Ref.:

REQUEST FOR PROPOSALS

CONSULTANCY SERVICE TO DEVELOP A FRAMEWORK FOR REGULATORY OVERSIGHT FOR THE REGIONAL ENERGY MARKET UNDER THE EU PROJECT ON ENHANCEMENT OF A SUSTAINABLE REGIONAL ENERGY MARKET IN EASTERN AFRICA, SOUTHERN AFRICA, AND INDIAN OCEAN (EA-SA-IO) REGION

RFP No. CS/ADM/707/2

1. INTRODUCTION

The Common Market for Eastern and Southern Africa (COMESA) is a regional grouping of 19 African States which have agreed to promote regional integration through trade development and investment. In this regard, COMESA through the Regional Association of Energy Regulators of Eastern and Southern Africa (RAERESA) is currently spearheading implementation of the European Union-funded Project on Enhancement of a Sustainable Regional Energy Market in the Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) Region[1].

The overall objective of the project is to enhance a sustainable regional energy market in the EA-SA-IO region, which is conducive to investment and promoting sustainable development. The project is relevant for the African Union's Agenda 2030 and 2063 and contributes primarily to the progressive achievement of Sustainable Development Goals (SDG) target 7 of ensuring access to affordable, reliable, sustainable and modern energy for all. It also promotes progress towards Goal 5 of achieving gender equality and empowering all women and girls, Goal 9 of building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation, and Goal 12 of ensuring sustainable consumption and production patterns.

Most countries in the Eastern Africa-Southern Africa-Indian Ocean (EA-SA-IO) region have experienced energy challenges, although it is a region with high potential capacity of energy when compared to other sub-Saharan African regions. These challenges are manifested by inadequate level and coverage of physical energy infrastructure due to insufficient investment in the energy sector, inefficiency and unreliability of existing energy infrastructure services, increased demand for economic growth and population growth, high cost of operating existing energy infrastructure facilities, energy poverty in terms of lower access rate and reliance on traditional fuels (wood fuels), and the issue of low utilization of clean energy option which includes energy efficiency and renewable energy. These challenges have resulted in increased cost of doing business which has negatively impacted the competitiveness of the region in its internal and external markets.

It is envisaged that the planned expansion of cross-border power transmission interconnectors could, in the short, medium and longer term, increase the share of energy traded between the regions and the nations helping to increase reliability and security of supply. However, regional trade is also hampered by transmission constraints occasioned by among other factors, the lack of investments in transmission infrastructure (old and new). For instance, making the available transmission access to the SAPP Day Ahead Market (DAM) and Post DAM has proved to be a big challenge resulting in over 80% of the matched trades being unable to materialise.

Similarly, regulatory oversight of the competitive energy market that would otherwise boost transparency and inspire investor confidence is weak and casts some serious aspersions on the integrity and credibility of the market from investors' perspective. Important tools and objective mechanisms necessary for providing effective regulatory oversight such as transmission pricing methodology and a regional grid code are either not clear or are missing thus making cross border trade in energy difficult. Further, regional regulatory bodies such as RAERESA, RERA and IRB, and their Member Regulators are not playing a very active role in

[1] The EA-SA-IO Region comprises the following countries: Angola, Botswana, Burundi, Comoros, Djibouti, Democratic Republic of Congo, Egypt, Eritrea, eSwatini, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, South Africa, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe

the oversight of the market because their roles are not defined.

Unless the current challenges facing the regional energy market are addressed, the short and long-term sustainability of the EA-SA-IO regional energy market will be compromised, and the attendant good benefits will be unrealisable into the foreseeable future.

There is therefore need for an enhanced regional energy market with a harmonized, efficient and gender- sensitive regulatory framework and with capacitated regional regulators and power pools to more effectively oversee and stimulate increased regional power trade in the EA-SA-IO region.

COMESA is now seeking proposals from qualified firms to:

a) Develop a framework for regulatory oversight of the regional energy market, that can be adopted by regional and national regulatory institutions to promote investments and power trading in the region; and
b) design a responsive training programme for strengthening the capacity of national and regional regulatory institutions and Power Pools to proactively influence power trading and developments in the energy sector.

The terms of reference for the consultancy service are provided in Annex 3 to this document.

2. ELIGIBILITY OF CONSULTANTS

This consultancy is open to reputable consulting firms based in EU, COMESA or ACP countries.

3. COMMENCEMENT AND COMPLETION OF WORK

The assignment is expected to commence on 1st February 2019.

4. SUBMISSION

The bidder shall submit the proposal in **one external envelope containing inside three sealed envelopes.** The proposal shall be submitted in English in sealed envelopes as one original and three copies to the address below by the closing date **14th January 2019** at 15.00 hours Central African Time through courier services or hand delivery:

Chairman - Procurement Committee
COMESA SECRETARIAT
BEN BELLA ROAD
P.O BOX 30051
LUSAKA, ZAMBIA
Tel: 260 211 229725 – 32
Att: Procurement Unit

The outer envelope should be clearly marked in the top right-hand corner "**"RFP: CS/ADM/707/18 – ENERGY STRATEGY"** DO NOT OPEN BEFORE **14th January 2019 at 15.00 HRS Zambian time**.

5. PROPOSALS EVALUATION

Technical and financial proposals will be evaluated according to the criteria and weight presented in the following table:

Evaluation Grid

T1	Understanding of the Term of Reference	10
T2	Approach and Methodology	30
T3	Education and Qualifications of the proposed team	20
T4	Specific Experience in relation to the consultancy	30
T5	Experience in regional cooperation programmes, and the knowledge of the EA-SA-IO region	10
	Total	**100**

The Technical proposal will be assigned a weight of 80% and the financial proposal will be weighted at 20%.

6. REQUEST FOR CLARIFICATIONS

Any requests for clarifications shall be sent to the address of the Procurement Unit; procurement@comesa.int and copy to ymukabe@comesa.int - not later 14 days prior to the deadline for submission.

7. PRICING

All prices MUST be indicated in US Dollars.

There will be no price variation after signing of contract except upon a mutual written agreement between the two parties;

The price quoted shall be considered as representative of all the services required by COMESA as contained in this Request for Proposal.

Prices must be exclusive of all taxes within Zambia.

Prices must be valid for 90 days from the date of close of tender.

8. PAYMENT

Bidders are advised to indicate their payment terms and conditions.

9. AWARD OF CONTRACTS

COMESA reserves the right to wholly or partially reject or award the contract to any bidder and has no obligation to award this tender to the lowest bidder.

Annex 1: Financial proposal Form

		AMOUNT IN USD
TOTAL PROFESSIONAL FEE		
OTHER RELEVANT EXPENSES		
VAT AND ALL OTHER TAXES		EXCLUSIVE

Amount in words: _____

_____

Submitted by:

Name: _____

Signature: _____

Annex 2: Consultant's Experience

Assignment name:	Approx. value of the contract:
Country: Location within country:	Duration of assignment (months):
Name of Client:	Total Nº of staff-months of the assignment
Address:	Approx. value of the services provided by your firm under the contract (in current US$)
Start date (month/year): Completion date (month/year):	Nº of professional staff-months provided by associated Consultants:
Name of associated Consultants, if any:	Name of senior professional staff of your firm involved and functions performed (indicate most significant profiles such as Project Director/Coordinator, Team Leader):
Narrative description of Project:	
Description of actual services provided by your staff within the assignment:	

Consultant's Name: _____

Annex 3 – TERMS OF REFERENCE

1.0 Work Streams and Deliverables

1.1 Work Stream A: Development of a Framework for Regulatory Oversight of the Regional Energy Market

A. Background

Regulatory oversight of the competitive energy market in the EA-SA-IO region that would otherwise boost transparency and inspire investor confidence is weak and casts some serious aspersions on the integrity and credibility of the market from investors' perspective. The ideal sector governance scenario is a regulatory structure that fully segregates the functions of policy formulation, policy enforcement/regulation and service provision. This should be based on appropriate legislation, that provide for autonomy especially for the regulator. Regionally, the regulatory framework does not have full separation of functions among policy makers, regulators and market operators - which is the desired end state for a market to enhance its attractiveness for investment. COMESA, EAC and SADC have regional associations of national regulators that advise the RECs with policy formulation and coordination. Although, these regional associations of regulators perform some 'rule-making' functions, which are 'legally' adopted through the REC structures, their ability for 'market enforcement' is non-existent.

Unless the current challenges faced by the regional energy market are addressed, the short and long-term sustainability of the EA-SA-IO regional energy market will be compromised, and the attendant good benefits will be unrealisable into the foreseeable future. To this end, there is need for development of a framework for regulatory oversight of the regional energy market to address some of the prevailing and future challenges.

B. Work Stream A Objectives

To help meet the challenges facing the regional energy market, an enabling regulatory environment for enhanced investment in the regional market and increased regional power trading is needed. The overall objective of this work stream is to develop a framework for regulatory oversight of the regional energy market adopted by regional and national regulatory institutions to promote investments and power trading in the region.

More specifically, the objectives for this work stream are as follows:

a. to clarify the roles of regional energy regulators and/or associations and their member regulators, and to establish appropriate regulatory instruments and market monitoring & surveillance programs for the regional energy market;
b. to incentivise investments in regional transmission and generation infrastructure through development of appropriate pricing methodologies that promote competition and market integration; and
c. to promote open access to the regional transmission network through development of harmonized interconnections codes and operations regimes.

C. Work Stream A Scope of work

The following will be the scope of this task;

a. review existing national and regional energy policies, laws, regulations and institutional frameworks within the EA-SA-IO region including the status of the establishment of autonomous regulators in member states;
b. investigate regional and international best practices regarding the regional energy markets, and make appropriate recommendations on best practice guidelines for regulatory oversight of the regional energy market regarding the following;
    i. the roles of regional regulatory authorities and/or associations and their member regulators;
    ii. licensing regime(s) for the regional energy market;
    iii. market monitoring and surveillance, compliance and enforcement activities, and reporting thereof;
    iv. incentivizing investments in regional transmission infrastructure through appropriate tools such as the transmission pricing methodology;
    v. promoting open access to the regional transmission network;
    vi. promoting market access for independent power producers (IPPs);
    vii. promoting regional and intra-regional trade in energy;
    viii. enhancing energy security and competitiveness of industries in the region;
    ix. addressing environmental sustainability; and
    x. promoting gender issues in energy.
c. Identify within the existing national and regional energy policies, laws, regulations and institutional frameworks, provisions that would hinder the provision of effective regulatory oversight for the regional energy market in the EA-SA-IO region, and recommend minimum standard requirements for harmonization;
d. Identify and review existing regional MOUs and Agreements relevant to cross-boundary trade in energy and recommend, where necessary, appropriate modifications to align them to international best practice on regulatory oversight of regional energy markets;
e. analyse the implications of the recommended options in terms of policy, legal, regulatory, technical, and economic aspects and recommend appropriate remedies; and
f. Review budgetary requirements for the regulatory oversight roles of regional regulatory institutions and their member regulators and recommend appropriate financing modalities for this.

D. Work Stream A Output

The deliverable from the study will be a report detailing a practical framework and implementable roadmap for implementing the following;

a. a harmonized regional regulatory framework to foster the regional energy market integration and trade;
b. reliable strategies that will ensure provision of affordable basic energy services to consumers while maintaining sustainability of operators and service providers

c. domestication and adoption of the framework by members countries and regional regulatory institutions;
d. alignment of member countries' regulatory and policy frameworks to the regional framework; and
e. outlining the positive impacts harmonization will have on promoting regional and intra-regional trade in energy, enhancing energy security and competitiveness of industries in the region, and addressing environmental sustainability.

1.2 Work Stream B: Design of a responsive training programme for strengthening the capacity of national and regional regulatory institutions and Power Pools to proactively influence power trading and developments in the energy sector.

A. Background

A review of the regional associations of regulators reveals strengths and weaknesses which, to a certain extent, reflect the regulatory environment in their member countries.

These can be summarised as follows:

Strengths:

- They have become important platforms for regional energy regulatory cooperation in their respective regions (COMESA, EAC and SADC); providing a network for information sharing and capacity building for its members.

- The organisations enjoy goodwill and support from their respective members and other stakeholders; demonstrated in high levels of membership commitment in terms of providing support and active participation in the activities.

Weaknesses

- Weak capacities at RERA and RAERESA to effectively address energy regulatory challenges.

- Insufficient funding (beyond operational costs) for sustained implementation of regional regulatory programmes and activities.

Despite their weaknesses, the regional associations of regulators provide the necessary platform for working towards harmonisation of the regional regulatory framework for a sustainable energy market. Given the strength and weaknesses experienced by the regional associations and their member regulators, there is a need to strengthen their capacities so that they can continue playing their role in developing a stable, predictable, transparent and harmonised energy regulatory environment, and bolstering good governance in the regional power sector to improve the investment climate and develop an efficient as well as sustainable energy market. In addition, the Member States need support in order for them to domesticate harmonised regional guidelines.

B. Work Stream B Objectives

The overall objective of this work stream is to perform a diagnostic assessment of training needs within energy regulatory institutions and power pools of the EA-SA-IO region and design a responsive programme to support their proactive engagement in the development of

the regional energy market.

The specific objectives of the project include the following:

a. Capacitate existing regional regulatory institutions and power pools to answer to specific needs with priority to regulatory issues to enable them to drive the process of regional regulatory and policy harmonisation, as well as the development of the regional energy market;
b. Provide training on the supply side energy efficiency and support limited technical advisory in implementation of some measures using some countries in the region as case studies;
c. Develop the capacity of regional regulatory institutions and power pools to mainstream gender issues in the sector to enhance women's active participation in the development of the regional energy market.

C. Work Stream B Scope of work

The following will be the scope of this sub-task:

a. Design a competency matrix detailing key competencies and tools required for the regional regulatory institutions and power pools in regional market performance and compliance reporting and regulatory benchmarking to effectively engage in the development of the regional energy market;
b. Categorize the knowledge, skill, and competency requirements according to the following levels;
    i. at corporate or organization level
    ii. at section, unit or department level
    iii. Individual staff members
c. Design data collection and analysis instruments and collect data on the actual knowledge, skills, competencies and ability levels among staff of the different entities;
d. Conduct a functional skills and training needs analysis of the current and expected future roles and skills required to undertake, report and implement activities related to regulation of the regional energy market;
e. propose training courses and course providers aimed at addressing identified training, skills and knowledge gaps as relates to supply side energy efficiency and outline a scope for technical advisory in implementation of some measures using some countries in the region as case studies;
f. Compile, analyse and interpret findings of the Training Needs Assessment and prepare a draft report of the findings;
g. Develop a baseline for number of women in senior positions participating in development of the regulatory guidelines;

h. develop a comprehensive capacity building programme focusing on women in energy including mentorship, internship, training, exchanges visits and other related social dimensions;

D. Work Stream B Output

The deliverable from the study will be a comprehensive report detailing the training needs of national regulatory authorities, regional regulatory associations (RERA and RAERESA), and power pools (SAPP and EAPP) and a related training programme to address the needs in issues related to cross-border trade, supply-side energy efficiency and mainstreaming women in energy.

2.0 METHODOLOGY AND DUTIES OF THE CONSULTANT

The study will combine review/analysis of the existing energy policies, laws, regulations and institutional frameworks in the countries in the EA-SA-IO Region. Interviews with relevant stakeholders of the different levels of the value chain will be undertaken.

The project goals, objectives, and outputs shall be monitored throughout by the ESREM Project Management Unit (PMU). The consultant will report to the Project Manager, ESREM. The duties and responsibilities of the consultant will include;

a. preparation of an acceptable methodology and work plan for the study;
b. visit EA-SA-IO regional institutions and member states for meetings and interviews with relevant stakeholders such as regional regulators, regional power pools, national energy ministries, national regulators, rural electrification agencies, utilities and other key players in regional energy policy;
c. preparation of inception and draft final reports for each of the sub-tasks with inputs from relevant EA-SA-IO energy sector stakeholders;
d. presentation of study findings, proposals and roadmap at consultative, validation and dissemination workshops;
e. consolidation of the stakeholder comments into final reports for each of the sub-tasks;
f. submission of the Final reports for each sub-task as per the contract deliverables both in soft (in Word and PDF formats) and hard copy (5 copies); and
g. presentation of final reports to the PMU and wider stakeholders.

The PMU will provide the consultant with assistance to ensure successful completion of the study including documentation in their possession relating to the assignment. A kick-off meeting with the consultant is expected to take place to agree on the methodology, stakeholder consultations, and reporting, content and format of the final reports.

3.0 PROFILE OF THE CONSULTANT

The Consulting Firm selected shall provide a team of four experts. The assignment is for a total of 4 calendar months, out of which a total of 238 working days are allocated as follows:

Expert	N° working days
Team Leader	63
Deputy Team Leader	63
Expert 2	56
Expert 3	56
Total	238

The Consultant's team shall consist of at least 4 experts with extensive demonstrable experience/knowledge of the energy sector of the EA-SA-IO region; as well as have strong familiarity with the concept of regional integration. These will include the following:

3.1 Short-Term Energy Expert: Power Market Design Specialist (Team Leader)

The Team Leader should have a postgraduate qualification of at least a master's degree in Energy related discipline. Strong energy policy and regulation background as well as requisite experience in the management of similar projects in the energy sector is required. The Team Leader should have a minimum of ten (10) years relevant professional experience, out of which at least five (5) years should relate to the following areas:

a) energy market reforms, market development, management of power utilities and turnaround, energy regulations, cross border issues and power production and trade;

b) working with power utilities, energy departments, ministries and regulatory agencies, regional energy institutions.

c) knowledge of business models for infrastructure PPPs and IPPs and energy policies;

d) assisting developing countries in national energy sector policy analysis and development (including access, supplies, efficiency and reforms, and capacity building on policy and regulatory framework);

e) energy regulation; and

f) work experience in energy sector reform in developing countries, with emphasis on energy regulation and cross border trade.

3.2 Short-Term Energy Expert: Legal, Institutional Frameworks, Regulations (Deputy Team Leader)

The Deputy Team Leader should be a graduate in Laws (LL. B) from a recognized university. Possession of master's degree in law or any additional post graduate qualifications in the energy regulation will be an added advantage. The Deputy Team Leader will be required to be a qualified legal practitioner with at least 10 years' experience in energy utilities and utility regulatory issues. Specific experience with Power Purchase/Supply Agreements, Independent Power Producers, drafting of regulatory tools in the energy sector such as rules and regulations, Grid and Distribution Codes and energy contracts will be most useful.

Other specific requirements include;

a) experience on regional energy policies, regulations and market operations,

b) experience in regional energy institutions and governance and good knowledge of the RECs in EA-SA-IO region area is required,

c) experience in energy regulation, cross border issues and power production and trade,

d) experience in developing and implementing strategic plans to support human resource needs.

3.3 Short-Term Energy Expert: Policy, Planning Models, Statistics, Monitoring Systems

Energy Economist/Planning Specialist should possess an advanced degree in economics or finance from a recognized university. Possession of professional qualifications will be an added advantage. The Energy Economist/Planning Specialist should have at least ten (10) years professional experience in power economics.

The expert should also have knowledge and experience in;

a) energy sector reform in developing countries, with emphasis on energy regulation and cross border trade,

b) development of medium and long-term planning and forecast statistics including load forecasting,

c) evaluation of Power Purchase Agreements (PPAs), tariff methodologies and energy pricing,

d) energy planning models, monitoring national and regional energy targets,

e) development of national and regional action plans,

f) developing economic models for gauging the impacts of tariff changes on various sectors of the economy.

3.4 Short-Term Energy Expert: Power Systems Engineer

The Power Systems Engineer should possess an advanced degree in electrical or mechanical engineering from a recognized university. The Power System Engineer should have at least ten (10) years professional experience in operations and the economics of power infrastructures i.e. planning, operations and economics of power plants, transmission and distribution systems.

Power Systems Engineer should have a minimum of ten (10) years relevant professional experience, out of which at least five (5) years should relate to the following areas:

a) high voltage transmission system design and electricity grid codes, system operations,

b) integration of Renewable energy technologies into existing grid networks,

c) experience with electrical system studies including generation, transmission and distribution analysis, load flow analysis, congestion and system expansion studies

4.0 LOCATION AND DURATION

The indicative starting date of the assignment is 1st February 2019. The duration of the assignment is 4 calendar months from the starting date. The assignment will be carried out in four phases between February and May 2019.

The table below describes the indicative activities, location and duration of the assignment.

Activity	Expert 1 – Team Leader	Expert 2	Expert 3	Expert 4
Phase 1				
REARESA/RERA based: Inception, Desk review, submission of the desk study report	15	15	13	13
Comments on the desk study by PMU, PTSC and EUD	-	-	-	-
Phase 2				
Preparation of field missions and consultative workshop, briefing with PMU, PTSC and EUD	5	5	5	5
Regional consultative workshop on the study by EA-SA-IO member states' stakeholders, Field work and analysis, consultations in the selected member states, Debrief and travel	20	20	20	20
Phase 3				
REARESA/RERA based: Preparation of the draft report together with the WS documentation; submission of the draft report	6	6	6	6
Comments on the draft report by PMU, PTSC and EUD	7	7	7	7
Phase 4				
Zambia based: Travel to Lusaka, finalisation of the WS documents, Regional validation workshop and debriefing/travel home	5	5		
Comments from Stakeholders				
Phase 5 home based: Drafting and submission of Final Report to PMU, PTSC and EUD for final review and approval	5	5	5	5
Total working days	63	63	56	56

5.0 REPORTING REQUIREMENTS

Item	Deliverable/Activity	Expected date
1	Contract signing	01 February 2019
2	Inception Report	18 March 2019
3	Regional Consultative Workshop	15 April 2019
4	Draft Report	22 April 2019
5	Validation workshop	19 May2019
6	Final report	30 May2019

The language of the report and all material and communications with the stakeholders is English.

6.0 ADMINISTRATIVE INFORMATION

This is a global price contract. However, under Reimbursable costs, the financial offer should provide for return ticket for mobilization/demobilization of the expert, and Per Diems.

The base station for the consulting company shall be at RAERESA at the COMESA Secretariat in Lusaka Zambia and RERA in Windhoek Namibia.

COMESA Secretariat will facilitate the consultant's assignment with office space, applying for entry and exit visas for the experts and any permits required for the consultants to carry out their duties within the country.

The Consulting Company shall ensure that experts are adequately supported and equipped. It must also transfer funds as necessary to support its activities under the contract and to ensure that its employees are paid regularly and in a timely fashion.

7.0 INCIDENTAL EXPENDITURE

- Economy Class return air ticket for each of the experts (international flight)
- Economy Class air tickets for field consultations for each of the experts (regional flights)
- Provision of regional travel costs for the field missions in the selected COMESA Member States