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GET FIT Zambia Solar PV Tender Tender process & requirements

Pre-bid conference
February 7th, 2018
Lusaka, Zambia



Content of presentation



- 1) General tender information**
- 2) Request for Qualification**
 - a) Process
 - b) Minimum requirements
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- 3) Interim Rapid Grid Assessment**
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- 6) Tender particularities**
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Disclaimer / no liability



- **Anything presented in this presentation should be understood as tentative**
- **Final consultations and preparatory rearrangements may lead to changes of any feature of the described tender process**
- **Additional requirements apply**



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General information



Procurement framework

- GET FiT Zambia Solar PV tender is implemented in the name and on behalf of the Government of Zambia, represented through the Ministry of Energy
- KfW has fully agency authority and acts on behalf of the Government of Zambia for all tender and transaction-related matters
- Tender will be an international, competitive bidding procedure pursuant to KfW Guidelines for Procurement of Goods, Works and associated Services in Financial Cooperation with Partner Countries (August 2016)
- GRZ/KfW may cancel tender anytime

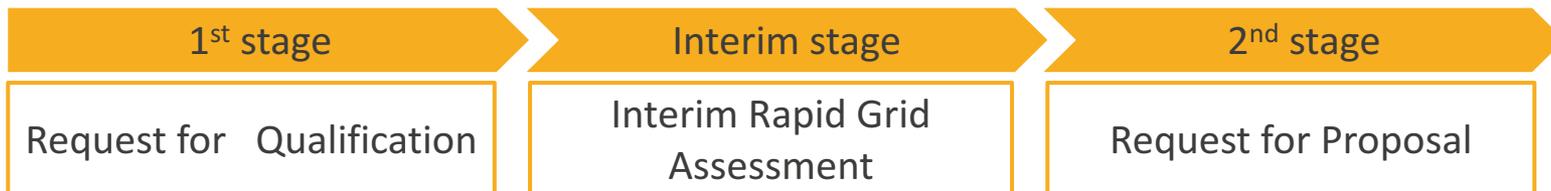


General information



Tender design

- Tender design will be a sealed bid, 2.5 stage process with separate pre-qualification and interim grid assessment



- Firm minimum qualification criteria apply
- A total of up to 100 MW may be awarded for projects
- GRZ / KfW reserves the right to award less than the total envisaged capacity

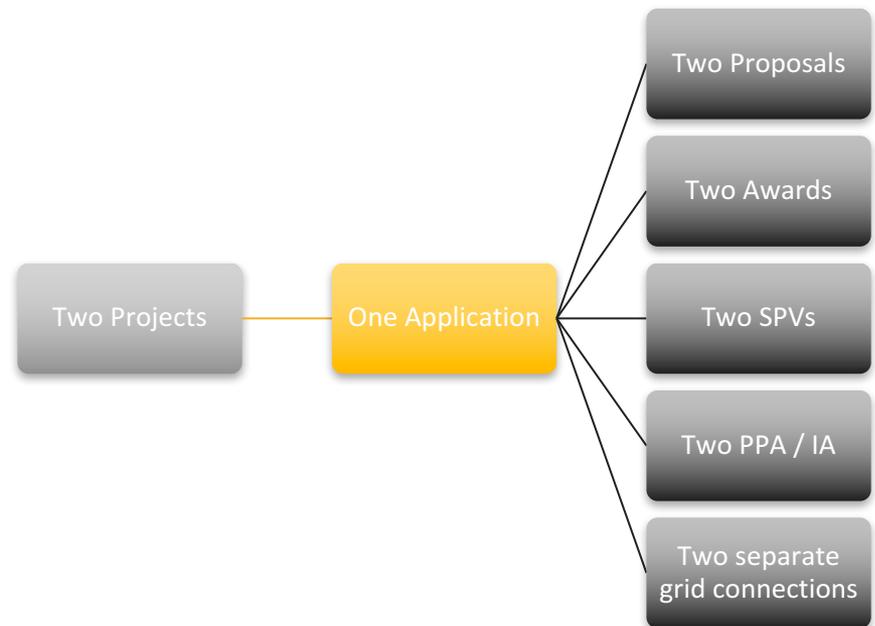


General information



One Developers – up to two Projects

- A total of up to 100 MW may be awarded for projects with a maximum size of 20 MW with a maximum of two projects per Developer
- Applicants are eligible to participate in up to two applications / projects (irrespective of shareholding)
- Two SPVs required
- In case of one application for two projects, (envisaged) shareholding for SPVs must be identical



General information



Applicant eligibility (1/2)

- Private companies only
- The Successful Bidders will be required to maintain control of the Project(s) and not change shareholding in the SPV(s) at least until COD of the Project;
- After COD, shareholding may be changed subject to approval of GRZ/KfW and other approvals as per regulation



General information



Applicant eligibility (2/2)

- Sanctions or embargoes issued by the Security Council of the United Nations, the EU or the German Government against country of incorporation / residence
- Named, identified or described on any official list published by GRZ or any Government Authority of Persons with whom Zambians may not conduct business
- Debarred or suspended from procurement or contracting with the GRZ or any Government Authority
- Under a declaration of suspension for corrupt, fraudulent, collusive, coercive or obstructive practices
- Not bankrupt, insolvent or being wound up
- Duly signed Declaration of Undertaking



General information



Site selection

- In line with GET FiT approach Bidders are free to select sites for project but
 - Projects must feed into ZESCO grid,
 - may only feed into eligible ZESCO substations, and
 - Have a maximum distance of 10 km to the connection point
- Due to "free-choice" project location approach and grid absorption capacity constraints special grid impact assessment procedures are foreseen
- Project sites shall not be located in areas subject to either conflicts or where disputes about borders exist
- Guidelines on IFC PS regarding land acquisition have been distributed / published
- Separate slide on traditional/customary land vs. statutory/leasehold tenure



General information



AWARD CONTENT

Sign the standardized GET FiT Power Purchase Agreement and Grid Connection Agreement with ZESCO

Sign the standardized GET FiT Implementation Agreement with the GRZ

Sign, together with their lenders, standardized Direct Agreements in relation to the PPA/IA/GCA

Obtain a Letter of Support signed by the GRZ, represented by the MOE, to facilitate other required approval processes

Obtain status as a “GET FiT supported project” through KfW

Obtain access to GET FiT project due diligence documentation for facilitation of due diligence through financing providers (optional)



General information



Logistics / tender administration

- Tender will make use of data room for certain tender processes (no e-submission)
- Tender Agent is sole contact point for any tender related queries (and for requests for clarification pre- and during tender phase)
solar@getfit-zambia.org
- Checking GET FiT Zambia website for updates and additional information mandatory
www.getfit-zambia.org



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RfQ



Process

- Preceding qualification phase to assess applicants' technical and financial capacity as well as legal eligibility
- Applicants need to indicate number of projects they intend to submit bids for (1 or 2)
- Incorporation of SPV not necessary at this stage, but disclosure of (intended) shareholding
- Minority shareholding (< 20%) may be changed until RfP
- Submission of original Application in Lusaka, copy sent to Oslo, Norway



RfQ



Documentation

- Provided applications forms and declarations
- Project track record and financial information to be submitted in templates and Excel-sheets provided
- COD or Financial Close certificates or confirmation for reference projects
- (Intended) Corporate structuring of SPV
- Corporate documentation of (envisaged) shareholders
- Audited financial statements of (envisaged) shareholders



RfQ



Minimum requirements background

- Minimum criteria have been designed to ensure that Applicant is capable to develop, finance and operate two projects with maximum available capacity under the tender (2 x 20 MW) within firm timelines
- As per GRZ mandate, tender is designed to deliver least cost electricity for Zambian consumers
- Participation of Zambian developers and companies will be incentivized in certain phases of the tender, but minimum requirements apply to all Applicants equally





Technical Minimum Requirement (1/2) (alternative)

	Track-record (alternatively / at least one)
1	Two (2) on-grid solar PV projects developed, constructed and commissioned on an IPP basis with a min. installed capacity of 5 MW each in Africa after 2012 OR
2	A minimum of 100 MW cumulative installed capacity of solar PV projects developed, constructed and commissioned on an IPP basis in Africa after 2012 OR
3	Minimum of 500 MW solar PV IPP projects having reached financial close globally OR
4	Minimum of 750 MW of RET-based IPP projects having reached financial close globally



RfQ



Technical Minimum Requirement (2/2) (mandatory)

	Track-record (mandatory)
	One solar PV project with a min. installed capacity of 5 MW having been developed, constructed and commissioned on an IPP basis after 2012 which is not located in Australia, Austria, Belgium, Canada, Chile, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States of America.



RfQ



Financial minimum requirements

Financial requirements (All) - for most recent and completed fiscal year – either 2016 or 2016/17. Must be supported by submitted financial statements

- Total Assets: > 25MUSD
- Equity/Total Assets: > 10%
- Current ratio: > 0.75



RfQ



Ranking

- Only 20 projects can qualify for Request for Proposal phase
- In case that more than 20 projects qualify, corresponding number of Applicants will be ranked according to ranking mechanism
- Ranking will focus on
 - Global solar PV IPP record (operational > 1 year with min. performance)
 - African RET IPP record (achieved COD or financial close)
 - Zambian shareholding



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Interim Rapid Grid Assessment



Purpose, process & limitations (1/3)

- GRZ/KfW wants to limit risk that projects in RfP phase cannot be fully evacuated in compliance with tender requirements and Grid Code and without any grid investment requirements through ZESCO
- In an interim stage prior to launch of the RfP, Shortlisted Bidders will be requested to submit basic information on project(s) and information on project site availability
- Output: confirmation that there are no hindrances to shallow evacuation of the proposed single project at the proposed connection



Interim Rapid Grid Assessment



Purpose, process & limitations (2/3)

- Together with support of KfW, ZESCO will conduct a power flow analysis for each project proposed and provide feedback on outcome to Shortlisted Bidders
- In case of negative outcome of assessment, respective Shortlisted Bidder may submit second project within a period of two weeks, which will be reassessed
- Shortlisted Bidder will receive feedback on second proposed project and, in case of negative outcome, given opportunity to present new project in RfP



Interim Rapid Grid Assessment



Purpose, process & limitations (3/3)

- Interim Rapid Grid Assessment limitations/reservations:
 - Non-binding / no liability assumed
 - Only for individual project based on details provided
 - Does not consider cumulative impacts (congestion) or any other resulting deep integration issues
 - Based on current grid status / availability



Interim Rapid Grid Assessment



Communication

- Shortlisted Bidders shall not contact ZESCO in context of Interim Rapid Grid Assessment (or any other grid-related enquiry)
- All coordination with ZESCO will be handled exclusively by Tender Agent



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Request for Proposal



Process

- Bidding stage during which Shortlisted Bidders need to bring projects (at least) to pre-feasibility stage
- For RfP, SPV needs to be incorporated (one for each project)
- No minimum requirements regarding progress on project regulatory licensing and approvals (but may be considered positive in evaluation)



Request for Proposal



Evaluation

- Projects will be evaluated against pre-defined minimum and scoring criteria
- Final award criteria will be a mix of financial and technical requirements (lowest price (USDc / kWh) plus X)
- Potential technical evaluation criteria: maturity of project preparation, status of E&S compliance, proposed technical solution etc
- Part of evaluation process will be a site visit to project through Tender Agent experts



Request for Proposal



Final selection & award process

- Tender Agent will prepare comprehensive evaluation report for consideration of GET FiT Investment Committee
- Financial bids will only be opened after decision of Investment Committee on technical evaluation
- After financial evaluation and ranking, cumulative grid impact assessment will be conducted
 - (!) cumulative grid assessment may lead to rejection of any project -> separate slide on congestion)
- Final award decision will be made by Investment Committee



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Post award

- The Award will impose strict timelines for compliance requiring Selected Projects to achieve milestones of project preparation such as, but not limited to
 - signing of the PPA and other transaction documents
 - Obtain regulatory permits
 - Advancement of general preparation of project
 - Achievement of Financial Close and construction start
- GET FiT Secretariat and GRZ/KfW will support this process
- **Non-compliance with milestones / timelines may lead to rejection of the Selected Project and selection of another Project**



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Congestion / process cumulative impact assessment at award stage

- Congestion: capacity required by proposed projects exceeds the available capacity at any given connection point
 - Model the first 100MW of least-cost PV plants successively on the ZESCO grid as per connection proposals
 - Check impact on voltage profiles, transformer loading and line loading under steady state healthy
 - Check impact of the loss of each PV plant individually
 - Identify which PV plant causes an unacceptable grid code or operational violation
 - Replace that PV plant with the next ranked PV plant and run the checks again
 - Repeat until no violations are encountered for a total of 100MW connected PV plants



Congestion Order of award

- 1st ranked project



Award

- 2nd ranked project



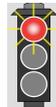
Award

- 3rd ranked project



Award

- 4th ranked project



Reject

- 5th ranked project



Award

- 6th ranked project



Reject

- Etc



Usage of traditional land

- Generally permissible, but will need to be converted into statutory/leasehold tenure land in line with the Lands Act (1995) and subsidiary legislation, including in particular the Lands (Customary Tenure) (Conversions) Regulation as well as IFC Performance Standards
- Conversion process shall only be initiated in case of award
- Availability of traditional land has to be confirmed for Interim Rapid Grid Assessment through form prepared by GRZ/KfW and countersigned by competent chief
- For more details, please refer to clarification notice #2



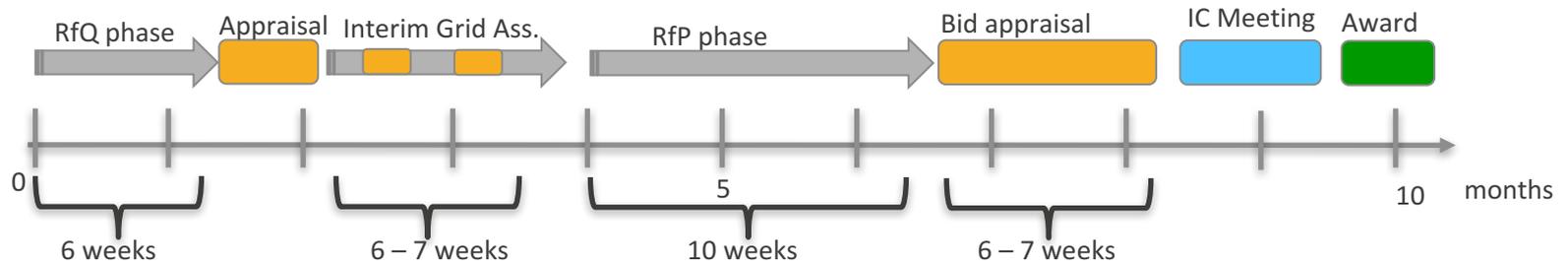
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Timelines



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THANK YOU FOR YOUR
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