

I. SUMMARY OF PROJECT CORRESPONDENCE — JANUARY TO FEBRUARY 2019

A. Introduction

1. This section summarises the key correspondence exchanged during the initial phase of the Borduria Combined Cycle Power Plant Project, from the Commencement Date through site possession and early mobilisation. The correspondence demonstrates the Contractor's diligent approach to project commencement and its proactive coordination with the Employer.

B. Acknowledgment of Commencement and Initial Coordination

2. On 16 January 2019, the Employer acknowledged the Commencement Date of 15 January 2019 and confirmed its readiness to support SPCC's mobilisation activities.¹ The Employer confirmed that arrangements were progressing to provide access to the Site on 1 February 2019 as planned, and that its Site Representative, Mr. Branko Simić, would coordinate with SPCC's Construction Manager regarding formal handover procedures.² The Employer concurred with SPCC's proposal for a kick-off meeting during the week of 21 January 2019 and suggested the meeting be held at BEU's offices in Szohód.³

C. Kick-off Meeting Arrangements

1. SPCC's Proposed Agenda

3. On 17 January 2019, SPCC's Project Manager, Mr. Miroslav Horák, transmitted a comprehensive proposed agenda for the kick-off meeting.⁴ The proposed agenda addressed seven key areas:
 - Introductions and Project Organisation
 - Contract Administration Procedures
 - Programme Review
 - Site Handover and Mobilisation
 - Design and Engineering
 - HSE and Quality
 - Next Steps and Actions

¹ **Exhibit R-1:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – ACKNOWLEDGMENT OF COMMENCEMENT AND INITIAL COORDINATION, 2019-01-16, dated 16 January 2019.

² **Exhibit R-1:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – ACKNOWLEDGMENT OF COMMENCEMENT AND INITIAL COORDINATION, 2019-01-16, dated 16 January 2019.

³ **Exhibit R-1:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – ACKNOWLEDGMENT OF COMMENCEMENT AND INITIAL COORDINATION, 2019-01-16, dated 16 January 2019.

⁴ **Exhibit C-1:** Email from Miroslav Horák to Ivana Petrović re Proposed kick-off meeting agenda, 2019-01-17, dated 17 January 2019.

4. Mr. Horák proposed that Dr. Heinrich Weber from DPI attend the meeting, noting this would be beneficial for establishing the three-party working relationship from the outset.⁵

2. Employer's Confirmation

5. On 18 January 2019, the Employer's Project Manager, Ms. Ivana Petrović, confirmed the meeting arrangements.⁶ The meeting was scheduled for Monday, 21 January 2019, at 09:00-14:00 at BEU Head Office, Conference Room 3A, Szohôd.⁷ Ms. Petrović approved the agenda as proposed and requested one addition: under the Site Handover item, she asked that the parties briefly discuss the ground investigation programme that would need to be conducted.⁸

D. The Kick-off Meeting — PMM-001

6. The kick-off meeting took place on 21 January 2019 as scheduled.⁹ The minutes record attendance from BEU (seven representatives), SPCC (eight representatives), and DPI (two representatives).¹⁰ Key outcomes of the meeting included agreement on communication protocols, document control procedures, and a meeting schedule comprising weekly progress meetings and monthly Project Management Meetings.¹¹ The parties agreed that design documents would be submitted to the Engineer with copy to BEU, with a 21-day review period as per Contract.¹²
7. SPCC's Planning Manager, Mr. Martin Dvořák, presented a preliminary programme outline with the following key dates:¹³

Milestone	Target Date
Site possession	1 February 2019
Basic design approval	Mid-April 2019
Civil works commencement	May 2019
GT1 delivery	March 2020
Mechanical completion	July 2022
Taking Over	January 2023

⁵ **Exhibit C-1:** Email from Miroslav Horák to Ivana Petrović re Proposed kick-off meeting agenda, 2019-01-17, dated 17 January 2019.

⁶ **Exhibit R-2:** Email from Ivana Petrović to Miroslav Horák re RE: Proposed kick-off meeting agenda - confirmed, 2019-01-18, dated 18 January 2019.

⁷ **Exhibit R-2:** Email from Ivana Petrović to Miroslav Horák re RE: Proposed kick-off meeting agenda - confirmed, 2019-01-18, dated 18 January 2019.

⁸ **Exhibit R-2:** Email from Ivana Petrović to Miroslav Horák re RE: Proposed kick-off meeting agenda - confirmed, 2019-01-18, dated 18 January 2019.

⁹ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹⁰ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹¹ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹² **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹³ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

8. The Employer confirmed it was on track to provide Site possession on 1 February 2019.¹⁴ Notably, the Employer's Technical Manager, Mr. Dragan Kostić, emphasised the importance of comprehensive ground investigation given limited existing data and requested SPCC submit a detailed investigation programme promptly.¹⁵

E. Design Deliverables Schedule

9. On 23 January 2019, SPCC's Engineering Manager, Dr. Wilhelm Braun, transmitted the proposed schedule for submission of Basic Design documents.¹⁶ The schedule was aligned with SPCC's preliminary programme and targeted Engineer's approval by mid-April 2019.¹⁷
10. Dr. Braun proposed four submission batches:¹⁸

Batch	Content	Target Date
Batch 1	Process and Performance	24 January 2019
Batch 2	Civil and Structural	5 February 2019
Batch 3	Mechanical Systems	15 February 2019
Batch 4	Electrical and Control Systems	25 February 2019

11. Dr. Braun noted that the foundation design in Batch 2 was necessarily preliminary pending the ground investigation results.¹⁹ SPCC proposed to submit foundation design based on assumed parameters from available geotechnical data, with a commitment to revise once the investigation was complete.²⁰ This approach was intended to allow the Engineer to review SPCC's general approach and identify any concerns early.²¹

F. Site Establishment Requirements

12. On 25 January 2019, SPCC's Construction Manager, Mr. Pavel Novotný, wrote to BEU's Site Representative setting out SPCC's immediate site establishment requirements and seeking confirmation of access arrangements.²²

¹⁴ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹⁵ **Exhibit C-2:** Project Management Meeting No. 001, 2019-02-25, dated 25 February 2019.

¹⁶ **Exhibit C-3:** Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23, dated 23 January 2019.

¹⁷ **Exhibit C-3:** Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23, dated 23 January 2019.

¹⁸ **Exhibit C-3:** Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23, dated 23 January 2019.

¹⁹ **Exhibit C-3:** Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23, dated 23 January 2019.

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²¹ **Exhibit C-3:** Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23, dated 23 January 2019.

²² **Exhibit C-4:** Email from Pavel Novotný to Branko Simić re Site establishment requirements and access, 2019-01-25, dated 25 January 2019.

13. Mr. Novotný outlined SPCC's Phase 1 mobilisation requirements for the week of 4-8 February 2019, covering:²³
- Site access and security arrangements
 - Temporary facilities (site offices of approximately 400m², welfare facilities for up to 50 people)
 - Laydown and storage areas (approximately 5,000m² hard standing initially)
 - Temporary utility connections (power estimated at 150 kVA initially, increasing to 500 kVA by March; water; communications)
 - Site surveys and investigations
14. Mr. Novotný proposed a formal site handover meeting on 1 February at 10:00 at the site main gate and requested a pre-mobilisation site visit on 30 January for a preliminary walk-through.²⁴

G. Long-Lead Item Procurement Status

15. On 29 January 2019, SPCC's Procurement Manager, Mr. František Kučera, provided an update on the procurement status of key long-lead items.²⁵ Mr. Kučera confirmed that SPCC had already commenced procurement activities for the major equipment packages, demonstrating proactive project management.²⁶
16. The status of major equipment was as follows:²⁷

Equipment	Supplier	Contract Status	Delivery to Site
Gas Turbines (2x TM-9000H)	TurboMach AG	PO placed 10 Dec 2018	GT1: 1 Mar 2020; GT2: 1 May 2020
HRSGs (2x triple-pressure reheat)	CoolTech Systems GmbH	PO placed 18 Dec 2018	HRSG1: Jun 2020; HRSG2: Aug 2020
Steam Turbine (350 MW)	TurboMach AG	Included with GTs	Sep 2020
Generators and Electrical Equipment	Sildavo Electrical Works	LOI issued	Mar-Jul 2020
Cooling System	CoolTech Systems GmbH	PO placed 18 Dec 2018	Apr 2020

²³ **Exhibit C-4:** Email from Pavel Novotný to Branko Simić re Site establishment requirements and access, 2019-01-25, dated 25 January 2019.

²⁴ **Exhibit C-4:** Email from Pavel Novotný to Branko Simić re Site establishment requirements and access, 2019-01-25, dated 25 January 2019.

²⁵ **Exhibit C-5:** Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29, dated 29 January 2019.

²⁶ **Exhibit C-5:** Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29, dated 29 January 2019.

²⁷ **Exhibit C-5:** Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29, dated 29 January 2019.

Control System (DCS)	Multiple (selection in progress)	Technical evaluation	Jan 2021
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17. Mr. Kučera identified risk items and mitigation measures, noting that the gas turbine lead time of 60 weeks was on the critical path.²⁸ He confirmed that SPCC had secured manufacturing slots and had expediting arrangements in place with TurboMach, but warned that any delays in the design approval process or changes to specifications could impact delivery dates.²⁹

H. Contract Administration Procedures

18. On 31 January 2019, the Employer's Contracts Administrator, Ms. Ana Nikolić, wrote to SPCC seeking clarification on contract administration procedures.³⁰ Ms. Nikolić's correspondence addressed:³¹

- Payment application procedures under Sub-Clause 14.3
- Variation procedures under Sub-Clause 13.3
- Claims notification requirements under Sub-Clause 20.1
- Document control and numbering conventions
- Meeting minutes and distribution procedures
- Communication protocols (email versus formal letters)

19. Ms. Nikolić emphasised the importance of timely claims notification under Sub-Clause 20.1, noting that the 28-day window was strict and that BEU would not want SPCC to lose entitlement due to late notification.

I. Notice of Site Possession

20. On 1 February 2019, the Employer issued formal notice of site possession in accordance with Sub-Clause 2.1 of the Contract.³² The notice confirmed possession of the entire Site area as defined in the Contract, with one significant exception:³³

The northeastern portion of the Site, approximately 2.1 hectares, was excluded from the area handed over to SPCC.

²⁸ **Exhibit C-5:** Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29, dated 29 January 2019.

²⁹ **Exhibit C-5:** Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29, dated 29 January 2019.

³⁰ **Exhibit R-3:** Email from Ana Nikolić to Jiří Procházka re Contract administration procedures - query, 2019-01-31, dated 31 January 2019.

³¹ **Exhibit R-3:** Email from Ana Nikolić to Jiří Procházka re Contract administration procedures - query, 2019-01-31, dated 31 January 2019.

³² **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³³ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

21. The excluded area was bounded by the Site boundary to the north and east, an internal access road to the south, and coordinates N 465,250m / E 623,180m to the west.³⁴
22. The Employer stated that the reason for exclusion was ongoing negotiations with an adjacent industrial facility (Klow Chemical Works) regarding a boundary easement matter.³⁵ The Employer anticipated this matter would be resolved within approximately 60 days, following which possession of this area would be provided to SPCC.³⁶
23. The Employer acknowledged that SPCC may wish to assess the potential programme impact and stated it was committed to resolving the access issue as expeditiously as possible.³⁷
24. The notice also confirmed the site handover meeting held on 1 February 2019 at 10:00, with attendees from both BEU and SPCC.³⁸

J. PMM-002 — Progress Review

25. The second Project Management Meeting took place on 26 February 2019 at SPCC's office in Klow.³⁹ Key matters discussed included:⁴⁰
26. *Design Status:* All batches remained on track for mid-April approval, although Batch 1 revision was in progress due to an increase in ambient temperature to 32°C, with impacts across disciplines.⁴¹
27. *Ground Investigation:* 18 of 24 boreholes were complete, with NE area drilling scheduled for 28 February to 5 March. Completion was forecast for 6 March, ahead of schedule, with the final report due 12 April.⁴²
28. *Programme:* The project was on schedule overall, with limited float of approximately 15 days to civil works start. The critical path ran through design approvals.⁴³
29. *NE Area Access Claim:* The parties confirmed they were working toward an amicable resolution of the claim arising from the delayed access to the north-

³⁴ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³⁵ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³⁶ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³⁷ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³⁸ **Exhibit R-4:** Letter from BEU to SPCC re BORDURIA COMBINED CYCLE POWER PLANT PROJECT – NOTICE OF SITE POSSESSION, 2019-02-01, dated 1 February 2019.

³⁹ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴⁰ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴¹ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴² **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴³ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

eastern area.⁴⁴ SPCC's estimate of additional costs was EUR 15,000-20,000, while BEU's estimate was EUR 5,000-10,000.⁴⁵ The parties set a target resolution date of 31 March 2019.⁴⁶

K. Conclusion

30. The correspondence summarised above demonstrates that:
 - SPCC approached the project with diligence and professionalism, submitting comprehensive documentation and proactively coordinating with the Employer from the outset.
 - SPCC had already secured manufacturing slots and placed purchase orders for critical long-lead equipment prior to the Commencement Date, demonstrating its commitment to timely project delivery.
 - The Employer failed to provide complete Site possession on 1 February 2019, with the northeastern area of approximately 2.1 hectares excluded due to unresolved negotiations with an adjacent landowner.
 - The Employer acknowledged that SPCC may wish to assess the programme impact of the access restriction and committed to resolving the issue expeditiously.
 - The parties engaged constructively to resolve the NE area access claim, with discussions ongoing as at PMM-002.
31. The matters addressed in this correspondence form part of the factual background to the Contractor's claims in these proceedings, as further developed at *paragraph breach* and *paragraph damages*.

⁴⁴ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴⁵ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

⁴⁶ **Exhibit C-6:** Project Management Meeting No. 002, 2019-02-26, dated 26 February 2019.

II. LIST OF CLAIMANT'S EXHIBITS

Exhibit	Title	Date
C-1	Email from Miroslav Horák to Ivana Petrović re Proposed kick-off meeting agenda, 2019-01-17	17 January 2019
C-2	Project Management Meeting No. 001, 2019-02-25	25 February 2019
C-3	Email from Dr. Wilhelm Braun to Dragan Kostić re Design deliverables schedule - initial proposal, 2019-01-23	23 January 2019
C-4	Email from Pavel Novotný to Branko Simić re Site establishment requirements and access, 2019-01-25	25 January 2019
C-5	Email from František Kučera to Ivana Petrović re Long-lead item procurement status, 2019-01-29	29 January 2019
C-6	Project Management Meeting No. 002, 2019-02-26	26 February 2019