Dear Mr. …

 Referring to your letter No. 9/24/63 dated 15.04.2014, please find attached our technical and legal comments on the last version of the contract proposal. Obviously details of comments will be discussed during the meeting which will be held on 19-22 May in Tehran. Moreover there are many grammatical mistakes in your English version which shall be corrected.

Sincerely Yours,

H.Ghaffari

1. **Technical Comments on REA Contract:**

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| --- | --- | --- | --- |
| NO | Items | Comments | Note |
|  | Section 1.17  | Duties and Responsibilities of TAVANA Co. shall be defined by the principal | Should be added |
|  | Article 2 | The subject of the present Contract is engineering support of operation of unit 1 with VVER 1000/446 of BNPP and provision of engineering services associated with, including, but not limited to, operation, maintenance, repair and upgrading of unit 1 of BNPP (hereinafter referred to as “Services”) to the Principal. | This section Should be corrected  |
|  | Section 3.1.2 | Thermohydraulic analysis and accident analysis, including living PSA | This section Should be corrected |
|  | Section 3.1.13 | root cause analysis and trend analysis | This section Should be corrected |
|  | Section 3.1.15 | Life Management/extension of the NPP equipment. | This section Should be corrected |
|  | Section 3.1.24 | Supply of the required computer codes and Software for technical support and training of principal’s personnel | This section Should be corrected |
|  | Section 3.1.24.1 | Assistance in verification and validation of computers codes and softwares developed by principal | Should be added |
|  | Section 3.1.26 | Submission of the details of any calculations/analysis, including the input files and computer modeling of systems/equipment.  | This section Should be corrected |
|  | Section 3.1.28 | Assistance to establish an effective CM(Configuration Management) for the BNPP | Should be added |
|  | Section 3.1.29 | Assistance to establish and control of aging degradation management for systems/structures/equipment of the BNPP | Should be added |
|  | Section 3.1.30 | Assistance on development of an efficient surveillance and equipment qualification programme. | Should be added |
|  | Section 3.1.31 | Optimization of maintenance programme based on PSA approach | Should be added |
|  | Section 4.4 | The Contractor shall render services by sending specialists to Principal’s offices (Bushehr NPP/Tehran). These specialists shall give nesseseary cunsultantcy in establishment of the Technical Support Organization and training of Principal’s personnel and OJT of these personnel. | Should be added |
|  | Section 4.5 | During the rendering services for the BNPP in Russian Federation (REA/Subcontractors) and based on request of Principal, the contractor shall engage Principal’s personnel in order to OJT. | Should be added |
|  | Article 5 | In all sections of Article 5 , word “Site” shall be replaced by “Site/Tehran” | General comment |
|  | Article 5-Section 5.2 & 5.3 Stage 2 | After considering the results, the Contractor shall chart full names of the specialists with comments regarding their working experience (resume or CV) and send them to the Principle. | This section Should be corrected |
|  | Article 5-Section 5.2 & 5.3 Stage 2 & Stage 3 | The Review of the request shall be up to 2 weeks | This section Should be corrected |
|  | Article 5-Stage 4 | Contractor shall send copies of the following documents to the Principal | This section Should be corrected |
|  | Article 5-Stage 4 | The last bullet(Stage 5) shall be deleted  | This section Should be corrected |
|  | Article 5-Section 5.3-Stage 4a | The Contractor shall prepare draft contract with the Russian contract partner. The duration of drawing up shall be up to 1.5 mounts | This section Should be corrected |
|  | Article 5 – section 5.4 | Based on experiences of operation of Bushehr NPP power unit, the Principle/Contractor shall formulate a topic of its interest in the frame of areas contained in Appendix 9. | This section Should be corrected |

1. **Legal Comments on REA Contract:**
2. The text of the draft Contract is required to be modified. Such modifications shall be made and revised during the mutual meetings between the Parties.
3. The only payment instrument for the said Contract shall be a documentary letter of credit (L/C). The relevant article in this regard need to be modified accordingly.
4. Any Iranian legal deductions from the gross amounts shall be determined beforehand in the contract which shall be deducted from the payments due to the Contractor.
5. 10% (ten percent) of each payment shall be deducted from each payment due to the Contractor as good performance guarantee (retention) the releasing of which shall be made at the end of the guarantee period.
6. The guarantee period need to be introduced into the text of the Contract.
7. In fulfillment of its obligation the Contractor shall comply with all applicable laws, decree, regulations, orders, licenses, permits, and other official provisions valid in Islamic Republic of Iran and/or Bushehr BPP Unit-1 Site.
8. As the Principal is not in a position to obtain work permits for the Contractor’s personnel from the authority concerned, the Contractor is therefore required to take the necessary measures for acquisition of the said permits by its own manpower. However, the Principal shall assist the Contractor in this regard.
9. The Contractor is required to introduce the cost of assigning of its personnel from Moscow to Bushehr and also the costs of their residence in I.R of Iran into its price proposal.
10. The list of Russian experts that may possibly provide services under the contract as well as their monthly salary should be determined by the Contractor and introduce as an Appendix to the Contract for calculation of the costs for the performed works..
11. The Contractor should refer and submit to the Principal the Russian laws on the Value Added Tax as well as determine those parts of the contract which shall be subject to such Value Added Tax.

 The full-detailed description of the Contractor’s services as well as the obligations of such