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Fuel Supply/Bulk Supply Agreement

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The project company (and the lenders) in a power project will be anxious to ensure it has a secure affordable source of fuel. It will often enter into a bulk supply agreement for fuel, and the supplier may be the same entity as the power purchaser under the Power Purchase Agreement, namely the state power company.

Some issues that will need to be considered in a fuel supply agreement are:

- Quality of the fuel - what happens if it does not meet the specification?
- Quantity of the fuel - what happens if the fuel supplier does not supply the fuel in accordance with the agreement? This should tie in with the obligations of the power supplier to supply power under the Power Purchase Agreement. Is the fuel supplier obliged to provide a substitute fuel if the fuel is not available?
- Where delivery is deemed to take place. Delivery of fuel, for instance coal, can be problematic as there may be issues of safety of the fuel in transit, and the temperature that it is stored at is important to preserve its efficacity.

Example Fuel Supply Agreements

Fuel Supply Agreement (Example 1) - Draft fuel supply agreement developed as part of a suite of documents by an international law firm for a country in South East Asia. Click on Power Purchase Agreement and Implementation Agreement for the other documents in the suite.

Fuel Supply Agreement (Example 2) - pdf - Draft standard fuel supply agreement developed as part of a suite of documents for Namibia. Click on Namibia IPP and Investment Market to access other documents in the suite.

Concession for Build-Own-Operate

Water Concession Agreement on Construction of Small Hydro Power Plants for Electricity Generation. Draft Concession Agreement to design, construct, operate, maintain and manage a hydro-electric generating facility with associated fixtures and equipment in the Balkans region.

Related Content

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- **Managing Non-Technical Losses and Theft in Utility Contracts**
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- **Further Reading on Energy and Power PPPs**

Additional Resources

- Concessions Build-Operate-Transfer (BOT) and Design-Build-Operate (DBO) Projects
- Structuring Management, Operation and Maintenance Services
- Performance Contracts
- Standardized Agreements, Bidding Documents and Guidance Manuals

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