



REQUEST FOR PROPOSALS

INTRODUCTION

This Request for Proposals (RFP) from the Nigerian Electricity Regulatory Commission (NERC) seeks for immediate engagement of firm that can support the Commission in immediate development of process and procedures for the set up of the Power Consumer Assistance Fund (PCAF). In particular, the firm will work with NERC in identifying qualified customers for subsidy, producing codes of practices and procedures to make operational the statutory provisions for assistance to these qualifying customers.

The Federal Government of Nigeria (FGN) as part of its reform of the electricity sector articulated a step-by-step approach to the implementation of the privatization of the electricity industry. The approach included the preparation and adoption of a new electricity law and corresponding regulatory framework; the creation and operation of a new Electricity Supply Industry (ESI) based on wholesale electricity trading; the unbundling of the vertically integrated Power Holding Company of Nigeria (PHCN) into separate generation, transmission and distribution entities; privatization of multiple generation and distribution companies.

The purpose of the reform program is to attain a stable and sustainable framework for medium- to-long term expansion, improve efficiency and affordability of power supply, as well as greatly minimize the need for Government funding within the sector.

The Electric Power Sector Reform (ESPR) Act 2005 empowers NERC to regulate the operations of the sector participants, ensures fairness to both investors and customers, aid and advise government on all aspects of the electricity industry including the provision of subsidies to underprivileged consumers and special needs customers.

OBJECTIVES OF THE CONSULTANCY

Generally, the Consultant will assist NERC in developing strategic and operational methodology that would ensure that the Power Consumer Assistance Fund (PCAF) is effectively implemented as required in the EPSR ACT 2005.

SCOPE OF WORK

The Consultant will depend on the provisions of the EPSR Act, the 2012 – 2016 Multi Year Tariff Order (MYTO) to provide an understanding of the requirements of the project. In addition, the consultant is expected to have a broad knowledge of the entire reform programme for the Nigerian Power Sector and NERC's relationship with other key players such as the Federal Ministry of Power and the licensed PHCN successor companies, IPP's, residential, commercial and industrial customers and other stakeholders. The key challenges of establishing the PCAF given the current Nigerian situation are the definition of eligibility, the qualification of beneficiaries, the determination of different classes of under privileged customers and the establishment of an effective and transparent framework for managing the PCAF in conformity with the EPSR Act. The Consultant will therefore develop strategic, operational and legal services as summarized below:

STRATEGY:

- Needs Assessment – This involves the estimation of the number of customers eligible for PCAF based on general poverty, income and consumption levels or such other criteria developed for eligibility to PCAF.
- Definition - The consultant should define the “under- privileged, indigent and poor customers” and who, for practical purposes, are “eligible consumers” and “designated consumers” as in the EPSR Act 2005. The consultant will also develop simple and workable criteria for eligibility of applicants to access the PCAF that motivates consumers to save energy and pay their bills. Different classes of beneficiaries including ranges and bands of payment as well as amount due to each class should also be defined.
- Process and System Design - Design a flowchart of the process of application, verification of eligibility and granting of assistance under the PCAF scheme including design of necessary application forms and an automated system to administer and monitor operations of the PCAF.
- Cluster Effect - The Consultant will determine the effect that geographic clusters in Nigeria have on “intelligent” subsidy application to avoid errors of inclusion or exclusion.
- Registration - Determine the method of registration of under-privileged power consumers in Nigerian including the location and demography and provide an effective template for creating a database of PCAF customers.
- Policy - Determine the energy demand-side management policy that will influence affordability and reduce subsidy levels in the long run. This policy will address issues

including energy efficiency matters and the reduction of technical and non-technical losses as they affect PCAF customers.

- Contribution - Determine the contribution rates by the successor companies, eligible customers and for sustainability, the contribution rates of Federal Government and other contributors to the fund.
- Communication - Design an appropriate communication interface between the Minister and the Commission concerning beneficiaries of PCAF.

OPERATIONAL

To develop codes of practice and procedure for the Fund to be compatible with NERC's enterprise resource planning platform covering the following key areas:

- i. An efficient accounting system and information technology/software to monitor the effective operation and disbursement of the fund.
 - ii. A mechanism for appropriately budgeting for the annual revenue requirements of the fund based on the corresponding cost of meeting the assistance due to eligible beneficiaries.
 - iii. The financial provision in the event of shortfalls in payments into the Fund as well as the handling procedure for default penalties.
 - iv. The contribution rates by the different Distribution Companies to improve affordability. This will include a consideration of the question whether it is appropriate to specify that a proportion of a utility's profit should be contributed into Commission-approved loss control and energy efficiency projects that affect affordability for underprivileged customers.
 - v. Methods for confirming identity, electricity access, credit control check, load, and metering status for the selected under privileged customers
- Building capacity amongst Commission staff for the effective administration of the PCAF. The consultant will conduct specific training seminars and regulatory attachments for nominated staff in any country where a similar fund has been successfully implemented and work with them as one team to ensure administration and oversight of the Fund to ensure the highest levels of transparency and value.

- To prepare a project implementation plan and strategy for NERC. This should include a detailed action plan on the way in which to implement the recommended plan, indicating deadline for completion of each task, and the person/position responsible

To identify the physical resources and equipment requirements and provide advice on any other issues that would assist in the operation of the fund.

LEGAL

- To develop procedures for all legal procedures considered relevant or recommended by the Consultant pertaining to the smooth operation of the Fund.
- Handling procedures for petitions of individuals claiming eligibility to be paid by the Fund.

The full Terms of Reference for the assignment are available on the NERC website, www.nercng.org.

PREPARATION AND SUBMISSION OF PROPOSALS

All proposals must be accompanied with documents to prove eligibility for contract award as per the provision of Public Procurement Act 2007.

These must include CAC registration certificate, company profile, evidence of financial capability, tax clearance certificate for the immediate past three (3) years as well as evidence of compliance with the Pension Act 2004. All these should be packaged in one envelope marked **“ELIGIBILITY DOCUMENTS”**. In addition, all proposals should contain the under-listed technical details:

- A signed cover letter containing full name of firm, telephone numbers, e-mail addresses of key contact persons and geographical locations
- Experience of firm or consortium in electricity consumer tariff matters
- A brief overview of the assignment as understood by the bidder including a statement of overall technical approaches to the assignment
- A list of current clients, the dates work commenced for them, the overall duration of similar or relevant assignments and a concise description of such services being performed for the clients.

- A list of former clients for whom similar or relevant work has been done, a concise description of such services together with contact persons, addresses and cell phone numbers of referees.
- A concise statement of the methodology for executing the assignment, a work plan, CVs of all staff to be assigned to this consultancy and the work to be assigned to them.

All technical details should be inserted in a separate envelope marked "TECHNICAL DETAILS".

A third envelope to be clearly marked "**FINANCIAL PROPOSAL, DON'T OPEN WITH TECHNICAL DETAILS**" should contain the total contract sum broken down into staff costs (being summation for each staff on the assignment – separately indicated) reimbursable and tax component

EVALUATION PROCESS AND CRITERIA FOR REVIEWING PROPOSALS

The evaluation process will be carried out in phases as follows:

Phase 1 – Eligibility documents will be examined for conformity while only firms that conform to eligibility requirements will be considered for phase 2.

Phase 2 – the evaluation of the technical details will be based on the criteria of

- | | | |
|---|---|-----|
| a) Firm/Consortium experience | - | 25% |
| b) Qualification & Experience of staff for the assignment | - | 35% |
| c) Technical approach and methodology | - | 40% |

Phase 3 – Only firms that score 75% and above in phase 2 will be considered for the financial opening stage. The winner shall be determined using Quality- and Cost-Based Selection (QCBS) method under which a weighted ratio of 70:30 for Technical and Financial scores respectively shall apply.

TIMEFRAME FOR IMPLEMENTATION/CLARIFICATION

The Commission envisages that the consultancy work would commence by September 2012 and should be completed before the year end. This timeline and competence/expertise contained in the TOR on NERC website are only indicative and firms and consortia bidding are free to propose other alternatives.

For any clarification required, please contact the NERC office at Adamawa Plaza, Plot 1099, First Avenue, Central Area, Abuja or e-mail procurement@nercng.org. Replies will be sent copied to every firm/consortium intending to submit proposals within the allowed clarification period of between 2nd and 30th July, 2012.

NERC reserves the right to:

- Adjust information or amend the contents of this RFP up till 2 weeks before close of submission.
- Extend the period specified for submission of proposal.

DISCLAIMER

- NERC has no financial obligation for the cost of preparation and submission of proposals.
- NERC is not bound to shortlist any bidders and reserve the right to annul the bidding process at any time without incurring any liabilities or assigning any reason thereof
- Bidders should include an affidavit that all information and documents submitted are true and correct and that no officer of NERC is a former or present director, shareholders or has any pecuniary interest in the bidder
- Late submission shall be rejected

SUBMISSION OF BIDS

The three (3) separate envelopes clearly marked as indicated above containing relevant documents in 3 copies are to be sealed and placed in a larger envelope also sealed and boldly marked “**PROPOSALS FOR PCAF CONSULTANCY**” with the name of the company written on the reverse side and addressed to:

**The Chairman
Nigerian Electricity Regulatory Commission
Adamawa Plaza, Plot 1099
1st Avenue, Central Business District, Abuja**

The proposals must be submitted not later than 5pm local time on August 15, 2012.

**Signed
NERC Management**