7	Q	ITB, Clause 11.3.2, Annex A7	Will you accept qualification with API and ISO, but without the NEN 3650 dutch?
	A		The NEN 3650 Dutch standard does not have a formal qualification certificate such as the API 5L. Thus, the Bidder must be in full compliance with the NEN 3650 Dutch standard and shall have to declare in its Bid that it is in full compliance with the NEN 3650 Dutch standard according to Clause 11.3.2 of the Tender by Annex A7 of the ITB. Manufacturing of the Pipes shall be accordingly.
8	Q	ITB, Clause 11.3.4	According to the law in our country, the coating facility can't be in-house facility in the pipe maker, therefore, can we qualify both coating and pipe making under us as main bidder?
	A		No. The Bidder should operate an in-house coating facility for the pipes manufactured, which is located at the Bidder's mill premises as provided in clause 11.3.4 of the ITB.
9	Q	ITB, Clause 11.4.4	We understand mills in an OECD member country can be qualified. Are we also required to present the required projects from high income OECD member countries?
	A		In order to comply with Clause 11.4 of the ITB one or more of the options in clause 11.4.4 of the ITB should be met. i.e. the pipes were either: (a) manufactured at Bidder's plant located in a current OECD member country or, (b) supplied (directly or indirectly) for the use in a natural gas transmission system or project located in a current high income OECD

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		member country. However please note that varied relevant experience for option (b) above shall be considered as part of the quality evaluation.
10	Q ITB, Clauses 11.5.4, 11.5.5	<p>The present formula in Clauses 11.5.4 and 11.5.5 to the ITB does not reflect the real financial stability of the Bidder. Please adjust the formula to one of the following:</p> <p>a) apply an additional option for the "Weighted Average" of yearly cash flow from operating activities for 3 years 2014 – 2016 (on top of the 2015 – 2017) or,</p> <p>b) apply an additional option for the Average yearly cash flow from operating activities for 4 years 2014 – 2017 (on top of the other options).</p>
	A	Not confirmed. Application to qualify as an Approved Supplier may be submitted after the Tender once the Bidder is meeting all the Tender's requirements and shall be handled in accordance with Company's procedures.
11	Q ITB, Clause 11.5.6	Is it sufficient to submit a Parent Company Guarantee by our direct Parent Company or must it be issued by the ultimate Parent Company?
	A	The Bidder's direct Parent Company shall issue the Parent Company Guarantee, if applicable.
12	Q ITB, Clause 12.1.2	The Tender Bond is requested from a bank with BBB- rating. Since the credit rating of Turkey was decreased to BB, the banks rating was decreased accordingly, We request to change the indication "BBB- rating" in Clause 12.1.2 of the ITB to "BB- rating".

#		DOCUMENT SECTION	CLARIFICATION
	A		<p>Not confirmed.</p> <p>Clause 12.1 of the ITB enables to submit the Tender Bond from either one of the following: other foreign banks, an insurance company, a local Israeli bank or an Israeli financial institution, meeting the conditions set forth in one of the two alternatives in that Clause.</p> <p>Please note that a Performance Guarantee from an Approved Financial Entity, meeting the conditions set forth in Clause 1.2 of the Contract, shall be required once a Purchase Order is issued.</p>
13	Q	ITB, Clause 13.1	Envelopes 1, 2 & 3 will be prepared and packed separately. Can we put all the envelopes in one package when submitting them?
	A		Yes. All 3 separate envelopes can be packed in one package. Please note that large packages may be delayed in customs and take it into consideration in your preparations in order to meet the Last Submission Deadline.
14	Q	ITB, Clause 13.2.3	Please confirm, Bidder can submit its shareholder structure under the Bidder's letterhead document?
	A		Confirmed.
15	Q	ITB, Clause 15.3	Can we make our Quotation in USD instead of Euro?
	A		No. The Prices shall be quoted in Euro currency only.

#	DOCUMENT SECTION	CLARIFICATION
16	Q ITB, Clause 18.2, Contract, Annex 5 Clause 1.1, Spec. 394259	In the required documents, no ITP (Inspection Test Plan) is required. Will ITP be required for the Pipes?
	A	ITP is required for the Pipes. An example of existing and approved ITP for high pressure natural gas pipes is required as part of the Bid quality evaluation in Clause 18.2 Category E(4) to the ITB. After issuance of each Purchase Order an ITP shall be submitted by the Supplier (the Successful Bidder) to the Company's review and approval according to Clause 1.1 of Annex 5 to the Contract. The ITP shall be prepared according to the Specification "Minimum Requirements For Quality Plan's (Inspection and Test Plan) For The Manufacture And Supply Of Carbon Steel Line pipe" (doc. no. 394259).
17	Q ITB, Annex A15(1)	The tender provisions stipulate that a foreign supplier is required to enter into a binding undertaking, where it agrees to perform local subcontracting at a value of not less than 20% of the contract value. We have the following questions regarding this requirement: a) If we employ a vessel for transportation of the pipes, that is managed by an Israeli citizen or company, we presume that it will be counted as a work or service performed in Israel. Please confirm. b) For the calculation of the amount of the 20% local subcontracting requirement, will the VAT paid by the supplier to

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			<p>various Israeli companies count towards fulfillment of supplier's obligations towards ICA? Please clarify.</p> <p>c) We kindly request that prospective fulfilment program table of our company is to be defined within the milestones implementation time frame after official purchase order.</p>
	A		<p>Clarifications regarding the Supplier's (the Bidder's) Industrial Cooperation obligations relates to Annexes A15(1) – (2) of the Tender should be directly addressed by the Bidders to the Industrial Cooperation Authority (ICA) at the following contact details:</p> <p>Gil.Efraim@economy.gov.il</p> <p>Tel: +972 3 7347515</p> <p>Please note that issuing of a Purchase Order is subject to the approval of the ICA to the Supplier's Implementation Plan.</p>
18	Q	ITB, Annex A20	<p>In the table of Annex A20 of the Tender Document, minimum wall thickness is stated. On the other hand, the technical specifications for pipe manufacturing give the wall thickness tolerance as $\pm 5\%$ (Paragraph 11.4 of LSAW and HSAW pipe specifications). From the above we understand the following:</p> <p>a) The thickness of the steel purchased by the supplier (the Bidder) shall be in accordance with Annex A20.</p> <p>b) In case there is a local defect on the surface of the pipe which can be repaired by grinding, such area may be grounded to a tolerance of - 5% of the thickness given in Annex A20.</p> <p>Please confirm.</p>
	A		Confirmed.

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19	Q	ITB, Annex A20 - Quotation Price Form, Line Item No: Batch 3 – 48” Casing Pipe	Please confirm that Batch 3 – 48” pipes should be coated externally by Epoxy as per document “IEN-EPI-SPC-003-1 Coating of Casing Pipes by Fusion Bonded Exposy Resin Shop Coating” and Document “EEN-EPI-SPC-018-4 Casings – Clause 8 Coating”
	A		As per the Company's Specification EEN-EPI-SPC-018 – Steel pipes as use for casing, Section 8: Each pipe shall be coated in accordance with DIN 30671 or have equivalent using epoxy resin powder or polyethylene tar, see Doc. No.: EEN-EPI-SPC-012 "Coating of Casing Pipes - Shop Coating".
20	Q	ITB, General	The Pipe's manufacturer does not have an in-house coating facility since the local law forbids it, Tender requires DAP Delivery terms in Israel, Bid & Performance bonds, and undertaking with ICA in Israel, the pipe makers in our country are not able to do that. As a prime Bidder we will act as an umbrella to the whole supply and delivery. Therefore, we kindly ask you to consider changing the terms to allow us to participate.
	A		Not confirmed.
21	Q	ITB, General	Can we qualify more than one pipe maker for the same pipe category?
	A		Yes. Provided that each of the pipe manufacturers is meeting by itself all the Threshold and General requirements of the Tender, as provided in the ITB.

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22	Q ITB, General	Will the Technical Specifications document be given when picked up the tender document?
	A	All Tender Documents, including the Technical Specifications are available to download in the link provided to all Bidders who registered according to the Tender, as well, burned in the CD provided with the hard copy booklet of the Tender Documents. A list of all the Technical Specifications is on Annex 1 to the Contract.
23	Q Contract, Clauses 26.1.5 and 26.2.4	Performance Bond: The reason for a claim under the guarantee are not specified. Please clarify.
	A	Please see Clauses 26.1.5 and 26.2.4 to the Contract.
24	Q Contract, Annexes	Does the Annexes Forms In the Contract (doc. 394290) need to be filled out?
	A	The Contract and all Annexes of the Contract shall be signed by the Bidder and be filled with the full name of the Bidder, as integral part of the bid. No need to any other details to be provided. Additional details, if applicable, shall be provided upon issuance of a Purchase Order.
25	Q Contract, Annex 3	Since Batch 3 – 48” pipes in “Annex A20 – Bill of Quantities” are casing pipes, please clarify how Bidders can apply to add a steel Manufacturer to List of INGL’s Approved Steel Manufacturers. We request like to add Isdemir, Turkey, to your steel manufacturer list for Casing Pipes. Please clarify the procedure.

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	A		<p>The steel manufacturer Isdemir, Turkey, is currently not approved steel manufacturer for Casing pipes (and pipes).</p> <p>However, the steel manufacturer Erdemir (Eregli Demir Ve Celik Fabrikalari), Turkey, is an approved steel manufacturer for Casing pipes only, and shall be added to the list of "INGL's Approved Steel Manufacturers" in Annex 3 of the Contract for the purpose of Casing pipes only. Please see an updated list of Annex 3 to the Contract in Amendment no. 2 below.</p>
26	Q	Contract, Annex 4	<p>We request to expand the list of Approved Certified Inspection Agencies by adding other Certified Inspection Agencies. What kind of qualification information do you require for these agencies?</p> <p>In reference to Annex 4 to the contract, please clarify which criteria the Inspection Agencies has to fulfill to be an approved certified inspection agency.</p>
	A		<p>Only Certified Agencies approved by the sole professional discretion of the Company shall be used.</p> <p>Generally and without obligation to approve a specific agency, such Certified Inspection Agencies (Notified Bodies) should be accredited in the relevant field of expertise by the EU regulations and meets the provisions in Clause 2 of Annex 2 to the Contract.</p>
27	Q	Contract, Annex 5, Clause 2.2	<p>We request the address of the INGL Warehouse where the pipes should be delivered.</p>
	A		<p>Please see Clause 2.2 of Annex 5 to the Contract which specifies the alternatives for the pipe's delivery places. Please note that each of the coordinates in Clauses 2.2.2 & 2.2.4 of Annex 5 to the Contract, include the position in two set of numbers (e.g. 31°45'30.4"N 34°47'18.2"E or 31.758444, 34.788390).</p>

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28	Q	EEN-EPI-SPC-015, Clause 1.3	All material shall comply with the requirements of this specifications and with ANSI/API Specification 5L 44th Edition which in now harmonised with ISO 3183. Last version of API 5L is 46 edition. Is this edition applicable for subject tender and further RFQ's?
	A		API 5L 44th Edition is per INGL Specification. This Specification has not been updated with reference to the 46th edition. Therefore the API 5L 44th edition and/or ISO 3183 shall apply.
29	Q	EEN-EPI-SPC-015 Clause 3.5.6	Please clarify if INGL requests to provide gamma or x-ray thickness measurements of each coils/strips from pipe manufacturers?
	A		<p>This part of the Specification relates to coil manufacturing.</p> <p>Please note that the coil testing of the plates as specified in Section 3.6 of Specification EEN-EPI-SPC-015 has to be repeated by the Supplier (the Approved Supplier) in the pipe mill after arrival. Coil/Strip thickness is not controlled by continuous gamma or x-ray devices. Only AUT is applied to control thickness and laminations in the pipe mill.</p>
30	Q	EEN-EPI-SPC-015, Clause 6.5	This test is required to check the mechanical properties after PE coating which is applied at evaluated temperature. It is kindly asked to replace this test by a test directly applied on specimens removed from a coated pipe. This provide a 100% simulation for the process required to be checked.
	A		Not approved.
31	Q	EEN-EPI-SPC-015, Clause 6.7.4	As it is not the pipe manufacturer's speciality, weldability test shall not be conducted by pipe manufacturer. The weldability shall be evaluated by the chemical and mechanical properties of base metal. Please confirm.

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	A	<p>The Supplier (the Approved Supplier which is the Pipe's Manufacturer) shall submit the Comapny for approval the historical weldability results showing acceptable weldability without the need for preheating or post weld heat treatment. The historical data shall show acceptable weldability on a similar grade and pipe size as used. In case the historical weldability results are not approved by the Company a Weldability test shall be carried out by the Supplier on its own expense as per ISO 3183:2007. The Company shall provide to the Supplier the welding procedure specifications, which the selected installation Contractor is proposing to use for the joining of the pipes. The Supplier shall review these procedures for suitability and shall select one for the weldability test.</p>
32	Q EEN-EPI-SPC-015, Clause 8.1.5	<p>The Operator qualification could be according to ISO 11484 which is accepted by API 5L and/or ASNT TC 1A which is accepted by the Company specification "EEN-EPI-SPC-004-4 General QA requirements" and API 5L. Please confirm.</p>
	A	<p>EN 473 has been withdrawn and replaced by ISO 9712. NDT personnel shall be qualified according to ISO 9712 level 2 or equivalent international standards as a minimum. An examiner qualified to ISO 9712 in all NDT techniques used shall be available.</p>
33	Q EEN-EPI-SPC-015, Clause 9.1.3	<p>The test specimens shall be removed just after pipe length cutting and before further operations as the hydrostatic pressure test (HT). If required, it could be ensured that there is no mechanical property change before and after the HT by a test at the begining of production, Please confirm.</p>
	A	<p>Confirmed. Nevertheless, such confirmation is conditioned by the Company's sole professional discretion to decide that the Supplier (the Approved Supplier) shall conduct on its own expense mechanical tests after the pipes have passed all productions stations.</p>

#		DOCUMENT SECTION	CLARIFICATION
34	Q	EEN-EPI-SPC-015, Clause 11.4	API's thickness tolerance 10% shall be applied for local areas on which grinding operation is applied to remove any surface imperfection. Please confirm.
	A		Not confirmed. the Company's specification requirements shall apply.
35	Q	EEN-EPI-SPC-015, Clause 11.6.2	The pipe length range shall be between 10-13 meters providing that minimum average of 12 meters is guaranteed. Minimum Average 12.2 meters will provide that the predicted joint number will not be exceeded. Please confirm.
	A		The pipe's length approved for the current Batches included in the Tender only , are: <u>Per each Pipe</u> : Minimum 10.0 meters, Maximum 14.0 meters. <u>For all Pipes</u> : a) Minimum Average 12.2 meters, Maximum Average 13.0 meters, and b) Minimum 95% of the Pipes shall be between 12.0 meters – 14.0 meters.
36	Q	EEN-EPI-SPC-015, Table 3	Nb% shall be max 0.07 Mo% shall be max 0.15 These requests are directly proposed by the steel producers listed as Approved Suppliers by the Company. Please confirm.
	A		Confirmed.

3. **Amendments**

3.1. Updated List of the Company's Approved Steel Manufacturers Annex 3 to the Contract, is **Attached**.

3.2. NEN 3650 Standard Edition

Wherever a reference to the NEN 3650 exists in the Specifications, the NEN 3650:2003 edition shall apply and in any contradiction shall supersede other referenced codes and standards.

3.3. Tender Bond

Few Typos in the Tender Bond wording in Annex 18 to the ITB are corrected. The corrected Annex 18 to the ITB is **attached**. The corrections are bolded and underlined for convenience only. **The Tender Bond submitted with the quotations must comply with the wording of the attached amended Annex 18.**

The Bidders are requested to acknowledge receipt of this Amendment and Clarifications No. 2 by returning an executed copy of the attached acknowledgment receipt form.

Sincerely yours,

Israel Natural Gas Lines Company Ltd.

* * * * *

Acknowledgement of Receipt

We, the undersigned, hereby confirm that we received **Clarification & Amendment No. 2** to International Public Tender for the Manufacture and Supply of High Pressure Natural Gas Pipes (INGL/TENDER/2019/06).

.....
Date

.....
Company

.....
Signature

**Annex 3 - List of INGL's Approved Steel Manufacturers
(Updated)**

1. THYSSEN KRUPP – GERMANY
2. SALZGITTER – GERMANY
3. VELLOUREC & MANESSMANN SEAMLESS TUBES (V&M) – FRANCE/GERMANY
4. ARCELORMITTAL FOS-SUR-MER – FRANCE
5. TENERIS – ITALY
6. CORUS – UK
7. VOEST ALPINE – AUSTRIA
8. ARCELOR MITTAL BREMEN- BILGIUM
9. MITSUI – JAPAN
10. JFE – JAPAN
11. POSCO – KOREA
12. USS - USA
13. SMI – USA
14. Erdemir (Eregli Demir Ve Celik Fabrikalari), Turkey – **For Casing Pipes only.**

1. We undertake on behalf of the Supplier to acquire the steel which shall be used by us to manufacture the Pipes from one or more of the **Steel Manufacturer** listed above.
2. The Approved Steel Manufacturer list may be amended from time to time by the Company, at its sole discretion, by adding or omitting Approved Steel Manufacturers.
3. For the purpose of manufacturing the Casing Pipes **only**, the Company may allow in its sole discretion, in advance in writing, to purchase the raw materials from a steel manufacturer which is not included in the above Approved Steel Manufacturer list.
4. The Supplier shall not have any claims for the Company's decision regarding the above matters.

[See next page]

In Witness hereof on behalf of the Supplier:

Name of Supplier	Supplier's authorized representative	Signature & Stamp
	By: Position: Date:	
	By: Position: Date:	

Annex A18 – Form of Tender Bond
Tender No. INGL/TENDER/2018/07
(Envelope 3)

Bank _____

To Israel Natural Gas Lines Company Ltd.

Atidim Tower, Tel-Aviv, Israel

1. By this guarantee (the "Guarantee") we, _____ [Insert name of Bank], having our address at _____ (the "Guarantor"), hereby guarantee to pay you any and all amounts up to the aggregate sum of 50,000 Euro / ₪ 200,000 New Israeli Shekel [insert the applicable amount of **one of the alternatives: Euro or NIS**] (the "Guaranteed Amount") that you may demand from _____, (the "Bidder") in connection with the bid submitted by the Bidder for Tender number INGL/TENDER/2019/06.
2. Upon receipt of a written request from you, we shall, within 7 days of receiving such written request, sent by messenger or registered mail, pay you the full sum that you claimed in such written request up to the Guaranteed Amount, without you having to prove your claim against the Bidder and without you having to claim such amount from the Bidder prior to sending us such written request.
3. This Guarantee is effective as of _____ (insert the Date of issuance) and shall remain valid and in full force and effect until January 31, 2020.
4. Any demand under this Guarantee shall be submitted to the address set forth above during regular working hours.
5. The benefit of this Guarantee may be assigned by **you**.
6. This Guarantee shall be governed in accordance with the Laws of the State of Israel and any proceedings for enforcement shall be brought exclusively before the competent courts of the Tel Aviv district, Israel.

In Witness Whereof, we have caused this Guarantee to be executed by one or more of our officer's thereunto duly authorized on this ____ day of _____, 2019.

[_____] [Insert complete name of Bank]

By: _____

Name: _____

Title: _____