



**Request for Proposals (RFP)
For
Consulting Services**

To Develop the Operating Strategy for the CASA-1000 HVDC Power Transmission System Comprising HVDC Converter Station Terminals in Tajikistan and Pakistan, along with an HVDC Line from Sangtuda, TJ to Nowshera, PK via Afghanistan

RFP Reference No.: RFP 2018-06-CASA-1000/DCO

ECODIT Response to Inquiries Submitted by Prospective Offerors During Solicitation.

Date: July 27, 2018

Question 1. TECHNICAL PROPOSAL – 4. Office Location/Geographic Codes

The Clause 4 states that “The authorized USAID geographic codes are 937 and/or 110.” Please confirm that Italy, Bulgaria and Greece are out of the mentioned geographic codes.

The authorized geographic codes for this procurement are 937 and/or 110. Prospective offerors should consult the relevant guidelines contained in the following USAID documents to determine eligibility:

- **USAID ADS Chapter 310, Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID, <https://www.usaid.gov/sites/default/files/documents/1876/310.pdf>**
- **List of Advanced Developing Countries, A Mandatory Reference for USAID ADS Chapter 310, <https://www.usaid.gov/sites/default/files/documents/1876/310mab.pdf>**

Question 2. TECHNICAL PROPOSAL – 4. Office Location/Geographic Codes

The Clause 4 states that “... if the offeror is from a location outside of the authorized geographic codes, a USAID waiver would be needed, requiring a compelling justification for the best technical and commercial value to the U.S. Government”. [Prospective Offeror] is able to deliver own offer through an owned US company.

All prospective offerors are invited to submit their bids to the subject procurement. Bids submitted by prospective offerors who are outside the authorized USAID geographic codes will require a waiver and a compelling justification to provide best value to the U.S. Government and USAID. It is each prospective offeror’s sole decision how it wants to structure its corporate bid to the subject procurement, ensuring that it is responsive to the RFP requirements.

Question 3. FINANCIAL PROPOSAL - Taxes

We understand that the price is net of any taxes. If not, please clarify which direct (withholding) and/or indirect/local taxes have to be included in the price.

The price is inclusive of any and all taxes, including any tax requirements stemming from the local legislation.

Question 4. TERMS OF REFERENCE - Section I. Overview

Our understanding is that the “DC facilities” mentioned in the Terms of Reference includes only the 2 converter substations located near Sangtuda, Tajikistan, and Nowshera, Pakistan and the DC transmission line.

Could you please confirm that no additional elements, e.g. intermediate substations and/or BtB, are part of the system to be considered in the required consulting services?

Your understanding is correct. No other additional elements, other than those directly related to the converter stations, are to be considered.

Question 5. TERMS OF REFERENCE - Section II. Scope: Key regulatory Issues:

i. In case of regulated interconnection, which scenarios impact cross-border capacity congestion rent and electricity prices in 4 countries and selection of the reference scenario in terms of:

- a. electricity demand
- b. commodity prices
- c. generation fleet
- d. development of cross-border capacity
- e. regulatory changes impacting electricity market calculation of the theoretical profitability of the merchant part of the interconnector
- f. price differential between countries
- g. level of saturation of the interconnector

ii. May joint auction officers for cross border capacity allocation be established?

iii. May capacity be allocated by explicit/implicit auctions on the day-ahead?

iv. Shall rules to allocate the congestion rent to the involved parties be defined?

The above-referenced considerations are outside the scope of Phase I and Phase II of the subject procurement.

Question 6. Which of the following merchant models will be applied to the interconnection?

- Anchor-tenant who purchases a significant proportion of the capacity over the long-term through a bilateral contract. Agreement typically 20 years – buyer must therefore be creditworthy and perceive a long-term need for at least some of the capacity?
- Long-term competitively marketed capacity contracts (e.g. open seasons)?
- Market coupling or relatively short-term capacity approach?

In case of semi-regulated interconnection?

- Cap and floor: The developer of the asset is partially exposed to price risk but part of the asset is underwritten by consumers?

The above-referenced considerations are outside the scope of Phase I and Phase II of the subject procurement.

Question 7. TERMS OF REFERENCE - Section II. Scope

Key Issues on the Market:

- a) Main roles and players overview: Existing of bundled/unbundled operator? Trading companies on the markets?
- b) What is the status of the wholesale power market?
- c) What is the status of ancillary services and balancing market?
- d) What is the status of the market coupling?
- e) Agreement among countries on cross border losses allocation?
- f) What types of contracts in the 4 countries already exist? Bilateral contracts? PPAs? Bilateral trading and pricing structure?

- g) Are there any regulatory provisions influencing the value of electricity?
- h) Are there any main distortionary rules on the market?
- i) What is the degree of liberalization?
- j) Potential regulatory changes?
- k) About the RES policy framework: what is the level of investments and connection permits?
- l) What are the drivers of electricity prices?

The above-referenced considerations are outside the scope of Phase I and Phase II of the subject procurement.

Question 8. TERMS OF REFERENCE - Section II. Scope.

The Terms of Reference, at page 9, describes that “The Master Agreement also anticipates that a Technical Code will be developed and agreed to by the companies that will “... provide for the operating procedures and principles governing the relationship between the DC Operator, each National Transmission Company and all other Third-Party Users...”.

Are ancillary services to be included in this relationship?

- If yes, what kind of ancillary services the DC Facilities shall guarantee (e.g. primary control, voltage regulation, etc.)
Are these services already regulated by the in-place agreements?

Ancillary services will be a subject within the development of the Technical Code. The DC Operator will be a user of ancillary services that will be supplied by other parties. No agreements are currently in place.

Question 9. TERMS OF REFERENCE - Section II. Scope

The Term of Reference states that: “The CASA-1000 Master Agreement regulates the relationship amongst the National Transmission Companies involved regarding the CASA project (the “Parties”)”.

Is the CASA-1000 Master Agreement the only agreement that regulates the relationship amongst the National Transmission Companies involved? Please confirm.

The Master Agreement is the institutional and commercial framework for the relationship amongst the National Transmission Companies involved in the CASA-1000 project.

Question 10. TERMS OF REFERENCE - Section II. Scope

Will the DC Operator be in charge of dispatching the power input/output of the DC Facilities?

- If not, who will be in charge of dispatching the power transfer of the facility?
- If yes, will the Technical Code set also dispatching rules and optimization targets?

The DC Operator will be in charge of managing the operation of the DC Facilities. The determination of the governing dispatch authority will be part of the mandate. The Technical Code shall set the dispatch rules and optimization targets.

Question 11. TERMS OF REFERENCE - Section III. Activities for DC Operator Strategy Development and Implementation Schedule.

The Term of Reference states that “The Consultant shall prepare the Report of Phase I with following considerations and deliverables:

1. List of key information, parameters and evaluation criteria to be taken into account in order to make an informed decision on the structure of the DC Operator mandate.
2. Consolidation of preliminary operational considerations/limits/restrictions identified by the host National Transmission Companies.
3. Summary description and comparison of viable operating structure options against the identified evaluation criteria.
4. Identification, to the extent possible, of the specific conditions under which each option would be the preferred option.

5. Additional information required to be investigated in order to provide a final recommendation.
6. Draft outline of Technical Code and identification of key parameters that may bear on operating strategy. Preliminary spare equipment inventory strategy.
7. Initial work plan and budget to Target Commercial Operation Date”

Regarding point 1:

- a) Will this evaluation criteria, or at least the social/economic/technical over target achievements, be given in advance?
- b) Will they be discussed and approved before drafting the viable operating structure?

Regarding point 3:

Will the DC Operator remuneration be set by the Master Agreement or will be defined under Technical Code?

Regarding point 4:

Are the relevant conditions defined by CASA-1000 project?

- If not, what kind of conditions shall be considered? Socio-economic (e.g. GDP growth, load demand increase)? Technical (e.g. grid development)? Both?

Regarding Point 1:

- a) **The development of the list of key information, parameters and evaluation criteria are key deliverables and are within the Scope of Work of the Consultant in Phase I.**
- b) **Yes. The evaluation criteria will be developed and reviewed in Phase I. The preferred operating structure will be proposed in Phase II.**

Regarding Point 3:

The manner of compensating the DC Operator is established in the Master Agreement.

Regarding Point 4:

No. The Scope of Work requires the Consultant to identify relevant conditions under which each option would be preferred, or not preferred.

Question 12. TERMS OF REFERENCE - Section III. Activities for DC Operator Strategy Development and Implementation Schedule.

The Term of Reference states that: “The Consultant will use its technical expertise [...] and knowledge of the electric transmission systems of Central Asia and South Asia regions.”

Regarding the SNC-Lavalin report.

- a) Could it be assumed as a reference for collecting the required knowledge of the involved regions? Please confirm.
- b) Was the World Bank financing approved based on the SNC-Lavalin report itself? If not, was it preparatory?

The SNC Lavalin Report was a relevant public document but was last updated in 2011 so it is not necessarily up to date. However, it may provide a useful historical reference to the prospective bidders. Documentation related to the World Bank’s involvement with the CASA-1000 project is available through the World Bank official website.

Question 13. Could you please provide a list of available input documents, e.g. technical/economic feasibility studies, as well as previous studies that will be made available to the Consultant during the execution of the Project Tasks?

There are no studies undertaken that are/have been directly relevant to the issue of the development of the DC Operator Strategy.

Question 14. Will the list of companies invited to submit the bids to the subject procurement be disclosed?

Information regarding the companies who were invited to submit their bids to the subject procurement or actual bidders to the subject procurement is confidential and procurement-sensitive.

Question 15. Section 1, Item G, #4 Financial Proposal. Travel estimates to “host country area” have been indicated. Please identify the “host country area” and specific locations where travel will be required. In order to minimize travel costs, can travel be consolidated by meeting all respective parties in a common location?

A “Host country area” refers to the CASA-1000 Secretariat in Almaty, Kazakhstan, but also includes the CASA-1000 project/host countries. Meetings in common locations will be possible and can be considered, as will the use of videoconferencing facilities to provide cost-effective methods and alternatives to physical meetings.

Question 16. Attachment 1, Terms of Reference, Item ii Scope of Work, Paragraph 5 indicates “The Master Agreement also anticipates that a Technical Code will be developed ...” Is the development of a draft and/or final Technical Code included in the current scope of work or has this already been defined in the Master Agreement?

A very general outline of the Technical Code has been prepared. Development of the draft Technical Code, particularly identifying the key items that will bear on the DC Operator Strategy, is part of the Scope of Work for Phase I.

Question 17. Attachment 1, Terms of Reference, Item ii Scope of Work, Paragraph 6. Is development of draft/final open access rules included in the current scope of work?

No. This will be a topic in future phases of the DC Operator Strategy development.

Question 18. Attachment 1, Terms of Reference, Item ii Scope of Work, Paragraph 6. Will the Consultant be provided copies of the PPAs and associated commercial agreements that define the usage during the Supply Period?

Yes.

Question 19. Attachment 1, Terms of Reference, Item iii Activities for DC Operator Strategy Development and Implementation Schedule. Has a required reliability and availability been defined already or is the development of reliability and availability targets included in the current scope of work?

Reliability and availability targets have been established, but subject to finalization in conjunction with discussions with the connecting National Transmission Companies in establishing the Technical Code.

Question 20. Attachment 1, Terms of Reference, Item iii Activities for DC Operator Strategy Development and Implementation Schedule. When and where are CASA-1000 Joint Working Group Meetings?

Joint Working Group (JWG) meetings are generally held as required, either in person within the region (for example, Almaty, Kazakhstan) or in a convenient regional location (for example, Dubai, UAE). They are also held by videoconference.

Question 21. The request for submission has a requirement for the proponent to have locations compliant with USAID geographic codes 937 and/or 110. If a proponent has a location outside of geographic code 937 or 110, would the proposal document by itself demonstrating compelling justification for the best technical and commercial value be sufficient or would a specific form be required. If a form is required can the form please be provided?

See response under Questions 1 and 2 above. There is no specific form required.

Question 22. The TOR reference a Master Agreement. Has this document been completed already or will the phase I and phase II scope of work be included in a future agreement? If the Master Agreement document has already been completed, could it be provided to the proponents?

The CASA-1000 Master Agreement was developed and first executed a number of years ago. It will be available to the successful bidder but will not be made available to all bidders, primarily due to confidentiality provisions.