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Country: Barbados

Institution: Inter-American Development Bank

Sector: Renewable Energy

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Loan N°./Financing: ATN/AC-18926-BA, ATN/OC-18925-BA

Project: Support for the Design of Carbon Neutral Strategies in the Context of Energy Transition in Barbados

Title: Consultancy to develop a competitive procurement framework for utility scale renewable energy capacity and/or storage, regardless of technology type, for Barbados.

Borrower/Bid No:

REQUEST FOR EXPRESSIONS OF INTEREST
CONSULTING SERVICES

Selection #: BA-T1082-P001

Selection Method: Full Competitive Selection

Country: Barbados **Sector:** Energy

Funding – TC #: ATN/AC-18926-BA, ATN/OC-18925-BA

Project #: BA-T1082

TC name: Support for the Design of Carbon Neutral Strategies in the Context of Energy Transition in Barbados

Description of Services: The main objective of the consultancy is to develop a competitive procurement framework for utility scale renewable energy capacity and/or storage, regardless of technology type, for Barbados.

Link to TC document: <https://www.iadb.org/en/project/BA-T1082>

The Inter-American Development Bank (IDB) is executing the above mentioned operation, for which intends to contract consulting services described in this Request for Expressions of Interest. Expressions of interest must be delivered using the IDB Portal for Bank Executed Operations (<http://beoprocurement.iadb.org/home>) **by April 4, 5:00 P.M.** (Washington D.C. Time).

The consulting services (“the Services”) include to establish an end-to-end transparent and competitive procurement process that is suitable to the context of Barbados. This will include the pre-qualification requirements and documents, process to evaluate bidders, guarantee requirements, tender documents and evaluation criteria, as well as bidder rules and guidelines for the preparation of proposals, draft contracts and any other documents that may be required. The contract will be for a period of **seven (7) months**, with an estimated budget for this consultancy of **USD 200,000**.

Eligible consulting firms will be selected in accordance with the procedures set out in the Inter-American Development Bank: [Policy for the Selection and Contracting of Consulting firms for Bank-executed Operational Work](#) - GN-2765-4. All eligible consulting firms, as defined in the Policy may express an interest. If the Consulting Firm is presented in a Consortium, it will designate one of them as a representative, and the latter will be responsible for the communications, the registration in the portal and for submitting the corresponding documents.

The IDB now invites eligible consulting firms to indicate their interest in providing the services described above in the [draft summary](#) of the intended Terms of Reference for the assignment. Interested consulting firms must provide information establishing that they are qualified to perform the Services (brochures, description of similar assignments, experience in similar conditions, availability of appropriate skills among staff, etc.). Eligible consulting firms may associate in a form of a Joint Venture or a sub-consultancy agreement to enhance their qualifications. Such association or Joint Venture shall appoint one of the firms as the representative.

Interested eligible consulting firms may obtain further information during office hours, 09:00 AM to 05:00 PM, (Washington D.C. time) by sending an email to: Carlos Echeverría (carlosec@iadb.org), with a copy to Emilio Angulo (ejangulo@iadb.org).

Inter-American Development Bank

Division: Energy

Attn: Carlos Echeverría, Project Team Leader

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DRAFT SUMMARY – TERMS OF REFERENCE

Barbados

Background

- 1.1 Barbados is an island of 431 km² and a population of approximately 280,000 inhabitants and ranks high among the LAC countries in terms of social and economic indicators. The country depends on imported fossil fuels for over 90% of its total energy needs, leading to high economic vulnerability resulting from changes in fuel prices. In 2018 the fuel import bill for Barbados stood at US\$253 million. Average annual sales of electricity in 2019 totalled 943.8 million kWh of which 5.5% was generated by renewable energy (RE) sources. Distributed RE generators, primarily rooftop photovoltaic (PV) systems, contributed 33.7 million kWh (3.5%) while 18.9 million kWh (2%) was generated from the utility owned 10MW solar PV plant, while solar water heaters penetration is estimated to be roughly 40%.
- 1.2 The use of fossil fuels has a direct pollution effect on Barbados' natural environment, which is a vital economic resource for the country, particularly for the tourism industry. The lack of diversification and of resilience of the critical electricity infrastructure further exacerbates the level of vulnerability and exposure to natural disasters and the impacts of climate change.
- 1.3 The current Barbados National Energy Policy 2019-2030 (BNEP) is part of the Vision 2030 National Development Plan and seeks to create a modern, efficient, diversified and sustainable energy sector for the island, with a clear target of achieving 100% electrical generation from RE sources and carbon neutrality by 2030. The policy was designed, given the energy sector's cross-cutting nature, on a multicriteria approach where issues related to finance, economics, the natural environment, technology and social development were considered in a consolidated manner.
- 1.4 In addition to its role in establishing the national energy policy, the Ministry of Energy and Businesses Development (MEBD) issues all licenses to the utility and other Independent Power Producers (IPPs). The Government of Barbados (GoB) also wants to ensure that all electricity power producers submit the technical, financial, legal and environmental information and data required for market regulation to be carried out by an entity outside of the utility. The GoB recognizes the importance of data and other information in market regulation, the frequency of collecting the data and the form that the data should be in.
- 1.5 The Fair-Trading Commission (FTC) is the local independent entity responsible for regulating the supply and distribution of electricity, telecommunication services and natural gas. The FTC establishes the principles for arriving at the rates to be charged and is guided by the sector policy. This means that the FTC is responsible for setting the tariff rates that the utility is allowed to charge to the consumer. Additionally, they set and monitor the standards of service that the utility offers to the public.
- 1.6 Studies are being undertaken to guide the transition of the electricity sector. These include an Integrated Resource and Resilience Plan (IRRP), a generation expansion plan and a maximum export capacity study which will facilitate long term energy planning and guide renewable energy investment. Legislation and regulations are being amended to underpin the new market structure which seeks to provide a new licencing regime for all segments of the electricity sector, from generation and storage, to transmission, distribution and sales. This improved licencing regime is aimed at improving transparency in the market and encouraging investment in renewable energy sector.
- 1.7 With the completion of these studies and improvements to the legal and licencing framework, the MEBD will be in a position to procure large capacities of RE required to meet the targets of the BNEP. The MEBD is therefore seeking a consulting firm to develop a competitive procurement framework, that is technology-neutral, to facilitate the procurement of large capacities of RE.

Objective of the Consultancy

The main objective of the consultancy is to develop a competitive procurement framework for the procurement of utility scale renewable energy capacity and/or storage, regardless of technology type, for Barbados. The Consulting Firm will be responsible for establishing an end-to-end transparent and competitive procurement process that is suitable to the context of Barbados. This will include the pre-qualification requirements and documents, process to evaluate bidders, guarantee requirements, tender documents and evaluation criteria, as well as bidder rules and guidelines for the preparation of proposals, draft contracts and any other

documents that may be required.

Scope of Work

The Consulting Firm will be required to: 1.

Review the following documents:

- i. Government of Barbados's relevant general and electricity sector legislation (existing and draft proposals) and its regulation, including licenses and the roles of the key players.
 - ii. Barbados National Energy Policy and its Implementation Plan.
 - iii. Integrated Resource and Resilience Plan (IRRP) and its Action Plan.
 - iv. Feed In Tariff scheme and tariff structure.
 - v. Power Purchase Agreements for Feed-In Tariff and for projects over 10MW.
 - vi. Any other documents that may be provided by the Government of Barbados, that are deemed relevant to this consultancy.
2. Based on the above activity:
- i. Identify relevant legal and regulatory gaps, pertinent to the implementation of a competitive procurement framework, and provide suitable recommendations and amendments, based on international best practices.
 - ii. Determine the role and responsibilities of the electricity sector entities in the development of the competitive procurement framework under the new market structure.
 - iii. Outline a step by step process for carrying out auctions, identifying safeguards that should be implemented to maintain transparency and limit collusion, to ensure that the best market price is achieved.
3. Assist MEBD to develop stakeholder workshops to gather the detailed information that may be required to construct the Competitive Procurement Framework.
4. Develop the Barbados Competitive Procurement Framework, based on best international experience, that would be in alignment with the new market structure, that include:
- i. Drafting the **procurement rules** and protocols for all the procurement stages (e.g., call for proposals, reception of proposals, award, and contracts signature).
 - ii. Defining the bidding process and procedures and proposing the best technological platform for the development of the competitive procurement process.
 - iii. Proposing a transparent award mechanism, including the process and evaluation criteria to define the winners.
 - iv. Defining the requirements (technical, financial, guarantees and other relevant aspects) for bidders.
 - v. Defining required financial guarantees to participate in the process and their progression upto contract signature.
 - vi. Designing an **evaluation mechanism** for the bid model agreed upon with the MEBD.
 - vii. Drafting of all procurement documentation that will be released to the public and to the potential and participating entities (i.e., call for proposals, annexes, contract

The framework must be applicable to the procurement of (a) Offshore Wind (b) Energy Storage (regardless of technology) and (c) renewable energy generally (regardless of technology), formats, annexes to submit technical, legal, financial information).

5. Develop an implementation methodology and make recommendations to fast track the first competitive process.
6. Assist the MEBD in open consultations with other government and private sector stakeholders (financiers, developers, banking communities and potential investors) on the procurement rules.
7. Assist the MEBD in the determination of maximum prices for the competitive bidding process for renewable energy projects.

Reporting/Supervision

Deliverables will be accepted based on agreements on scope of work herein and approach reached with consultants at inception. Additionally, deliverables will be reviewed and approved by Mr. Carlos Echeverría, Senior Energy Specialist in consultation with the MEBD.

The consultancy activities will be supervised by the IDB, with the support of a designated focal point at MEBD. In terms of the revision of the deliverables, MEBD will have 10 days to provide comments to the draft reports and 8 days for final reports. The consultants will then have to submit the revised reports within five calendar days of receiving the comments from the IDB and MEBD. The consultants shall finalize the report by taking into account the comments and recommendations.

Deliverables Indicative Timeline

#	Required Product	Delivery Date
1	Workplan, in accordance with the Scope of Work.	10 days after contract signature
2	Inception Report – based on a comprehensive review of existing international procurement procedures and the revision of the local legal framework, identified gaps and recommendations for setting the enabling environment for a competitive procurement framework, including the roles of energy sector’s entities. This deliverable will include the organization of a workshop on best practices for renewable energy competitive procurement with MEBD.	1 month after contract signature
3	Draft Competitive Procurement Framework. This deliverable will include the draft set of procurement procedures, protocols, rules, award mechanism and requirements and qualifications. This deliverable will be presented in a workshop with MEBD.	3 months after contract signature
4	Final Competitive Procurement Framework, including adjustments and recommendations from IDB and MEBD.	4 months after contract signature
5	Draft procurement documents for the competitive procurement process (i.e., call for proposals, draft contracts and annexes)	5 months after contract signature
6	Final procurement documents, including IDB and MEBD feedback	6 months after contract signature

Required Team and Experience

1. Team: The consulting firm will provide a core team of four (4) experts with experience in competitive renewable energy procurement as described below.

i. Team lead / project manager

- Post graduate degree or equivalent qualification, in engineering, economics, law or other technical or social science field.
- At least ten (10) years' experience in projects and consultancies in the renewable energy sector
- At least five (5) years' experience in developing, executing and/or evaluating competitive procurements (auctions) for renewable energy capacity or assets
- At least five (5) years' experience working with Governments
- Experience working with small islands with isolated grids will be an asset
- Experience in energy storage auctions will be an asset

ii. Legal and regulatory expert

- Post graduate degree or equivalent qualification, in law, or a similar field of expertise
- At least (10) years legal and regulatory experience in the renewable energy field
- At least (5) years' experience in drafting contracts specific to renewable energy
- At least five (5) years' experience in developing the documentation required for a competitive procurement (auctions) process for renewable energy capacity or assets
- Experience working with small islands with isolated grids and monopoly utilities will be an asset

iii. Renewable energy technical expert

- Post graduate degree or equivalent qualification in engineering, or a similar field of expertise.
- At least ten (10) years' technical experience in the renewable energy field
- At least five (5) years' experience in the competitive procurement process for generation and storage assets
- At least five (5) years' experience in the preparation of tender documents and technical specifications for the competitive procurement of renewable energy generation and storage capacity
- Experience working with small islands with isolated grids will be an asset

iv. Economic and auction expert

- Post graduate degree or equivalent qualification in economics, or a similar field of expertise

- At least ten (10) years' experience in the renewable energy field
- At least five (5) years' experience in renewable energy capacity procurement and renewable energy auctions
- At least five (5) years' experience in developing, executing and/or evaluating competitive procurements (auctions) for renewable energy capacity or assets
- Experience working with small islands with monopoly utilities will be an asset

2. Experience of the Firm: The consulting firm will be required to demonstrate their experience in the competitive renewable energy procurement market as described below.

- i. At least ten (10) years active engagement and participation in energy markets and auctions in the renewable energy field.
- ii. Demonstrated experience in designing, running or supporting at least 2 renewable energy auctions which resulted in the successful procurement of the renewable energy capacity and that included - on shore wind energy, offshore wind energy, solar PV and/or storage (any type).
- iii. Experience in conducting and/or participation in auctions design in incipient markets will be an asset.
- iv. Experience in the procurement of renewable energy capacity for small islands with isolated grids will be an asset.

Payments Schedule and Consultancy Conditions

The contract will be for a period of seven (7) months. The contract's amount will be paid in accordance with the schedule below:

- 20% payment – upon approval of the Workplan and Inception Report
- 20% payment – upon approval of the Final Competitive Procurement Framework • 30% payment – upon approval of the Final Procurement Documents
- 30% payment – upon approval of the Final Report.