

PUC/CON/TEA/2019/02

REQUEST FOR PROPOSALS

Selection of Consultants

For

Review of Cost Reflective
Methodology for Charges

following

Least Cost Selection Method

Public Utilities Commission of Sri Lanka

Section 1

1.1 Background:

Public Utilities Commission of Sri Lanka (PUCSL) has started regulating the electricity industry in April 2009, with the enactment of Sri Lanka Electricity Act, No. 20 of 2009. PUCSL has already established the key regulatory mechanisms needed to effectively regulate the electricity industry in Sri Lanka. Licensees have already been issued to generate, transmit and distribute electricity, and it has started the process of implementing a Multi-Year Tariff regime in year 2011. In addition, most of the critical regulations have been already recommended for implementation or are being finalized.

Electricity generation licenses have been issued to Ceylon Electricity Board (CEB) and Independent Power Producers to generate electricity from an identified generation plant.

The Cost Reflective Methodology for Charges in this framework compliments the Tariff Methodology, and stipulates the procedure according to which charges that are levied for any service provided by licensees to the customers shall be calculated. The charges for each year are filed by each licensee in the preceding year, along with cost data, overhead costs and associated calculations, which are reviewed and approved by the commission as per this methodology.

As per the Section 30 of Lanka Electricity Act, Electricity Tariffs and all Charges shall be in accordance with the following conditions;

- a) Set by the relevant Licensee in accordance with cost reflective methodology approved by the Commission.
- b) Permit licensee to recover all reasonable cost incurred
- c) Approved by the Commission in accordance with the policy guideline approved by the Cabinet of Ministers
- d) Publish the Charges in order to ensure public knowledge.

1.2 Cost Reflective Methodology for charges

PUCSL approved the Cost reflective Methodology for charges in September 2010 which was amended in 2016, to include new services and couple of changes to existing charges. However principles of calculation remained unchanged.

The types of jobs that the licensees has to carry out at the request of a customer, and the charges structure for each of those services are defined in the methodology along with the principles that has to be followed in calculation of the costs. The approved methodology that is currently in effect can be accessed from the following link.

(<https://www.pucsl.gov.lk/wp-content/uploads/2017/10/COST-REFLECTIVE-METHODOLOGY-FOR-TARIFFS-CHARGES.pdf>)

The licensees usually do their charges filing annually based on the change of material prices, labour costs and other factors. However there are instances where licensees request for special revisions to approved charges in special circumstances which are reviews and approved by the commission on case by case basis.

1.4 Objective

The Commission intends to review and revise the existing allowed charges methodology in a forward Looking manner to address the new developments in distribution and supply of electricity.

The evolution of distribution network topology with urbanization and electrification of the entire country, emergence of new technologies such as smart meters, and ‘prosumers’ who generate and export electricity while consuming at different time periods, are some challenges that needs to be addressed in this regard. The average new connection length has consistently reduced over the years and the existing methodology results in higher common charge for new connections at less than 50m to the distribution network. *The costs of new services can also be made more rational and cost reflective.*

Revising the charges methodology in this context can make electricity services more affordable to consumers while also fostering network investments. The objective of this study is to review and analyze the existing Cost reflective methodology for charges and the charges filing and review process, and propose revisions and amendments to both.

The consultants are expected to recommend revisions to charges methodology and charges review process, which can make charges more cost reflective and rational, with justifications.

1.5 Scope of Work

The charges filings of utilities will be provided to the consultant following the kickoff meeting. Consultant may ask for any additional information/clarification from the Commission.

Scope of work consists of following:

- Review and analyze the existing methodology and charges review process.
- Review and analyze the charges submissions of licensees for selected years in past.

- Propose changes amendments to the existing methodology for charges in the areas of price structure, principles of calculation, introduction of new types of services, etc...
- Do a comparison of charges under new proposed and existing methodology where applicable.
- Propose changes to the existing charges review process and propose improvements.
- Make a presentation to the commission and other stakeholders on the above, at the submission of interim report and draft final report.

1.6 Delivering and reporting requirements

- Submission of inception report after consultant go through the information submitted by the licensees, followed by a presentation based on initial fact finding, areas that consultant decided to go-in-depth investigations and any information gaps where the Commission should obtain further clarifications with a timeline for reporting.
- Submission of interim report including the prospective areas of improvement in the existing methodology and process, followed by a presentation.
- Submission of draft final report after consulting stakeholders along with a comparison of selected charges under existing and proposed methodology, followed by a presentation.
- Submission of the Final report addressing the comments received at the presentation of the draft final report, along with hard and soft copies of the amended methodology.

1.7 Time Schedule

Interim deadlines for the submission of reports and delivery of presentation to the Commission: There has to be a minimum of one presentation delivered to the Commission staff and one presentation delivered at the public consultation during the period of assignment.

Information submitted by the licensees will be forwarded to the consultant after the award of the contract and before the Inception report.

- | | |
|---|------------------------------|
| • Inception report based on initial facts finding | 1 month from the award date |
| • Interim Report on findings and analysis on all | 2 months from the award date |
| • Draft final report | 4 months from the award date |
| • Final report | 5 Months from the award date |

Section 2: Selection Procedure

2.1 Collection of Request for Proposal

This RFP is available on the Commission's website at www.pucsl.gov.lk. It can also be collected from Reception at Commission's office between the hours of 9:00 am and 4:00 pm until the closing date.

2.2 Submission of Proposals

Proposals are to be:

- (a) submitted before 2:30 pm on 28th November 2019 and should be addressed to the Chairman, Procurement Committee, Public Utilities Commission of Sri Lanka
- (b) submitted in two (2) separate sealed envelopes marked in upper left hand corner "Proposal for Review of Cost Reflective Methodology for Charges" in respect of:
 - i. Technical Proposal
 - ii. Financial Proposal
- (c) placed in the designated box located at the Reception of the Commission's office, Level 06, BOC Merchant Tower, No. 28, St. Michael's Road, Colombo 03.

It is earnestly request to adhere to the deadline because, the proposals submitted after the deadline will be automatically rejected and returned unopened to the bidder.

2.3 Opening of Proposals

Proposals will be opened on 28th November 2019 at 2:35 pm in the Conference Room of the Commission's office. Bidders or their representatives who submitted proposals are invited to attend the opening. Only the Technical Proposals would be opened and the name of the principal bidder will be announced at the opening.

2.4 Requests for Clarifications

All requests for clarifications regarding the assignment must be made in writing not later than seven (7) working days before the submission deadline and should be addressed to the Director General with attention Director Tariff and Economic Affairs. The address, fax, email address for requesting clarifications are as follows.

Address : Public Utilities Commission of Sri Lanka
Level 06, BoC Merchant Tower,
28, St. Michael's Road, Colombo 03
Facsimile : +94-112392641
E-mail : tariff@pucsl.gov.lk

All responses to requests for clarifications regarding the assignment will be displayed not later than five (5) working days before the submission deadline, in commission website.

2.5 Technical and Financial Proposals

The Technical Proposal shall provide the information indicated in the following from (a) to (g) using the attached standards Forms

- a) A brief description of the Consultants' organization and an outline of recent experience of the Consultants and, in the case of joint venture, for each partner, on assignments of a similar nature is required in Form TECH-2. For each assignment, the outline should indicate the names of Sub-Consultants/ professional staff who participated, duration of the assignment, contract amount, and Consultant's involvement. Information should be provided only for those assignments for which the Consultant was legally contracted by the client as a corporation or as one of the major firms within a joint venture. Assignments completed by individual professional staff working privately or through other consulting firms cannot be claimed as the experience of the Consultant, or that of the Consultant's associates, but can be claimed by the professional staff themselves in their CVs. Consultants should be prepared to substantiate the claimed experience if so requested by the Client.
- b) Comments and suggestions on the scope of work including workable suggestions that could improve the quality/ effectiveness of the assignment; and on requirements for counterpart staff and facilities including: administrative support, office space, local transportation, equipment, data, etc. to be provided by the Client (Form TECH-3).
- c) A description of the approach, methodology and work plan for performing the assignment covering the following subjects: technical approach and methodology, work plan, and organization and staffing schedule. Guidance on the content of this section of the Technical Proposals is provided under Form TECH-4 of Section 3. The work plan should be consistent

with the Work Schedule (Form TECH-8 of Section 3) which will show in the form of a bar chart the timing proposed for each activity

- d) The list of the proposed professional staff team by area of expertise, the position that would be assigned to each staff team member, and their tasks (Form TECH-5).
- e) Estimates of the staff input (staff-months of foreign and local professionals) needed to carry out the assignment (Form TECH-7. The staff-months input should be indicated separately for foreign (if required) and local professional staff.
- f) CVs of the professional staff signed by the staff themselves or by the authorized representative of the professional staff (Form TECH-6).

The Financial Proposal shall be prepared using the attached Standard Forms. It shall list all costs associated with the assignment, including (a) remuneration for staff (local and foreign (if required); and (b) other expenses if any, should be broken down by activity using FORM FIN – 4 and, if appropriate, in to foreign and local expenditures. All activities and items described in the Technical Proposal must be priced separately; activities and items described in the Technical Proposal but not priced, shall be assumed to be included in the prices of other activities or items.

2.6 Evaluation of Proposals

Technical Evaluation

The technical/work program proposal would be evaluated before the envelopes containing the financial proposals are opened. The proposals will be ranked on the basis of the following maximum allocation of points for specific elements of each proposal:

Aspect	Maximum Score
Firm's competence and experience in completing projects of a similar degree in a timely and efficient manner	10
Competence/experience of the project manager/coordinator: (i) General knowledge and qualifications (10) (ii) Experience in handling similar projects (5)	15
Competence/experience of the personnel proposed for the assignment: (i) Qualifications (15) (ii) Suitability for the assignment (10)	25
Completeness of the proposed work program in response to the Scope of work	40
Time table for prompt completion of the assignment	10
TOTAL	100

Total of 75 marks are required to reach the minimum level of technical competency to undertake the assignment. The financial proposals submitted by parties who is awarded less than seventy five (75) will not be opened and return to the respective address.

Financial Evaluation

The Financial Proposals submitted by the parties who obtained the technical competency to undertake the assignment in the technical evaluation, will be opened and lowest financial proposal submitted by technically qualified parties will be selected.

2.7 Payment Schedule

The payments for the assignment will be disbursed as follows:

1. 10% upon the submission of the Inception Report
2. 20% upon submission of the Interim Report
3. 30% upon submission of the Draft Final Report
4. 40% upon submission of the Final Report

2.8 Reporting Relationships

1. For administrative purposes, all communications relating to the assignment shall be addressed to the Director General, Public Utilities Commission of Sri Lanka.
2. Any queries or comments concerning this TOR or any aspect of the assignment are to be directed to: Director-Tariffs and Economic Affairs, Public Utilities Commission of Sri Lanka

2.9 Other

1. The selected bidder will be required to enter into a Consultancy Agreement with the Commission of which these Terms of Reference will form an integral part.
2. The Commission is not obliged to accept any or all proposals and reserves the right to discontinue the procurement process at any point before the award of the contract without incurring any liability to any bidder.

Section 3: Technical Proposal - Standard Forms

[Comments in brackets [] provide guidance for the preparation of their Technical Proposals; they should not appear on the Technical Proposals to be submitted.]

- TECH-1 Technical Proposal Submission Form
- TECH-2 Consultant's Organization and Experience
 - A Consultant's Organization
 - B Consultant's Experience
- TECH-3 Comments or Suggestions on the scope of work and on Counterpart Staff and Facilities to be provided by the Client
 - A On the Terms of Reference
 - B On the Counterpart Staff and Facilities
- TECH-4 Description of the Approach, Methodology and Work Plan for Performing the Assignment
- TECH-5 Team Composition and Task Assignments
- TECH-6 Curriculum Vitae (CV) for Proposed Professional Staff
- TECH-7 Staffing Schedule
- TECH-8 Work Schedule

FORM TECH -1: TECHNICAL PROPOSAL SUBMISSION FORM

[Location, Date]

To: *[Name and address of Client]*

We, the undersigned, offer to provide the consulting services for Benchmarking Generation operation and maintenance cost, in accordance with your Request for Proposal dated We are hereby submitting our Proposal, which includes this Technical Proposal, and a Financial Proposal sealed under a separate envelope.

We are submitting our Proposal in association with: [Insert a list with full name and address of each associated Consultant]¹

We hereby declare that all the information and statements made in this Proposal are true and accept that any misinterpretation contained in it may lead to our disqualification.

If negotiations are held during the period of validity of the Proposal, we undertake to negotiate on the basis of the proposed staff. Our Proposal is binding upon us and subject to the modifications resulting from Contract negotiations.

We undertake, if our Proposal is accepted, to initiate the consulting services related to the assignment not later than the date indicated in award letter to be issued in this regard.

We understand you are not bound to accept any Proposal you receive. We

remain,

Authorized Signature *[In full and initials]*: ----- Name

and Title of Signatory: -----

Name of Consultancy Organization: -----

Address: -----

¹ Delete in case no association is foreseen

FORM TECH- 2: CONSULTANTS ORGANIZATION AND EXPERIENCE

A - Consultant's Organization

[Provide here a brief (two pages) description of the background and organization of your firm/entity and each associate for this assignment.]

B - Consultant's Experience

[Using the format below, provide information on each assignment for which your firm, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out consulting services similar to the ones requested under this assignment. Use maximum of 20 pages.]

Name of the Firm ² :			
Name and address of the Client:			
Assignment Name:			
Approx. value of the contract:		Duration of assignment (months):	
Location:		Total No of staff months of the assignment	
No of professional staff months provided by you		Approx. value of the services provided by firm:	
Start date (month/ year)		Completion date (month/ year):	
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:			

² Insert firms' name or associated firms' name

**FORM TECH -3: COMMENTS AND SUGGESSTIONS ON THE SCOPE OF WORK
AND COUNTERPART STAFF AND FACILITIES TO BE PROVIDED BY THE CLIENT**

A- On the Scope of Work

[Present and justify here any modifications or improvement to the scope of work you are proposing to improve performance in carrying out the assignment (such as deleting some activity you consider unnecessary, or adding another, or proposing a different phasing of the activities). Such suggestions should be concise and to the point, and incorporated in your proposal]

B - On Counterpart Staff and Facilities

[Comment here on counterpart staff and facilities to be provided by the Client according to paragraph Reference 1.4 of the Data Sheet including: administrative support, office space, local transportation, equipment, data, etc.]

FORM TECH- 4: DESCRIPTION OF APPROACH, METHODOLOGY AND WORKPLAN FOR PERFORMING THE ASSIGNMENT

Technical approach, methodology and work plan are key components of the Technical Proposal. Suggested to present the Technical Proposal (maximum of 50 pages, inclusive of charts and diagrams) divided into the following three chapters:

- a) Technical Approach and Methodology,
 - b) Work Plan, and
 - c) Organization and Staffing,
- a) Technical Approach and Methodology: Explain your understanding of the objectives of the assignment, approach to the services, methodology for carrying out the activities and obtaining the expected output, and the degree of detail of such output. Should highlight the problems being addressed and their importance, and explain the technical approach that would adopt to address them. Should also explain the methodologies you propose to adopt and highlight the compatibility of those methodologies with the proposed approach.
- b) Work Plan: Should propose the main activities of the assignment, their content and duration, phasing and interrelations, milestones (including interim approvals by the Client), and delivery dates of the reports. The proposed work plan should be consistent with the technical approach and methodology, showing understanding of the TOR and ability to translate them into a feasible working plan. A list of the final documents, including reports, drawings, and tables to be delivered as final output, should be included here. The work plan should be consistent with the Work Schedule of Form TECH-8.
- c) Organization and Staffing: Should propose the structure and composition of the team. Should list the main disciplines of the assignment, the key expert responsible, and proposed technical and support staff.

FORM TECH-5: TEAM COMPOSITION AND TASK ASSIGNMENTS

Professional Staff				
Name of Staff	Firm	Area of Expertise	Position Assigned	Task/s Assigned

FORM TECH 6: CURRICULUM VITAE OF PROPOSED PROFESSIONAL STAFF

1. Proposed Position³: -----

2. Name of Firm⁴: -----

3. Name of Staff⁵: -----

4. Date of Birth: ----- Nationality: -----

5. Education⁶: -----

6. Membership of Professional Associations: -----

7. Other Relevant Qualifications⁷: -----

8. Languages⁸: -----

9. Relevant Experience: -----

10. Employment Record⁹:

From [Year]: to [Year]: -----

Employer: -----

Positions held (with brief description): -----

11. Certification:

I, the undersigned, certify that to the best of my knowledge and belief, this CV correctly describes myself, my qualifications and my experience. I understand that any willful misstatement described herein may lead to my disqualification or dismissal if engaged.

[Signature of staff member]

Date-----

[Signature of authorized representative of the

Date-----

³ Only one candidate shall be nominated for each position

⁴ Insert name of firm proposing the staff

⁵ Insert full name

⁶ Indicate/ university and other specialized education of staff member, giving names of institutions, degrees obtained, and dates of obtainment

⁷ Indicate significant qualifications/ training

⁸ For each language indicate proficiency: good, fair, or poor in speaking, reading, and writing:

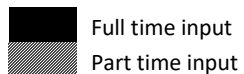
⁹ Starting with present position, list in reverse order every employment held by staff member since graduation, giving for each employment (see format): dates of employment, name of employing organization, positions held

client]

Full name of authorized representative: -----

FORM TECH-7: STAFFING SCHEDULE¹⁰

No	Name of Staff	Staff input (in the form of a bar chart) ¹¹														Total staff-month input		
		1	2	3	4	5	6	7	8	9	10	11	12	n	Office	Field	Total	
National																		
1		(Office)																
		(Field)																
2																		
n																		
		Subtotal																
Foreign¹²																		
1		(Office)																
		(Field)																
2																		
n																		
		Subtotal																
		Total																



¹⁰ For Professional Staff the input should be indicated individually; for Support Staff it should be indicated by category (e.g.: draftsmen, clerical staff, etc.)

¹¹ Months are counted from the start of the assignment. For each staff indicate separately staff input for office and field work

¹² Only if Expatriate staff is proposed

FORM TECH- 8: WORK SCHEDULE

No	Activity ¹³	Months ¹⁴												
		1	2	3	4	5	6	7	8	9	10	11	12	n
1														
2														
3														
4														
5														
n														

¹³ Indicate all main activities of the assignment, including delivery of reports (e.g.: inception, interim, and final reports), and other benchmarks such as Client approvals. For phased assignments indicate activities, delivery of reports, and benchmarks separately for each phase

¹⁴ Duration of activities shall be indicated in the form of a bar chart.

Section 4. Financial Proposal - Standard Forms

[Comments in brackets [] provide guidance for the preparation of their Financial Proposals; they should not appear on the Financial Proposals to be submitted.]

Financial Proposal Standard Forms shall be used for the preparation of the Financial Proposal.
Cost of Capacity Improvement to be separately identified in the Financial Proposal

- FIN-1 Financial Proposal Submission Form
- FIN-2 Summary of Costs
- FIN-3 Breakdown of Remuneration
- FIN-4 Breakdown of Other expenses

FORM FIN- 1: FINANCIAL PROPOSAL SUBMISSION FORM
FOR

[Location, Date]

To: [Name and address of Client]

We, the undersigned, offer to provide the consulting services for in accordance with your Request for Proposal dated our Technical Proposal. Our attached Financial Proposal is for the sum of [Insert amount(s) in words and figures¹⁵]

Our Financial Proposal shall be binding upon us subject to the modifications resulting from Contract negotiations, up to expiration of the validity period of the Proposal,

We understand you are not bound to accept any Proposal you receive.

Authorized Signature [In full and initials]:

Name and Title of Signatory:

Name of Firm:

Address:

¹⁵ Amounts must coincide with the ones indicated under Total Cost of Financial proposal in Form FIN-2

FORM FIN-2: SUMMARY OF COSTS

	Local cost	Foreign Cost	
	(Sri Lankan Rupees)	Currency	Amount
Remuneration (from FIN 3)			
Other Expenses (From FIN 4)			
Total costs of Financial Proposal carried to Financial Proposal Submission Form			

FORM FIN- 3: BREAKDOWN OF REMUNERATION

Name ¹⁶	Position ¹⁷	Input (Staff Months)	Staff Month Rate		Amount		
			Currency	Amount	Local Currency	Foreign Currency	
						Currency	Amount
Total cost carried to FIN- 2							

FORM FIN- 4: BREAKDOWN OF OTHER EXPENSES

¹⁶ Professional staff should be indicated individually; Support Staff should be indicated per category (e.g.: draftsmen, clerical staff).

¹⁷ Positions of professional staff shall coincide with the ones indicated in Form TECH-5.

No	Description ¹⁸	Unit	Quantity	Unit Cost ¹⁹			Amount		
				Local in Sri Lankan Rupees	Foreign		Local in Sri Lankan Rupees	Foreign	
					Currency	Amount		Currency	Amount
	Per diem Allowances	Day							
	International Flights ²⁰	Trip							
	Communication costs between [insert place] and [insert place]								
	Drafting, reproduction of reports								
	Equipment, instruments, materials, supplies, etc.								
	Use of computers, software								
	Laboratory tests								
	Subcontracts								
	Local transportation costs								
	Office rent, clerical assistance								
	Training of the Client's personnel ²¹								
Total costs carried to FIN- 2									

¹⁸ Delete items that are not applicable or add other items required

¹⁹ Should not repeat remuneration considered under Form Fin -4

²⁰ Indicate route of each flight, and if the trip is one- or two-ways

²¹ Only if the training is a major component of the assignment, defined as such in the TOR