



THE STATE OF ISRAEL

MINISTRY OF FINANCE

MINISTRY OF ENERGY

THE ELECTRICITY AUTHORITY

THROUGH

The Inter-Ministerial Tender Committee for the Construction of Conventional Power Plants

HEREBY INVITES

Entities and joint ventures from the private sector in Israel and abroad, to participate in a pre-qualification process no. 01/2022 regarding a PPP tender for the finance, design, construction, operation, maintenance and transfer to the State of Israel of a dual fuel Conventional Power Plant to be located in Sorek, Israel, with a capacity between 600-900 MW, including an option to extend the capacity in the future, as shall be determined by the Electricity Authority, all as detailed in the Invitation for Pre-Qualification (the "**Project**").

1. The Tender Committee intends to select the private sector entity to execute the Project, through a competitive process with the following stages:
 - (a) Stage 1 - a Pre-Qualification Process; and
 - (b) Stage 2 - a Tender Process in which the Participants announced as "Eligible Participants" in the Pre-Qualification Process will be invited to participate.
2. The Pre-Qualification Requirements include, inter alia, the following cumulative requirements as further detailed in the Invitation for Pre-Qualification:

2.1. Technical Pre-Qualification Requirements

EPC Expert - Each Participant is required to demonstrate that, during the period commencing on January 1, 2005 and ending on the Pre-Qualification Submission Date, (i) the EPC Expert or (ii) an Entity which exercises Control over the EPC Expert, or (iii) an Entity in which the EPC Expert directly holds at least 50% of all the Means of Control or (iv) an Entity which is indirectly

held by the EPC Expert provided that 100% of the Means of Control are Effectively held by the EPC Expert, had Completed, as a Main Contractor under an EPC Contract, at least two (2) power plants which meet the following criteria:

1. at least one is a Combined Cycle Power Plant. The other shall be a natural gas or coal fired plant or nuclear power plant or Combined Cycle Power Plant;
 2. each have a cumulative installed power that appears in the generation license of at least 350 (three hundred and fifty) megawatts (MW); and
 3. each are connected with a single connection of at least 110kV to the Grid.
- All as further elaborated and stipulated within the Invitation.

2.2. **Financial Pre-Qualification Requirements**

The Pre-Qualification Process includes a number of financial threshold conditions, including in the following areas, which will need to be met, as detailed in the Pre-Qualification Documents:

- 2.2.1. Each Member of the Participant who is not a Financial Entity, is required to demonstrate compliance with one of the following Financial Pre-Qualification Requirements' alternatives detailed below.

Alternative A:

- 2.2.1.1. **Average Operating Cash Flow:** each Member of the Participant, who is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative A, meets one of the following requirements:

- 2.2.1.1.1. Average Operating Cash Flow during the last three (3) years, based on its most recent three (3) Financial Statements, is not negative; **or**

- 2.2.1.1.2. The ratio between:

- A. The absolute value of the lesser of: (1) the Average Operation Cash Flow of the Member, for the last three (3) years, based on its most

recent Financial Statements, and (2) the annual operating cash flow of the Member for the year which the Member has published its most recent Financial Statements; **and**

B. The equity of the Member, based on its most recent Financial Statements, deducted by the "Minimal Required Equity" (as defined in section 2.2.1.2 below and in the Pre-Qualification Documents);

is lower than 25%.

2.2.1.2. **Equity:** Each Member, who is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative A, is required to demonstrate equity of at least seven million and four hundred thousand New Israeli Shekels (NIS 7,400,000) for each percent (1%) of the Anticipated Holdings in the entity, based on their most recent Financial Statements ("**Minimal Required Equity**").

Alternative B:

2.2.1.3. **Increased Equity:** Each Member, who is not a Financial Entity and chooses to demonstrate its compliance with the Financial Pre-Qualification Requirements according to Alternative B, is required to demonstrate equity of not less than twenty-two million and two hundred thousand New Israeli Shekels (NIS 22,200,000) for each one percent (1%) of Anticipated Holdings in the Participant, based on its most recent Financial Statements.

2.2.2. **Private Investment Fund:** A Member which is a Private Investment Fund is required to demonstrate that as of the last day of its most recent Financial Statements the amount of Unutilized Commitments under its management is not less than twenty-two million and two hundred thousand New Israeli Shekels (NIS 22,200,000), for each one percent (1%) of its Anticipated Holdings in the Participant.

2.2.3. **Banking Corporations or Institutional Investors:** A Member, which is a Banking Corporation or an Institutional Investor, is required to demonstrate one of the following requirements:

2.2.3.1. Its equity (excluding minimal equity required by Law, to the extent relevant) is not less than eleven million, one hundred thousand New Israeli Shekels (NIS 11,100,000) for each one percent (1%) of Anticipated Holdings in the Participant, based on the Member's most recent audited annual Financial Statement;

or

2.2.3.2. It manages assets with a net worth of not less than one hundred eighty-five million New Israeli Shekels (NIS 185,000,000) for each one percent (1%) of Anticipated Holdings in the Participant, based on the Member's most recent Financial Statement.

2.2.4. **Investment Entity:** Any Member who is an Investment Entity is required to demonstrate equity of not less than twenty-two million, two hundred thousand New Israeli Shekels (NIS 22,200,000), for each one percent (1%) of Anticipated Holdings in the Participant, based on its most recent annual Financial Statements.

2.2.5. **The absence of "going concern notice"** or a notice of similar effect in the Participating Entities most recent audited annual Financial Statement.

3. The term of the agreement shall be determined in the Tender Process Documents and shall include a development phase, construction phase and operation and maintenance phase. The operation and maintenance phase shall not exceed twenty-four (24) years and eleven (11) months

4. **Additional Requirements:**

4.1 For the removal of doubts, it is explicitly clarified that this notice contains general and partial information only, which are subject to and in accordance with the provisions set out in the Pre-Qualification Documents only.

4.2 Additional Pre-Qualification Requirements, conditions and definitions, are provided within the Invitation for Pre-Qualification, including the submittal of approvals required by any Law.

4.3 The Tender Committee reserves the right to change the conditions of the Pre-Qualification Process described, inter alia, above, and any other right reserved to it pursuant to the Invitation or any Law, all in accordance with the provisions of the Invitation for Pre-Qualification.

4.4 Copies of the Invitation for Pre-Qualification and any updates thereto may be downloaded free of charge as from **June 13, 2022** at:

<https://mr.gov.il/ilgstorefront/he/search/?s=TENDER>

It is clarified that any update regarding the procedure and Invitation for Pre-Qualification, including changes in the threshold requirements (if any), will be published on the above website.

Additionally, Participants can receive the documents, free of charge, by submitting an email request to: PPP-Powerplant@inbal.co.il.

4.5 As a pre-condition for submission of Requests for Clarifications or for submission of the Pre-Qualification Submission, the Participant shall pay a Participation Fee in an amount of five thousand New Israeli Shekels (NIS 5,000) (VAT included). Methods of payment are detailed in the Invitation for Pre-Qualification.

4.6 Upon such payment, each purchaser shall be required to update the Coordinator of the Tender Committee, according to the contact details set forth in Section 4.8 below, and provide details about its appointed authorized representative (including address, phone number, fax number and email address). All notices and additional information pertaining to the Pre-Qualification Process will be sent only to the said appointed authorized representative.

4.7 Participants will submit their Pre-Qualification Submissions in one (1) hard original copy as well as five (5) USB storage devices (one (1) copy out of 5 marked in black, to the extent applicable pursuant to the provisions of the Invitation), in separate and signed envelopes, by no later than **October 24, 2022 14:00 PM, local Israel time**, to the Tender Committee's tender box, at the following address:

The Tender Committee
Inbal Insurance Company Ltd.
Inbal House
3 Arava St.
P.O.B 282 Airport City
Ben Gurion Airport 70100

- 4.8 Participants may raise questions and requests for clarifications to the Pre-Qualification Documents ("**Requests for Clarification**"), in writing to Tender Committee's email via Ms. Michal Moshe at: PPP-Powerplant@inbal.co.il; Responses will be distributed in writing to all Participants who have paid a Participation Fee, and provided details of an authorized representative on their behalf, in accordance with the provisions of the Invitation for Pre-Qualification.
- 4.9 This notice contains general and partial information only. Further conditions, requirements and stipulations with respect to the Pre-Qualification Process are as detailed in the Invitation for Pre-Qualification. In the event of contradiction between this notice and the Invitation for Pre-Qualification, the Invitation for Pre-Qualification shall prevail.
- 4.10 The Tender Committee reserves the right to annul or revise the conditions of the Pre-Qualification Process and its schedule, to conduct clarification meetings with the Participants (or any of them) and/or to conduct negotiations with the Participants (or any of them), all in accordance with the provisions of the Invitation for Pre-Qualification.

Respectfully,

Yuval Raz

Chairman of the Tender Committee