



Israel Electric

Purchasing process No.: 104068110

Subject: Farmwork Agreement (4 years) for Supply of Modular Capacitors Bank & Switching System, 5 MVar, 24 kV & 5 MVar, 36 kV

Specification No.: STR-1980 & STR-1996

ANNEXURE “Z”
CONDITIONS FOR FRAME CONTRACTS/ORDERS
(4 years Basic Frame Contract Period)

Revision 12.03.2024

THESE CONDITIONS ARE TO BE READ TOGETHER AND IN CONNECTION WITH THE PURCHASE ORDER/CONTRACT (INCLUDING THE GENERAL CONDITIONS (ANNEXURE A16) ATTACHED THERETO. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THESE CONDITIONS AND ANY OF THE TENDER/INQUIRY/CONTRACT DOCUMENTS THESE CONDITIONS SHALL PREVAIL.

DEFINITIONS

1. All terms used in this Annexure "Z" have the meanings ascribed to same in the Purchase Order/Contract or in Annexure A16 (General Conditions) as the case may be. Additional terms used shall have the following meanings:
 - 1.1. "Basic Contract Price" – unless specified otherwise in this document, shall mean the total purchase price of the entire quantity (100%) of the Equipment and/or Services, specified in the tender/inquiry documents (not including options) and flexibilities, in the currency, designated by the Supplier and approved by the Purchaser.
 - 1.2. "Basic Frame Contract Period" - shall mean a period of 48 months, beginning on the date specified in the frame contract/order for the supply of the Equipment and/or Services.
 - 1.3. "Option Period" – shall mean the total period of 36 months during which the Purchaser shall be entitled to exercise the Options in whole or in part.
 - 1.4. "Equipment" - shall mean all or part of the equipment, described in the Order/Contract.

2. FRAME ORDER/CONTRACT FLEXIBILITIES

2.1. PRICE OF THE PURCHASE

During the Basic Frame Contract Period (and the “extension period”, detailed in paragraph 2.2.1.1, below, if applicable), the Purchaser will purchase from the Supplier and the Supplier will sell to the Purchaser, Equipment of a total price, which is equal to the “Basic Contract Price”, including the Purchaser's right to increase the Basic Contract Price by up to 50 % or decrease the Basic Contract Price by up to 50 %.

2.2. **EXTENSION PERIOD AND OPTION TO PURCHASE**

2.2.1. During the Basic Frame Contract Period, the Purchaser shall be entitled to exercise any one of the following options described below:

2.2.1.1. In the event the Purchaser does not issue draw orders for Equipment and/or Services in the maximum permissible amount (including flexibilities), during the Basic Frame Contract Period and /or the Option Period specified in the Contract/Order and below, the Purchaser has the right to extend the Order/Contract for a period of time of up to **36 months** (hereinafter referred to as the "**Extension Period**"), each time for a period of one year.

2.2.1.2. Optional Services:

The Purchaser shall have the options to purchase additional Services as follows:

2.2.1.2.1 Training & Supervision Services (for each type of Capacitors Bank:

- ☒ Training Course for IEC staff (up to 15 participants) in an Israeli Substation – 1 day (8 hours).
- ☒ Training Course for IEC staff (up to 6 participants) in Manufacturer's factory – 1 day (8 hours).
- ☒ Supervision of commissioning and testing for any of Items 1-4 – up to 4 days (8 hours per day).
- ☒ Supervision of erection for any of Items 1-4 – up to 4 days (8 hours per day).

Validity of the options: 3 years from the start date of the agreement.

Note:

- Exercising the options for Supervision and Training Services is at IEC's sole discretion.
- Prices for services in Israel shall include all related expenses (flight, hotel, mobilization etc.)
- Training course program will be prepared by the manufacturer and is subject to IEC's approval.
- Services in Israel shall be subject to the geopolitical situation in the region.
- At the first stage, Bidder shall indicate in Annexure C the recommended number of days for each service.

2.2.1.2.2 Warranty extension beyond base warranty period (as per annexure "A16"), for ITEM 1 (Capacitors Bank and Switching Module) on a yearly basis for up to maximum of 3 years.

Validity of the option: until the end of the base warranty period.

Please note: The flexibility on equipment (as indicated in cl. 2.1 above) shall apply on the value of this option as well.

2.2.1.3. It is hereby clarified that partial exercise of an Option (in scope and/or period) will not derogate from the Purchaser's right to exercise the Option in full.

2.2.2. In no event shall the total Order/Contract period (including the Basic Frame Contract Period and Option Periods and applicable Extension Periods) exceed **84 months** from the beginning of the Basic Frame Contract Period.

- 2.2.3. Regardless of that stated above, where the Purchaser estimates that it shall utilize the entire contract price, prior to the end of the contract period, the Purchaser shall be entitled, at its sole discretion, to precede the commencement date of the Option Period, to a date to be determined by the Purchaser by providing the Supplier a written notice at least ten days prior to the commencement of the Option Period.

The early exercise of the Option Period will not derogate from the Purchaser's right to extend the Contract/Order in time only and/or exercise additional options (as far as such options were included in the Contract/Order), provided that the total of the Contract Period, including the period of the Basic Frame Period and Option Periods and applicable Extension Periods shall not exceed 7 years.

Similarly, where the Purchase anticipates, to the best of its understanding, the utilization of the full monetary value prior to the end of the Option Period, if exercised, the Purchaser will be entitled to precede the commencement date of the Option Period (if any), or terminate the Order/Contract, on a date to be determined by the Purchaser, at its sole discretion.

- 2.2.4. Exercising one of the options listed under sub article 2.2.1 above, with the exception of the exercise of the flexibility, shall be made by a written notice, no later than one month prior to the end of the Basic Frame Contract Period or the Option Period or the Extension Period, as the case may be.

- 2.2.5. [Reserved](#)

- 2.2.6. Refusal of the Supplier to exercise the Option (including the exercise of the Extension Period in time) will be considered a breach of the Order/Contract for all intents and purposes, and will entitle the Purchaser to the remedies set forth in the tender/ inquiry documents, including exercising the performance guarantee provided by the Supplier in accordance with the instructions of the inquiry /tender documents, (to the extent that a performance guarantee is required according to the terms the tender/ inquiry), as well as the remedies according to the law.

- 2.2.7. It is hereby clarified that should the Purchaser wish to exercise an option in parts, the Purchaser's commitment to a minimum purchase scope (to the extent that such commitment is included in the Contract/Order), will be calculated for the entire Option Period that is exercised and not for each part of it separately.

- 2.2.8. Should the Purchaser decide in the future to enter into further contracts with the Supplier, the maximum prices, (including during the Option Periods), shall be at the same price or better than those in this Contract/Order, under the linkage conditions listed in this contract.

The exercise of the continuing contract is subject to the prior consent of the Supplier and is subject to the issuing of a separate company order for the subject or an addendum to this order.

- 2.2.9. [Reserved.](#)

3. SCHEDULE OF DELIVERY

- 3.1. The Equipment and/or Services shall be supplied to the Purchaser in accordance with written draw orders, issued by the Purchaser to the Supplier. The draw orders will be issued by the Purchaser at such times as it chooses, within the Basic Frame Contract Period, the “Extension Period” or the Option Period (under paragraph 2 above as applicable).
- 3.2. Each draw order shall specify the type/s and quantities of Equipment and/or Services required by the Purchaser and the Supplier shall deliver to the Purchaser such type/s and quantities as required according to the following (please see further elaboration regarding Incoterms and place of delivery in Annexure D):

3.2.1. First draw order

- Delivery within 12 months from date of issuance of the draw order for supply DDP directly to Purchaser's Store/Site (including design approval process*)
- Delivery within 11 months from date of issuance of the draw order for Supply FCA or FOB (Europe).

Note:

For delivery in the U.S – 10.5 months.

For delivery in the Far East - 10 months.

*Design Approval Process (approx. 2 months):

- ☒ Primary design shall be submitted within 30 days of the award notice date or 2 weeks after date of issuance of the draw order.
- ☒ IEC Response time – 14 days.
- ☒ Submission of corrected design after remarks – not later than 14 days.
- ☒ Final approval - 14 days.

Any delay in IEC response beyond 14 days shall be added to the contractual lead time (day per day).

3.2.2. For all other draw orders

- Delivery within 10 months of issuance of the draw order for supply DDP directly to Purchaser's Store/Site
- Delivery within 9 months of issuance of the draw order for Supply FCA or FOB.

Note:

For delivery in the U.S – 8.5 months.

For delivery in the Far East - 8 months

3.2.3. Spare Parts will be ordered with the main equipment.

If ordered separately - Delivery within 4 months from date of issuance of the draw order for supply DDP directly to Purchaser's Store/Site.

For delivery in Europe – 3 months.

For Delivery in the U.S – 2.5 months.

For delivery in the Far East - 2 months

3.2.4. For Services (in Israel): within 60 days of issuance of the draw order.

Please state / fill in below whether able to meet delivery schedule requirement:

Do you comply with the above-mentioned lead times? Yes / No

If "No" – please fill in closest lead time able to meet:

ITEM	Incoterms	First Draw Order (Months)	All Other Draw Orders (Months)
Main Equipment Items 1-4			
Spare Parts Items 5-9			

3.3. **Reserved**

3.4. The Purchaser reserves the right, prior to proceeding to the second (pricing) stage of the abovementioned tender/inquiry, to modify or update the abovementioned schedule of delivery and lead time.

3.5. The time interval between each draw order shall not be less than 3 months.

4. QUANTITIES TO BE PURCHASED

Subject to the Purchaser's obligation to purchase Equipment and/or Services in the quantities specified in paragraph 2.1, above:

4.1 In the event that the Equipment consist of various, non-identical items, the Purchaser shall have a right to purchase some of the items and not the others.

4.2 **Reserved.**

4.3 The Purchaser reserves the right, prior to proceeding to the second (pricing) stage of the abovementioned tender/inquiry, to modify or update the quantities.

4.4 The maximum quantity for each draw order shall not exceed:

4.4.1 5 MVar, 24 kV, Modular Capacitors Bank & Switching System:

- ❖ 30 units of Capacitors bank and switching module
- ❖ 15 units of Protection and Control Cubicle.

4.4.2 5 MVar, 36 kV, Modular Capacitors Bank & Switching System:

- ❖ 12 units of Capacitors bank and switching module
- ❖ 5 units of Protection and Control Cubicle.

4.4.3 If only one Bidder is awarded with both types of **Modular Capacitors Bank**:

- ❖ 36 units of Capacitors bank and switching module (both voltages).
- ❖ 18 units of Protection and Control Cubicle.

Please state / fill in below whether able to meet delivery schedule requirement:

Do you comply with the above-mentioned /quantities? Yes / No

If "No" – please fill in closest quantity for each draw order able to meet:

ITEM	Capacitors bank and switching module	Protection and Control Cubicle
5 MVAR, 24 kV, Modular Capacitors Bank & Switching System		
5 MVAR, 36 kV, Modular Capacitors Bank & Switching System		
If only one Bidder is awarded with both types (24kV &36 kV)		

5. **PERFORMANCE GUARANTEE**

- 5.1 Where the value of the Order/Contract is in excess of NIS2,000,000 (excluding options and/or flexibilities and/or VAT) or the equivalent of the foreign currency in NIS (in accordance with the applicable exchange rate, as set forth by the Bank of Israel, on the first working day prior to the date of submission of the price proposals to the tender/inquiry) and without in any way derogating from Supplier's duty to perform its obligations under the purchase Order/Contract, the Supplier shall, at its expense, within 30 (thirty) days from the issuance of an Order, provide the Purchaser with a guarantee for the due performance of the Contract/Order, in the form of an unconditional standby letter of credit (in the form, attached to the tender/inquiry documents), to be given by the entities stated in Annexure Y, in an amount equal to 5% (excluding options and/or flexibilities and/or VAT) of the annual value of the Contract/Order Price.
- 5.2 In the event of an extension of the “Basic Frame Contract Period” in accordance with paragraph 2, above, the Supplier shall deliver to the Purchaser, within the first fourteen days of the “Extension Period”, an extension of the performance guarantee for an additional period equal to the Extension Period.
- 5.3 Where Purchaser has decided to exercise an option and its price exceeds NIS2,000,0000 (excluding flexibilities and/or VAT) or the equivalent of the foreign currency in NIS (in accordance with the applicable exchange rate, as set forth by the Bank of Israel, on the first working day prior to the date of the Tender Committee's decision to exercise the option), the Supplier hereby undertakes to provide to the Purchaser, at Supplier's expense, immediately upon receipt of notice of Purchaser's exercise of the option, a performance guarantee for the due performance of the option, in the form of an unconditional standby letter of credit (in the form, attached to the tender/ inquiry Documents), to be given by the entities stated in Annexure Y, in an amount equal to 5% (excluding option and/or flexibilities and/or VAT) of the Option Price.
- 5.4 The guarantee shall remain in effect until sixty (60) days after the warranty period or in the event there is no warranty period, the guarantee shall remain valid up to 60 days after the last date of delivery

5.5 Said guarantee shall be amended from time to time to reflect the adjusted option price, due to the issuance of change orders;

6. WARRANTY

As indicated in Annexure A16 & Form of Agreement.