

CONTRACTOR'S TECHNICAL PERFORMANCE GUARANTEES

When during testing it is shown that the no load losses exceed the guaranteed level plus tolerances, the Contractor shall pay the IECo liquidated damages as follows:

1. For each transformer unit that the no load losses exceed the guaranteed level plus tolerances, the Contractor shall pay for each kW of no load losses in excess of the declared values, without tolerances, liquidated damages as prescribed hereunder:

1.1. No-load losses - US\$ 5,643

The liquidated damages are a genuine estimate of the direct damages foreseen and are not to be regarded as penalty.

2. For each type of transformer delivered according to this Specification the average tolerances of no-load losses shall not exceed zero. For each one percent which the average tolerance exceeds the guaranteed value the Contractor will pay the IECo a compensation of one percent of the Contract value.

The reference temperature for no load losses considered in the calculation of the above indicated damages shall be the standard reference temperature.

The calculation of exceeded no load losses will be performed separately for each type of transformer.