



Practical information for potential contractors of investment projects

Warszawa, March 21st 2018

Agenda

1. Implementation of the National Railway Programme (KPK)
2. Implementation of the largest projects of KPK
3. Tender procedure
4. Terms of contract



TIMETABLE



SAFETY



INVESTMENTS AND INFRASTRUCTURE
MAINTENANCE



RAILWAY TRAFFIC MANAGEMENT



3

PKP Polskie Linie Kolejowe S.A. in figures:



18 513 km of railway lines
36 079 km of tracks



14 442 level crossings



25 324 engineering structures
including **6 377** bridges
and overpasses

ca. **39 500** employees



ca. **6 500** trains per day



Implementation of the National Railway Programme (KPK)



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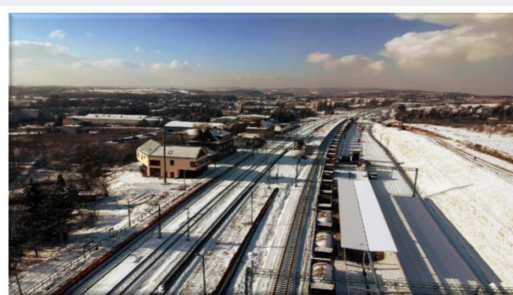
The National Railway Programme

more than
66 PLN bn
total investments value

more than
220 projects

**9000 km of
tracks**
covered with works

- We connect voivodeships and regions
- Faster and more convenient in agglomerations
- Better quality of passenger services at stations and stops
- Railways without barriers
- More cargo on tracks
- Environmentally friendly railway
- Higher level of safety



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The largest projects EU 2014-2020 covered with construction works

No.	Project name	Implementation programme
1	E30 Zabrze – Katowice – Kraków, phase IIb	CEF 14-20
2	Railway line 7 Warszawa – Otwock – Dęblin – Lublin, phase I	OPI&E 14-20
3	E75 Warszawa Rembertów – Sadowne	CEF 14-20
4	Railway line 8, Warszawa Okęcie - Radom (LOT A, B, F) section	OPI&E 14-20
5	E30 C-E30 Kraków-Rzeszów section phase III	OPI&E 14-20
6	E20 Sochaczew – Swarzędz	CEF 14-20
7	Construction of Kraków Zabłocie - Kraków Krzemionki cross-over line	OPI&E 14-20
8	E59 phase IV border of dolnośląskie voivodeship - Czempin section	CEF 14-20
9	E 65 C-E 65 on Warszawa – Gdynia section – in the scope of the local interlocking centre, ERTMS_ETCS_GSM-R, DSAT as well as power supply for the traction	OPI&E 14-20
10	Works on the bypass line in Warsaw (Warszawa Gołębki Warszawa Zachodnia - Warszawa Gdańska section)	CEF 14-20
11	E30 Kraków Główny Towarowy – Rudzice	CEF 14-20
12	E75 Rail Baltica Warszawa-Białystok – border with Lithuania, phase I, Warszawa Rembertów-Zielonka-Tuszczy(Sadowne) section	OPI&E 14-20
13	Works on lines 140, 148, 157, 159, 173, 689 i 691 on Chybie – Żory – Rybnik – Nędza Turze section	OPI&E 14-20
14	Works on line Warszawa Włochy - Grodzisk Mazowiecki line 447	CEF 14-20



Implementation of these projects has started in 2017

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Main objectives of KPK until 2023

Length of tracks under reconstruction

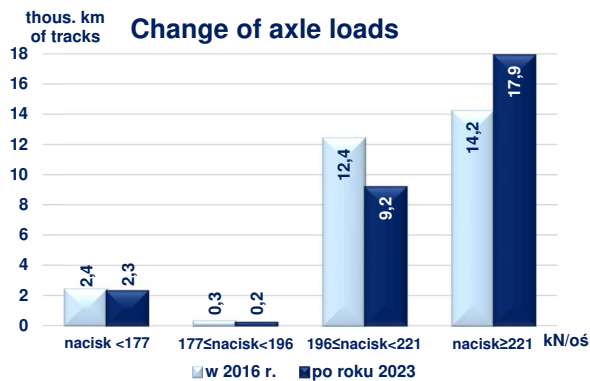
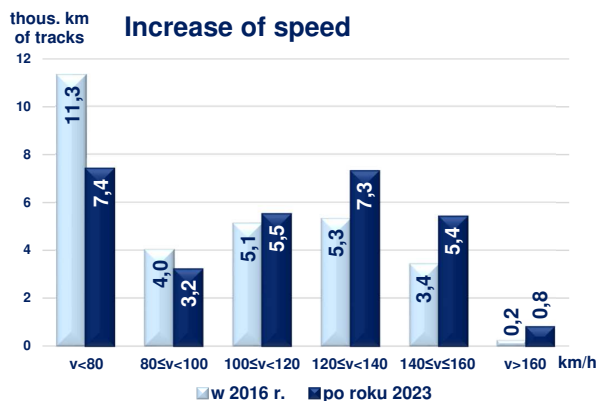
9 000 km

Implementation of ERTMS/ETCS (railway lines)

2 000 km

Connection of voivodeship centres with lines of average speed at 100 km/h

18 centres



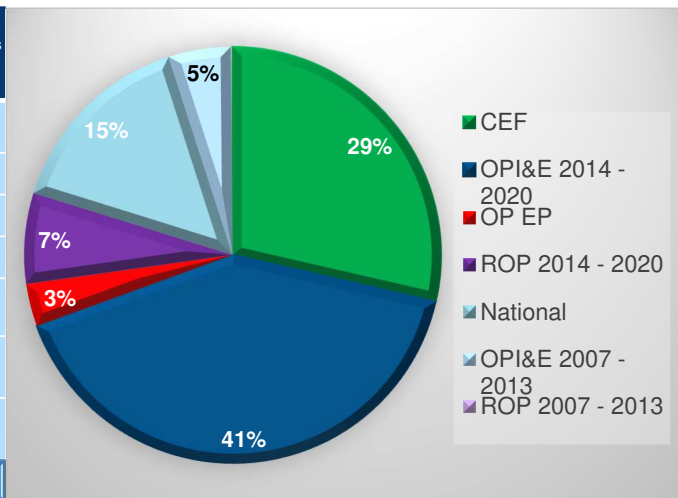
As a result of investment implementation being part of the KPK in the years 2016-2023 the speed will be increased on lines of the following length:

8.5 thous. km
of tracks

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Investment financing sources of PKP PLK S.A. (KPK's updating)

Projects' category	Number of projects	Value of projects [PLN bn]
CEF (after taking into account call III)	21	19.0
OPI&E 2014 - 2020	39	27.1
OP EP	9	2.2
ROP 2014 - 2020	52	4.7
Projects financed from the national sources	34	10.1
Refunds from OPI&E 2007-2013	60	3.2
Refunds from ROP 2007-2013	11	0.1
Total	226	66.4



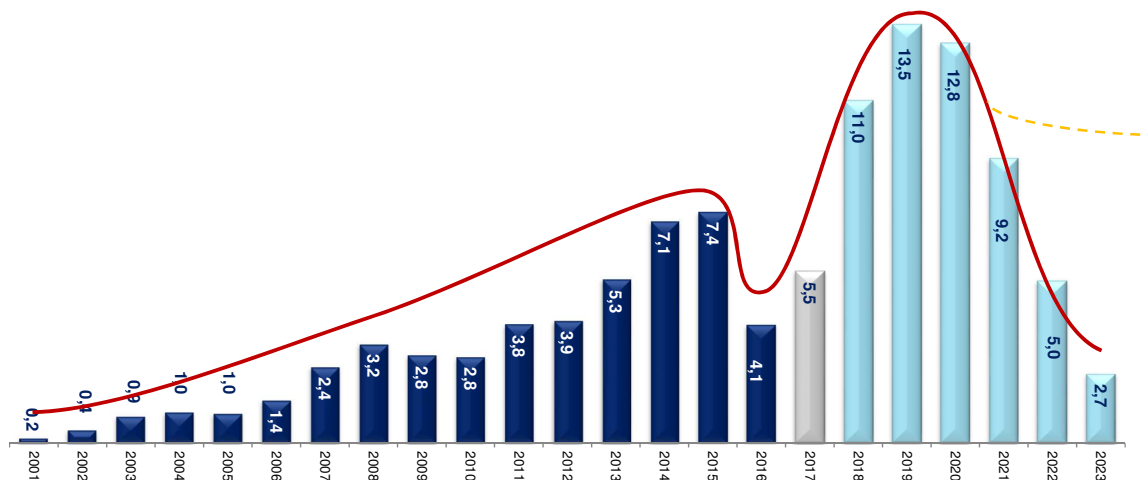
The above classification includes only the projects from the core list of the National Railway Programme's projects for 2023



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Challenges for PKP PLK - 2014-2020 perspective in comparison with recent years

Investment expenditures of PKP PLK S.A. implemented in 2001-2016 as well as those which are planned to be implemented in 2017-2023 (PLN bn) in the scope of KPK



Data on the graph in the years 2005-2016 according to investment plan implementation, 2017 - in accordance with the Investment Plan, years 2018-2023 - according to expenditures in KPK

--- possible expenditures taking into account projects from the perspective 2021 - 2027

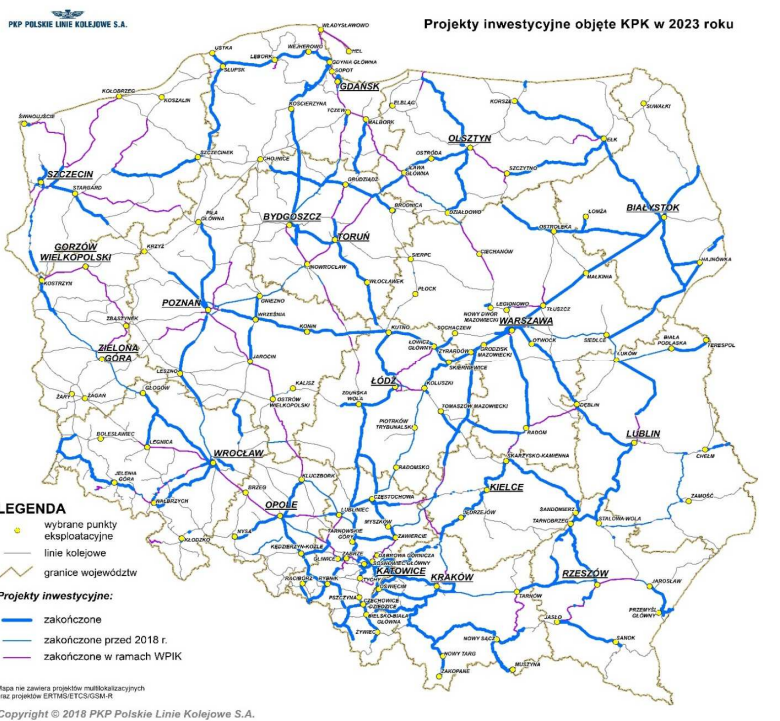
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PLK investments at the end of 2023

Goal:
To make the network coherent

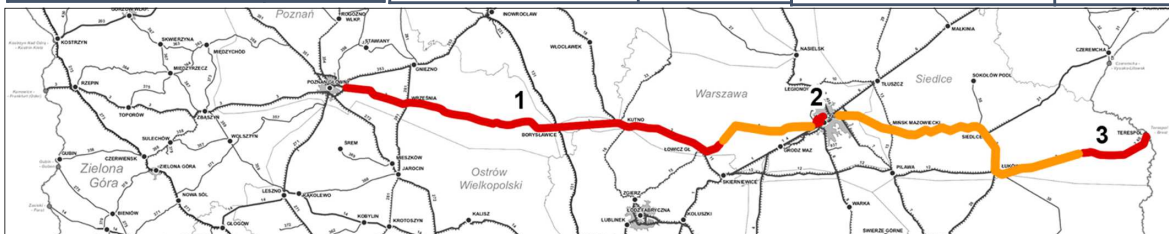
- ➔ Improving the attractiveness of rail passenger transport in agglomerations
- ➔ Improving the attractiveness of rail passenger transport in inter-agglomeration traffic
- ➔ Improving the attractiveness of rail freight transport

EU projects
OP I&E, CEF, OP EP,
RPO, and
national projects



Modernisation of the line E - 20

1. Works on the railway line E 20 Warszawa – Poznań other works, section Sochaczew – Swarzędz	2. Works on the bypass line in Warszawa (section Warszawa Gołębki / Warszawa Zachodnia – Warszawa Gdańska)	3. Works on the line E 20 section Siedlce – Terespol, stage III – LCS Terespol			
The current value of the project	2 017 mln zł	The current value of the project	237 mln zł	The current value of the project	559 mln zł
Lines covered by the project	230 km	Lines covered by the project	20 km	Lines covered by the project	ok. 40 km
Implementation	2017-2020	Implementation	2015-2019	Implementation	2017-2020





Implementation: 2018 - 2020

Projects' status:

- **Improvement of the railway access to the ports of Szczecin and Świnoujście:** The contract for design works is underway. Planned date of project completion: Q2 2018. Estimated date of signing the works contract: Q3 2019.
- **Improvement of the railway access to the seaport of Gdynia:** The contract for design works is underway. Planned date of project completion Q1 2018. Estimated date of signing the works contract: Q4 2018.
- **Improvement of the railway access to the seaport of Gdańsk:** The contract for design works is underway. Planned date of project completion: Q1 2018. Estimated date of signing the works contract: Q4 2018.

Investments characteristics:

The projects received funding in the second CEF call Grant Agreements for all projects were signed.

The most important problems occurring in the section covered by the investment are:

- non-electrified sections of railway lines;
- insufficient capacity of selected sections of the railway line;
- poor condition of track superstructure resulting in reduced axle loads (206 – 221 kN) and poor condition of engineering objects.

The investment is of replacement nature and it is assumed:

- Raising of maximum axle loads up to 221 kN;
- reconstruction of station tracks and their adaptation to service trains with length of 740 m;
- electrification of sections of railway lines / tracks;
- improvement of technical condition of signaling devices and engineering objects.

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Improvement of the railway access to the Port of Gdańsk (bridge + doubletrack railway line)	
The current value of the project	329 mln zł
The length of the sections of the lines covered by the project	approx. 10 km
Implementation	2014-2016 (2021 ERTMS/ ETCS)
Improvement of the railway access to the Port of Gdynia	
The current value of the project	850 mln zł
The length of the lines covered by the project	Approx. 17 km
Implementation	2018 - 2020
Improvement of the railway access to the seaports Szczecin and Świnoujście	
The current value of the project	611 mln zł
The length of the lines covered by the project	approx. 20 km
Implementation	2018-2020

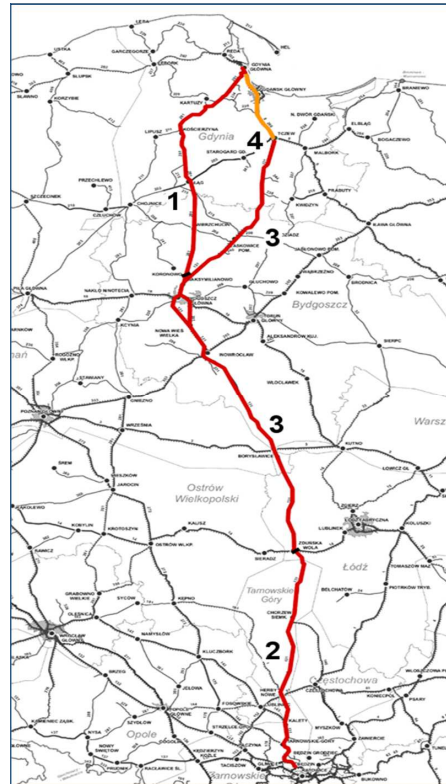
Ports of Gdynia and Gdańsk



Ports of Szczecin and Świnoujście

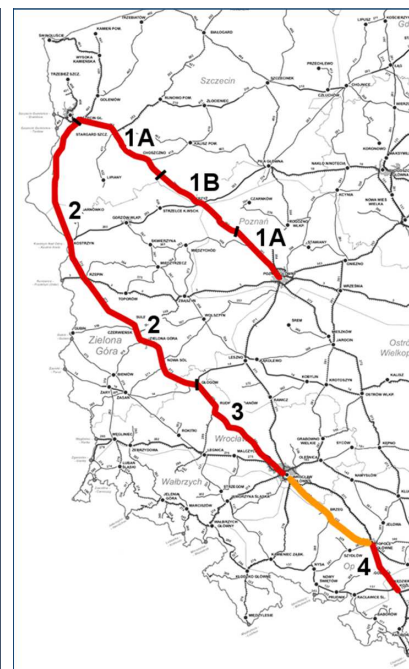


1. Works on the alternative transport route Bydgoszcz – Trójmiasto	
The current value of the project	1 617 mln zł
The length of lines covered by the project	approx. 238 km
Implementation	2020 - 2023
2. Works on the railway line C-E 65 section Chorzów Batory - Tarnowskie Góry - Karsznice - Inowrocław - Bydgoszcz – Maksymilianowo	
The current value of the project	2 133 mln zł
The length of lines covered by the project	approx. 136 km
Implementation	2018-2022
3. Works on the railway line C-E 65 section Zduńska Wola – Bydgoszcz – Tczew (project documents)	
The current value of the documentation project	107 mln zł
The length of lines covered by the project	approx. 330 km
Implementation	2018-2021
4. Capacity increase of the Tczew – Gdynia line inclusive reconstruction of Zajączkowo Tczewskie station (pre-project works)	
The current value of the documentation project	3 mln zł
The length of lines covered by the project	approx. 50 km
Implementation	2018-2019



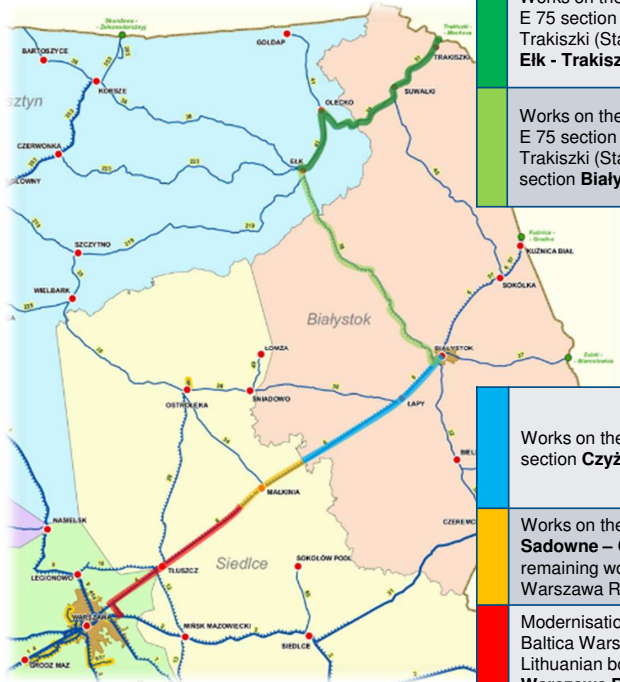
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1. Works on the railway line E 59 section Poznań Główny – Szczecin Dąbie	
The current value of the project	1A. Pozn. – Wronki, Słonice – Szcz. Dąbie: 2 236 mln zł 1B. Wronki – Słonice: 1 463 mln zł
The length of lines covered by the project	approx. 195 km
Implementation	2017 - 2023
2. Modernisation of the railway line no. 273 section Głogów – Dolna Odra	
The current value of the project	348 mln zł
The length of lines covered by the project	approx. 230 km
Implementation	2016-2022
3. Works on the railway line C-E 59 section Wrocław Brochów / Grabiszyn – Głogów	
The current value of the project	400 mln zł
The length of lines covered by the project	100 km
Implementation	2021-2023
4. Works on the railway line E 30 section Kędzierzyn Koźle – Opole Zachodnie	
The current value of the project	628,5 mln zł
The length of lines covered by the project	44 km
Implementation	2017 - 2023



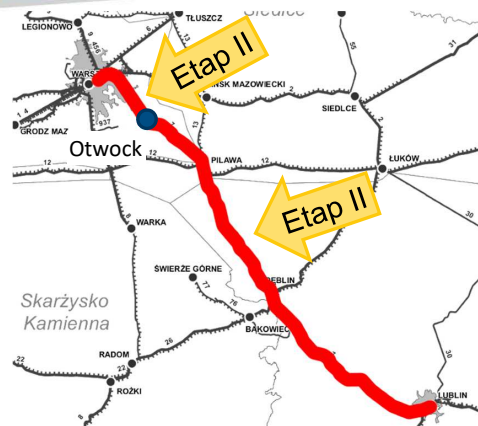
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Progress of works on Rail Baltica (Warszawa – Białystok)



Works on the line E 75 section Białystok – Suwałki – Trakiszki (State border), section Elk - Trakiszki	The analysis of variants within a complementary feasibility study is ongoing. USW to be completed in Q3 2019.	Installation of ERTMS/ETCS included in the project.
Works on the railway line E 75 section Białystok – Suwałki – Trakiszki (State border), Stage I, section Białystok - Elk	The project documentation is being developed. To be completed in Q3 2020 – Q3 2023.	Installation of ERTMS/ETCS included in the project.
Works on the line E 75 section Czyżew – Białystok	The project documentation is being developed. To be completed in Q2 2019 – Q2 2021.	Design and installation of ETCS on the section Warszawa Rembertów - Białystok planned for 2021 - 2023.
Works on the line E 75 section Sadowne – Czyżew incl. remaining works on section Warszawa Rembertów – Sadowne	The contract was signed in June 2017. To be completed in Q4 2020.	
Modernisation of the E 75 Rail Baltica Warszawa – Białystok – Lithuanian border, Stage I, section Warszawa Rembertów – Zielonka – Tłuszcz (Sadowne) Phase II	Works ongoing (deadline May 2018).	

Works on the railway line no. 7 Warszawa Wschodnia Osobowa – Dorohusk section Warszawa – Otwock – Dęblin – Lublin (source of financing: OP I&E)



Implementation: stage I (Otwock – Lublin): 2017 – 2020, stage II (Warszawa Wschodnia – Otwock): 2020 – 2022.
Status of the project: stage I (Otwock – Lublin): construction works in progress (handover of construction site on 05.06.2017)

Investments characteristics:
The most important problems occurring in the section covered by the investment are:

- technical condition of the track superstructure disallowing to increase the speed;
- unsatisfactory condition of passenger service infrastructure.

The investment is of the modernisational nature, and assumes:

- increase the speed limit for passenger trains up to **160 km/h** and **120 km/h** for freight trains;
- modernisation of existing stations and stops, including their adaptation to the people with reduced mobility;
- building the new Lublin Zachód stop;
- building a second track on the section Otwock-Pilawa;
- renovation of the line no. 3 on the **Parczew – Łuków** section in order to use it as a diversionary route;
- shortening of the travel time in relation Warszawa – Lublin from the current **2h15 min** to **1h30min**.

1. Modernisation of the railway line E 30, section Zabrze – Katowice – Kraków, stage IIb	
The current value of the project	1 825,8 mln zł
Lines covered by the project	approx. 55 km
Implementation	2010-2020

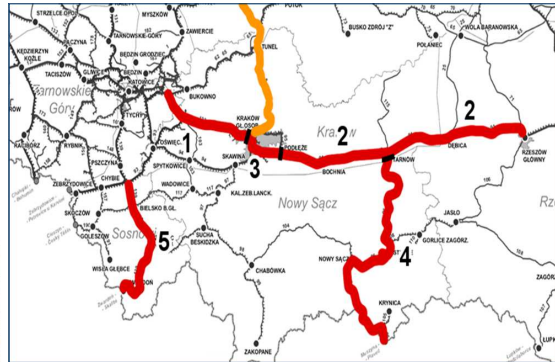
2. Modernisation of the railway line E 30/C-E 30, section Kraków – Rzeszów, stage III – phase II	
The current value of the project	542,4 mln zł
Lines covered by the project	approx. 138 km
Implementation	2010-2018

3. Modernisation of the railway line E 30 section Kraków Główny Towarowy – Rudzice inclusive extension of tracks of the agglomeration line	
The current value of the project	1 043,2 mln zł
Lines covered by the project	approx. 19 km
Implementation	2016-2021



4. Works on the railway line no. 96 section Tarnów - Muszyna	
The current value of the project	300 mln zł
Lines covered by the project	approx. 138 km
Implementation	2017-2023

5. Works on the railway line no. 139 section Czechowice Dziedzice – Bielsko Biala – Zwardoń (State border)	
The current value of the project	200 mln zł
Lines covered by the project	approx. 58 km
Implementation	2017-2023



Tender procedure

The contract award procedures are conducted by PKP Polskie Linie Kolejowe S.A. according to:

**1. The Act of 29 January 2004 Public Procurement Law
(Journal of Laws of 2017 item 1579, with further amendments)**

As of the 1st January 2018 the amount of the European Union's thresholds – amount determining obligation of applying more restricted procedure and sending the publication to the Official Journal of the European Union:

I. Construction works

- The threshold is **EUR 5 548 000 – PLN 23 921 312 net** – irrespective of type of the awarding entity and nature of the contract.

II. Supplies and services

- The threshold **EUR 443 000 – PLN 1 910 083 net** – applied for conducting sectoral contract awards and in the fields of defence and security.

1. The Company as a sectoral contracting authority can award the contract in accordance with the Act Public Procurement Law, applying the following procedures:

- **open tendering,**

The main procedure applied by the Company is the so-called „reverse procedure” i.e. first the contracting authority evaluates tenders, then it examines whether a tender evaluated as the most advantageous one is not subject to exclusion and meets the participation criteria (art. 24a of the Act Public Procurement Law).

- restricted tendering,
- negotiated procedure with publication,
- competitive dialogue,
- negotiated procedure without publication,
- single-source procurement,
- innovation partnership (art. 134 of the Act Public Procurement Law).

2. Regulations on European Union procurement at PKP Polskie Linie Kolejowe S.A.

The Regulations define rules on awarding sector contracts for investment activities, financed with contribution of public funds, including the European Union budget and other sources of financial aid, in particular:

- funds from the Cohesion Fund;
- funds from the European Regional Development Fund;
- funds from the TEN-T program;
- funds from the Connecting Europe Facility (CEF);
- funds from other sources of financial aid.

The basic, competitive mode of the Regulations is **the request for proposals**. In a procurement operation of this type, the proposal may be submitted by any bidder who meets the requirements set out in the request and in the terms of reference.

In justified cases, according to the Regulations, a contract may be awarded according to the following types of procurement:

- Negotiations without announcement
- Single-source procurement procedure

3. Regulations on logistical procurement at PKP Polskie Linie Kolejowe S.A.

The Regulations define rules, modes and types of procurement procedures for supplies, services and construction works. The Regulations apply to procurements financed from own resources, budget subsidies, railway fund, credits, loans or bonds.

The basic type of procurement is the **open call for bids**.

In justified cases, according to the Regulations, a contract may be awarded according to the following types of procurement :

- Restricted call for bids
- Negotiations without announcement
- Single-source procurement procedure

Tendering procedures are conducted on the Procurement Platform of PKP Polskie Linie Kolejowe S.A.

<https://zamowieniaz.plk-sa.pl/servlet/HomeServlet>

On the Procurement Platform in *the Regulations and procedures of the purchasing process* sheet is located the

Plan of investment procurements for 2018.

The following periods refer to proceedings carried out through an open tender under the Public Procurement Law, taking into account the prior control of the President of PPO

Stage – from launching to submitting a tender
up to 2 months
-- deadline for submitting bids taking into account the complexity of the subject

Stage II – from submitting offers to choosing the most best one
up to 2.5 months
– the date by which the selection of the best offer should be made

Stage III – od wyboru oferty najkorzystniejszej do zawarcia umowy
do 2.5 miesiecy
– from choosing the best offer to the contract conclusion

Award criteria

Construction works

Total gross price	Date of completion	Availability of the railway line (duration of track closures)	Staff experience Contractors
max 60%	10 - 30%	10 – 30 %	5 - 10%

Engineering services

Total gross price	Staff experience Contractors	Methodology
60%	20%	20%

Design

Total gross price	Order execution time	Additional support of the key project team
60%	20%	20%

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Tenders in 2018

Tendering proceedings planned for publication in 2018

	Number	Estimated value of the order (net in PLN bln)
Proceedings planned for publication including	233	11,5
Construction works	93	10,6

Contracts planned to be signed in 2018

	Number	Estimated value of the order (net in PLN bln)
Contracts planned to be signed	260	14,0

Źródło: Report aggregating data from the EPM Schedule of tender dated 04-01-2018

Terms of contract

Contracts for construction works applied in PKP PLK S.A.

PKP PLK S.A. developed separate document templates for construction works contracts:

Tender formulas:

Construct

Design and Build

For investments:

Implemented with the use of co-financing from EU funds

Implemented from national resources

General remarks regarding contracts:

- Contracts are formulated based on the generally applicable laws in the Republic of Poland.
- Agreements are - as a rule - concluded after conducting the tender procedure based on the provisions of the Public Procurement Law.
- The Agreements contain provisions strengthening the protection of Subcontractors notified by the Contractor to the Ordering Party.
- Contracts co-financed from EU funds contain, as a rule, the conditional payment amount institution.
- Contracts co-financed from EU funds contain - as a rule - an obligation to purchase and deliver (at specified times) Devices and Materials that will be used in the course of the Works.

Works contracts for investment projects co-financed from EU funds (in the formula build and design and build):

- Contracts developed on the basis of FIDIC contract terms.
- Contracts consist of General Terms and Conditions that are translated into Polish original FIDIC contract terms and Special Conditions developed by PKP PLK S.A.
- The Special Conditions have priority over the application of the General Conditions.
- The Special Conditions specify the obligations of the parties and adapt the Agreement to the generally applicable law in the Republic of Poland.

Works contracts for investment tasks financed from national funds (in the formula build and design and build):

- Contracts developed on the basis of the Civil Code.
- Agreements have a uniform structure - no division into General and Special Conditions.
- Agreements are interpreted and resolved in accordance with the provisions of generally applicable law in the Republic of Poland.

Dialogue with the Contractors' market when creating Base Documents

- Dialogue with Contractors is conducted through the Investment Forum.
- Representatives of Contractors who have declared their willingness to cooperate with PKP PLK SA are participating in the Investment Forum. in co-creation of the Base Documents.
- The work of the Investment Forum is conducted in specialized Working Groups: Terms of Contract, Selection Criteria, Engineer, Designer, Technical.
- The Contractor market proposals regarding the Base Documents: Special Contract Terms, Functional-Utility Programme, Instructions for Contractors and other documents are considered during the works.
- The work of each Working Group is conducted by the Chairman of the Group.
- Participation in the work of Working Groups is the optimal way to access the latest information on Base Documents applied in tender proceedings by PKP PLK SA.

Project implementation

- Conducting a dialogue with the contractors' market
- Verification of the approach to the risk of parties in contracts
- Change of approach to the role of contract engineer
- Changes to contract templates and base documents (conditions for changing the contract, catalog of contractual penalties)
- Changes of the Functional-Utility Programme (PFU) template

Cooperation with contractors



- **Conditional payment amount up to 10-15 %** of the value of works.
- **The possibility of contractual advance payment up to 10%** of the approved contractual amount.
- Possibility of **payment for devices and materials** in the amount of **25%** of the accepted contractual amount.
- Possibility of **price valorisation**.
- Possibility of **more frequent payments** in a month - more than 1 payment in a month.
- Payment up to **90%** of the value of materials.
- Increase of the Importance of the non-price criteria in tenders.

