

REQUEST FOR EXPRESSIONS OF INTEREST CONSULTING SERVICES

Selection #: BA-T1065-P001

Selection Method: Simplified Competitive Selection

Country: Barbados

Sector: ENE/CBA

Funding – TC #:

Project #: BA-T1065

TC name: Expanded Support for the Sustainable Energy Framework for Barbados (SEFB) and Development of New Technologies

Description of Services: Consultancy to Develop a Strategy for the Transformation of The Barbados National Oil Corporation Limited

The Inter-American Development Bank (IDB) is looking for a **strategic consultancy to support The Barbados National Oil Company Limited (BNCOL) in preparing a strategic plan for its transformation to a clean energy company in line with the GOB vision towards 100% fossil free and carbon neutral economy.**

Barbados' primary energy requirements are met almost entirely with fossil fuels (97.4%), 90% of which are imported. Natural gas contributes a further 2% and is domestically produced. Bagasse—a residual product from the domestic sugar cane production—and solar renewable energy provide the small remainder.

The main challenge for the energy sector derives from this dependency on imported fossil fuels, both for electricity generation and use in all other sectors of the economy (transportation, industry, commercial, and residential). The lack of fuel diversification has a negative impact both at the macroeconomic level, as oil imports represent 11% of GDP, and at the consumer level, due to high electricity costs (US\$0.28 per kWh), hindering competitiveness. In terms of environmental sustainability, 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. With these challenges in mind the Government of Barbados (GOB) has established an energy policy to become a 100% fossil fuel free and carbon neutral economy by 2030¹ and many efforts have been already channeled towards achieving that goal.

Currently, Barbados' electricity demand is serviced by the Barbados Light and Power Company Limited (BL&P), a vertically integrated utility which provides generation, transmission and distribution. This power is generated primarily from conventional fossil fuel, with a current installed capacity of 239 MW. BL&P owns a 10MW solar photovoltaic (PV) plant, a 5MW storage facility; and it purchases power from customers who, as of March 2019, own 21.6 MW of distributed –mostly roof mounted—solar PV installations. The BL&P is responsible for the generation, transmission and distribution of electricity serving 125,991 customers. It operates under a non-exclusive license valid until 2028. BL&P is regulated by the Fair Trading Commission (FTC) which was established in 2001 following the FTC Act. The FTC is an independent regulator for the

¹ Barbados National Energy Policy 2019-2030.

electricity sector as well as for domestic and international telecommunications services and NG. (Refer to Figure).

BNOCL is responsible for the importation of most of the petroleum products to the country. It is also responsible for the terminaling of these products through its subsidiary the Barbados National Terminal Company Ltd (BNTCL). For the past 15 years BNOCL has been the sole provider of heavy fuel oil (HFO) to the BL&P for power generation as well as the purchaser of refined products (gasoline, diesel) for local distribution to the transport and other sectors. In addition, BNOCL has the mandate for the economic production of the country's oil and gas resources. Natural gas is used for distribution to industrial, commercial and residential use via the National Petroleum Corporation (NPC). The two companies are in the process of being merged in the first half of 2019. BNOCL is also responsible for the selling of national oil production for its refining outside the country.

The strategic plan should cover at least the following aspects:

- Identify other non-oil, preferably clean energy sectors business lines that the company could better pursue based on strengths, weakness, and the ability to reskill internal work force to tackle such areas. These areas could include onshore and offshore renewable power generation, bioenergy, wind and solar power at the wholesale level, but also other potential business lines in the retail segment (electric vehicle charging services, distributed generation or other business lines). All possibilities should be considered in these segments, as developer, as operator, as owner of assets, and/or as a renewable energy procurement company to help the country towards its fossil fuel free target.
- The work should begin at analyzing the company current strength in relation to their potential advantages to moving to new ventures: assets, clients base, market served, workforce strengths, facilities, infrastructure etc. With these and based on the government goal of transforming the island to a fossil fuel country the potential new business lines should be identified and ranked or ordered in sequence with appropriate adaptation strategies to adjust and move along the strategy.
- Describe how BNOCL **should transform its internal structure, human resources, business lines, and processes**, towards a clean energy solution company to facilitate the above-mentioned business lines. This includes entering into other business by itself or finding strategic alliances.
- Prepare a short, medium- and long-term **investment and training** on the business lines identified as priorities, as well as with an articulated strategy to monitor, review, and adjust the strategy. The plan should include an economic, financial evaluation with clear targets and monitoring mechanisms. The program should clearly state each phase with timelines, and a communication strategy to deal with human resources changes and strategic management.
- The **investment plan should** describe the new segments the company should approach and under which modalities under the current legal and regulatory framework of the energy sector and under assumed more opened up participation especially in the power sector. For business lines that are currently not feasible under the existing legal and regulatory framework (specially the power sector) the consultant should describe the required changes to facilitate such new ventures.
- The strategy should suggest what policy measures, legal and financial instruments would be necessary to successfully implement the strategic plan. (e.g. off-taker agreements, economic and

financial tools and/or models; regulatory best practices)

- Prepare a short, medium and long-term plan for **work-force training and retraining** to serve the needs of the company transformation as well as any other complementary personnel-related policies to ensure a good transition of all the personnel to the new business lines or other alternatives. The plan should include a vision of how processes will differ from the current structure, an analysis of current human resources and their skills, and a future projection of how human resources should be updated to fit the new future vision. An estimation of training sources (institutions or individual trainers) as well as costs of training should be also included. It would also identify potential strategic alliances of the company to attract expertise, capital, know-how and other capabilities or sources needed for the transformation.
- Initial phases of the plan should include specific recommendation and projects to pursue with concrete steps including **technical, financial, and business/regulatory models**. The final phases should be more descriptive and be able to accommodate learning of first phases.
- The strategic plan could include phases, such as, for example, phase zero (currently underway), making all operations of the company fossil fuel free, that is all electricity and energy used by the company to be fossil fuel neutral. Phase 1, market driven investment in generation, describe the first set of larger scale investment in power generation or other identified, vehicle supply charging or other business lines. In each phase should clearly describe with prerequisite needed in terms of work force retraining, strategic alliances, financing etc. Last phase, for example phase 3 consolidation and close full phase out of the fossil fuel business.
- **The plan should focus on concrete actions and goals in each phase, as well as monitoring and evaluation mechanism.**

For this project, the IDB 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://beo-procurement.iadb.org/home>) by: 08/15/2019 (August 15th), 5:00 P.M. (Washington D.C. Time).

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-2765-1. 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 in the previous paragraphs. 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.). **The IDB suggests not to send more than 10 pages in the expression of interest.**

Particularly, it is suggested to the firms should emphasize evidence of the following experience and provide

concrete examples of project that they helped government institutions in the energy sector, experience analyzing company strength in relation to their potential advantages to moving to new ventures: assets, clients base, market served, workforce strengths, facilities, infrastructure, experience in the power and oil industry as well as designing company strategy for energy utilities. Strong knowledge of renewable energy development, strong knowledge of the oil and gas sector business specially on imports, storage trading and related. The company must have also proven record on designing company strategy to approach new ventures, workforce development and in general company transformation strategy; experience in investment plans, work-force training and retraining, transform its internal structure, human resources, business lines, and processes.

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 by sending an email to: Veronica Prado, Energy Specialists based in Barbados; vprado@iadb.org

Inter-American Development Bank

Division: ENE/CBA

Attn: Veronica Prado

Web site: www.iadb.org