



GET FiT Zambia Hydro Tender Process

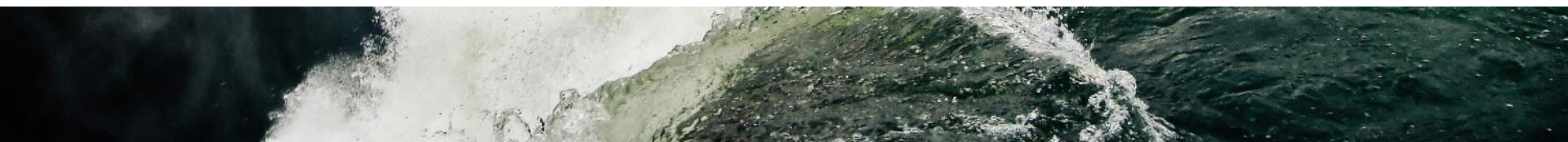
Hydro Tender Pre-Launch Event

9 November 2018

KFW



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GET FiT Zambia Round 2

Hydro tender framework



- › The GET FiT Zambia Small Hydro Tender will consist of a Prequalification (PQ) and subsequent Request for Proposal (RfP) windows.
- › The PQ is expected to be launched in early November 2018 and prequalified bidders announced in January/February 2019.
- › Prequalified bidders will be invited to submit feasibility study rights applications to the Ministry of Energy in February 2019.
- › Up to three RfP windows will be held, with the first indicatively scheduled for October 2019.
- › Projects must meet IFC Performance Standards for Environmental and Social Impact Assessments.



Prequalification requirements:

Technical minimum criteria

The technical minimum criteria as approved by the Ministry of Energy are below. Developers must meet ONE of them:

1. Financial Close achieved for at least one small hydro project (SHP) project on IPP basis in Sub-Saharan Africa, OR
2. Commercial Operation Date (COD) achieved for at least three SHP projects with a minimum installed capacity of 5 MW on IPP basis in developing countries, OR
3. COD achieved for at least 50 MW SHP capacity on IPP basis globally, OR
4. COD achieved for at least 300 MW HPP hydropower on IPP basis globally, OR
5. Sub-Saharan Project Expertise: Applicants must demonstrate the below project expertise in Sub-Saharan Africa:
 - One engineering expert (civil, electrical, mechanical) with a minimum of 10 years' experience in developing hydro power projects (key expert for feasibility studies, detailed designs and implementation supervision), AND
 - One commercial expert with relevant transaction experience in renewable energy IPPs, preferably with either financial and legal background

Prequalification requirements:

Financial minimum criterion

The GET FiT Secretariat proposes basing the financial entry requirements only on estimated costs for completing a feasibility study. As such, the proposed requirement is:

Proof of funds for envisaged project development (200,000 USD per project)

This proof of funds could be validated via the following:

1. Original or certified copy of a stamped bank statement of the Applicant's bank account showing the required funding amounts; OR
2. Unconditional confirmation by a credible third-party sponsor or a reputable bank confirming the intention to avail project development capital to the Applicant (development banks or agencies, DFIs, commercial banks or similar); OR
3. Most recent Audited Financial Statements of the Applicant.

Feasibility Study Rights

Application process required for all GET FiT Zambia



- The issuance of feasibility study rights is the responsibility of the Ministry of Energy (MoE).
- In September, the MoE imposed a temporary moratorium on small hydro feasibility study applications as the process for issuing feasibility study rights is being standardized for the GET FiT hydro tender.
- The moratorium will end after the GET FiT Zambia prequalification process is complete.
- Existing rights shall remain with current holders, but to be eligible for GET FiT Zambia Hydro tender the following apply:
 - Developers must generally prequalify under the RfQ in order to be eligible for the GET FiT Small Hydro Tender;
 - Projects must have positive Interim Rapid Grid Assessment results (discussed later);
 - Projects must obtain feasibility study rights in the new standardized format and meet all reporting requirements.

Feasibility Study Rights

Interim Rapid Grid Assessments



- GET FiT Zambia partnered with ZESCO to conduct Interim Rapid Grid Assessments after the prequalification for the solar PV tender.
- We will conduct a similar but modified assessment for all hydro projects that wish to compete in the GET FiT hydro tender. This process entails:
 - GET FiT Zambia partnering with the OPPPI and ZESCO to run IRGAs on cleared sites to test viability of power evacuation and assess cost and losses associated with proposed grid connections.
 - Projects assessed on an individual basis without considering cumulative grid impacts. For sites with a negative IRGA result, the reason for the rejection shall be conveyed to the developer.
- Based on IRGA results, OPPPI submits to the DoE its recommendation on the viability of the project. The DoE, through the office of the PS, will send a new standardized version of feasibility study rights awards letter for to developers.



Request for Proposals

Preliminary requirements



- Firms must successfully prequalify under the RfQ to be eligible under the eventual RfP rounds.
- During the RfP stage, developers will submit project proposals with feasibility studies, environmental and social impact assessments and resettlement action plan, as well as a financing plan and financial model confirming viability of the project.
- During the RfP stage stricter minimum criteria will apply as developers will have to demonstrate the financial and technical capacity to bring a multi-million-dollar project to financial close. In that context, smaller hydro companies are encouraged to form partnerships at some stage in the tender, either before the RfQ or before the RfP. The GET FIT Secretariat will actively support that process.
- More details on minimum criteria for the RfP will be presented after consultation with the Ministry of Energy.

Request for Proposals

Environmental and Social Impact Assessments



- ESIA's for GET FiT Zambia must be submitted to ZEMA in the Environmental Project Brief format but must comply with IFC Performance Standards during all phases of preparation, implementation and operation of the projects.
- Compliance with IFC Performance Standards will be closely monitored by KfW and the Implementation Consultant. Guidance on requirements for the RfP is forthcoming.
- GET FiT Zambia held a workshop on IFC Performance Standards earlier this week. If you could not attend, please ask us for presentation materials.



Indicative Timeline



GET FiT
ZAMBIA

2017

October 2017
REFiT adopted by Cabinet & formally launched by MoE

December 2017
GET FiT Zambia became the official implementation program for the Zambian REFIT Strategy

2018

February 2018
GET FiT Launch & Pre-bid meeting for 100MW Solar PV Tender

June 2018
Announce Short list of successful applicants

August 2018:
RFP for 10MW Solar PV issued to short listed entities

November 2018:
100 MW Solar Tender RFP Submission

November 2018:
E&S Workshops
- 100 MW Solar
- 100 MW Hydro

100 Small Hydro Pre-Tender launch

Small Hydro PQ Launch

2019

Q1 – Pre-qualified applicants announced/
Feasibility Study Rights Window opens
Q3- RFP Window 1



Thank you For your attention

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KFW

Funder



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