



**REQUEST FOR PROPOSAL
TO DEVELOP A FRAMEWORK AND ROADMAP FOR THE ESTABLISHMENT OF A
REGIONAL ENERGY REGULATORY AUTHORITY FOR SADC REGION UNDER THE EU
PROJECT ON ENHANCEMENT OF A SUSTAINABLE REGIONAL ENERGY MARKET IN
EASTERN AFRICA, SOUTHERN AFRICA, AND INDIAN OCEAN (EA-SA-IO) REGION**

1. BACKGROUND

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) Region¹.

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. It 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, and promotes progress towards Goal 5 of achieving gender equality and empowering all women and girls 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 the cross-border power transmission interconnectors and the sections underway could, in short, medium and longer term, increase the share of energy traded between the regions and the nations. This is because power trade could be used to measure regional integration in the energy sector, which in turn, would enhance the regional integration agendas.

2. SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

The Southern African Development Community (SADC) is a Regional Economic Community comprising 15 Member States; Angola, Botswana, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. Established in 1992, SADC is committed to Regional Integration and poverty eradication within Southern Africa through economic development and ensuring peace and security.

In 1995, SADC established the Southern Africa Power Pool (SAPP) consisting of memberships from among the power utilities of 12 Member States: Angola, Botswana, Democratic Republic of Congo, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia

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

and Zimbabwe. The SAPP was established with the main objective of providing a forum for the development of a robust, safe, efficient, reliable and stable interconnected electrical system in the southern African region. One of the visions of SAPP is to facilitate the development of a competitive electricity market in the SADC region. In 2001, the SAPP established the Short-Term Energy Market with its own rules to govern cross border trading in the SADC region. The SAPP started the development of a competitive electricity market for the SADC region in 2004. The day ahead market (DAM) was established in 2009. In 2015, the SAPP started upgrading the market trading platform (MTP) in preparation for the intra-day market and forward physical markets. The SAPP MTP opened for live trading Intra-Day Market (IDM) in 2015, followed by Forward Physical Monthly (FPM-M) and Forward Physical Weekly (FPM-W) markets in 2016.

Regarding regulation at a regional level, the SADC Ministers responsible for Energy established the Regional Electricity Regulators Association of Southern Africa (RERA) as a formal association of electricity regulators at a meeting in Maseru, Lesotho on 12 July 2002. The Association was established in terms of the SADC Protocol on Energy (1996), the SADC Energy Co-operation Policy and Strategy (1996), the SADC Energy Sector Action Plan (1997), the SADC Energy Activity Plan (2000) and in pursuit of the broader initiative of the New Partnership for Africa's Development (NEPAD) and the African Energy Commission (AFREC). RERA was established on 26 September 2002 and its mission is to facilitate harmonisation of regulatory policies, legislation, standards and practices and to be a platform for effective cooperation among energy regulators within the SADC region.

In its current form as an association of electricity regulators of Southern Africa, RERA does not have a mandate to provide regulatory oversight over the regional energy market in SADC. To change the status quo and aid the implementation of the SADC Regional Infrastructure Development Master Plan (RIDMP), the SADC Heads of State and Government in adopting the RIDMP in August 2012, approved as part of the new institutional arrangements, the establishment of a Regional Energy Regulatory Authority to deal with regulatory issues relating to cross-border energy trade and investment.

The envisaged transformation of RERA into a regulatory authority is important considering that it will greatly enhance the ability to implement, monitor, enforce and take remedial action on regional regulatory decisions and other imperatives pertaining to cross border energy trade and investment. This is not a peculiar development to Southern Africa given the fact that the Economic Community of West African States (ECOWAS) has established the ECOWAS Regional Electricity Regulatory Authority (ERERA) and the Eastern African Power Pool (EAPP) is in the process of operationalising the Independent Regulatory Board (IRB).

COMESA is now seeking proposals from qualified firms to a framework and implementable roadmap for the establishment of a Regional Energy Regulatory Authority for the SADC Region.

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

3. ELIGIBILITY OF CONSULTANTS

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

4. COMMENCEMENT AND COMPLETION OF WORK

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

5. 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 Zambia time.**

6. 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%.

7. 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.

8. 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.

9. PAYMENT:

Bidders are advised to indicate their payment terms and conditions.

10. 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 N° 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):	N° 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. OBJECTIVES OF THE STUDY

The overall objective of this assignment is to develop a framework and roadmap for the establishment of a Regional Energy Regulatory Authority for the SADC region.

The specific objectives of the project include the following:

- a. to entrench RERA as a credible organization with the requisite institutional frameworks, tools and capacity to effectively execute its role as a regulator for the energy sector of the SADC region
- b. to facilitate the development of a well-integrated, competitive and credible regional energy market through improved regulatory oversight
- c. to improve the investment climate for the development of the regional energy market for the SADC region through effective monitoring of market activities, increased transparency and open access to information

2. SCOPE OF WORK

The following will be the scope of the study:

- a. carry out a high-level diagnosis of the regional energy institutions in the SADC Region to point out their strengths and weaknesses, and avoid related pitfalls in establishing the envisaged Regional Regulator;
- b. review of options for different institutional models of regional regulatory bodies globally and recommend the best practical option for the SADC Region;
- c. refine the framework for a Regional Energy Regulatory Authority that includes but not limited to the following aspects:
 - i) Legal status and instrument(s);
 - ii) Mandate;
 - iii) Functions;
 - iv) Organisation structure;
 - v) Regulatory instruments/tools including compliance and enforcement mechanisms; and
 - vi) Interface with key regional and national stakeholders (including national regulators).
- d. develop a detailed roadmap for the establishment of the Regional Energy Regulatory Authority for the SADC Region;
- e. outline indicative short, medium and long-term regional regulatory initiatives and activities to be carried out by the Regional Energy Regulatory Authority;
- f. estimate the budget requirements covering operational and programme costs during the transitional and normal operation phases; and

- g. develop a funding model/methodology that would ensure adequate and reliable funding of the Authority's operations and programmes.

3. METHODOLOGY AND DUTIES OF THE CONSULTANT

The study will combine review/analysis of the existing energy policies, laws, regulations and institutional framework in the SADC region. Interviews with relevant stakeholders of the various levels of the value chain will be undertaken whenever possible.

The project goals, objectives, key interventions and outcomes 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 selected SADC Regional Institutions and Member States for meetings and interviews with relevant stakeholders such as national regulators, Southern Africa Power Pool, Regional Electricity Regulators Association of Southern Africa, national ministries in charge of energy issues, utilities, private sector and NGOs, among others;
- c. preparation of inception and draft final reports with inputs from relevant SADC stakeholders;
- d. presentation of study findings, proposals and roadmap at consultative, validation and dissemination workshops;
- e. consolidation of the stakeholder comments into the final report;
- f. submission of the Final report as per the contract deliverables both on soft (in Word and PDF formats) and hard copy (5 copies)
- g. presentation of final report to PMU and wider stakeholders.

The PMU will provide the consultant with assistance to ensure successful completion of the study including provision of available relevant documentation. A kick-off meeting with the consultant is expected to take place to agree on the methodology, reporting, content and format of the final reports.

4. OUTPUT

The deliverable from the study will be a report detailing a practical framework and implementable roadmap for the establishment of a Regional Energy Regulatory Authority for the SADC Region.

5. PROFILE OF THE CONSULTANT

The Consulting Firm selected shall provide a team of three experts. The assignment is for a total of 4 calendar months, out of which a total of 142 working days are allocated as follows:

Expert	N° working days
Team Leader	50
Expert 2	50
Expert 3	42
Total	142

The Consultant's team shall be composed of at least three experts with extensive demonstrable experience/knowledge of regulatory activities related to regional energy markets, including tariff setting, energy policy and strategies, industry performance, benchmarking, licensing, and data collection and analysis. Experience and knowledge of the energy sector of the SADC region is desirable; as well as have strong familiarity with the concept of regional energy trade. The experts will include the following:

a. Expert 1 - Team Leader: Energy markets, Regulations, Institutional Frameworks (Team Leader)

The Team Leader should have a postgraduate qualification of at least a Master's Degree in an 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 issues; and
- f) work experience in energy sector reform in developing countries, with emphasis on energy regulation and cross border trade.
- g) Organisational/Institutional Development and Strengthening and Strategic and Business Planning.

b. Short-Term Energy Expert: Legal, Institutional Frameworks, Regulations (Senior Expert)

The Expert should be a graduate in Laws (LL.B) from a recognized university. Possession of Master degree in Law or any additional post graduate qualifications in energy regulation will be an added advantage. The Expert 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 electricity 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.

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

Expert 3 will be an Energy Economist/Planning Specialist should possess Bachelor 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 finance, economics, engineering and/or 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.

6. LOCATION AND DURATION

The indicative starting date of the assignment is 1st January 2019. The duration of the assignment is 4 calendar months from the starting date. The assignment will be carried out in four phases between January and April 2019. The table below describes the indicative activities, location and duration of the assignment.

Activity	Expert 1 – Team Leader	Expert 2	Expert 3
Phase 1			
RERA based: Inception, Desk review, briefing with PMU, RAERESA, RERA, and EUD, submission of the desk study report	10	10	10
Comments on the inception report by PMU, PTSC, EUD and other stakeholders	-	-	-
Phase 2			
Desk studies, preparation for field missions and conducting consultative workshop	5	5	5
Regional consultation with energy sector stakeholders from the SADC region	10	10	10
Phase 3			
RERA based: Debrief and preparation of the draft report	5	5	5
Home based: Preparation of draft report and validation workshop documentation; submission of the draft report	12	12	8
Comments on the draft report by PMU, PTSC, EUD and other stakeholders	-	-	-
Phase 4			
Home/RERA based: Incorporation of comments from stakeholders into draft report, Conduct Regional validation workshop, and debriefing/travel home	5	5	3
Comments from Stakeholders	-	-	-
Incorporating comments into final report and submission of Final Report to PMU	3	3	1
Total working days	50	50	42

7. 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.

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

The base station for the consulting company shall be at RERA Secretariat in Windhoek Namibia.

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.

9. 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 EA, SA, IO Member States