DRAFT TERMS FOR THE APPOINTMENT OF A TEAM OF TRANSACTIONAL ADVISORS TO SUPPORT THE PROCUREMENT OF ENERGY SERVICE COMPANY (ESCOs) FOR IMPLEMENTATION OF [INCLUDE SPECIFIC PROJECT TITLE]

Table of Contents

ACRONYMS AND ABBRECIATIONS

BBBEE	Broad Based Black Economic Empowerment (BBBEE)
DMRE	Department of Mineral Resources and Energy
ED	Economic Development
EEDSM	Energy Efficiency and Demand Side Management Programme
EEPBIP	Energy Efficiency in Public Buildings and Infrastructure Programme
EnPC	Energy Performance Contracting
ESCOs	Energy Service Company
GHG	Greenhouse Gas
ITT	Invitation to Tender
JV	Joint Venture
PPPFA	Preferential Procurement Policy Framework Act
PSC	Project Steering Committee
RFP	Request for Proposal
SOEs	State-Owned Entities
SLA	Service Level Agreement

1 BACKGROUND

1.1. South Africa is facing significant electricity supply shortages. A key mitigation measure to alleviate the energy crisis is effective energy management and/or the installation of energy efficiency (EE) technologies to reduce both total and peak demand. Energy efficiency has been identified as a key priority to manage and reduce energy consumption in [insert details of Public Institution].

1.2. The South African government has recognised the need to accelerate EE adoption. In this regard it has introduced several measures to accelerate EE investment in the private and public sectors. Some of the measures include the Section 12L EE (private sector), the municipal Energy Efficiency Demand Side Management (EEDSM) programme and more recently the Energy Efficiency in Public Building and Infrastructure Programme (EEPBIP).

1.3. The objective of the EEPBIP, which commenced in 2019, is to reduce energy consumption and greenhouse gas (GHG) emissions in South Africa by catalysing an EE transformation in public sector buildings and infrastructure. This will be achieved through the provision of appropriate technical and financial support, and a programmatic approach to identifying, developing, financing, and implementing EE interventions in a consistent and replicable manner.

1.4. The EEPBIP aims to build on existing public sector programmes, including the municipal EEDSM. The latent EE investment potential of the public sector can support a rapid and sustainable growth of the local Energy Service Company (ESCOs) market and stimulate EE implementation across other sectors.

1.5. EE projects developed through the EEPBIP are to be implemented by ESCOs through an Energy Performance Contracting (EnPC) model with public sector entities. The intention is to establish shared savings contracts, with the ESCO providing the required debt and equity and recouping their investment through the savings achieved.

1.6. It is in this context that [insert details of Public Institution] has conducted a comprehensive energy audit and developed a detailed business case for the project: [insert details of Energy Efficiency project]. [The supporting

documentation is to be used to invite interested ESCOs to submit EPC proposals].

1.7. Due to the in-depth knowledge, skills and expertise required to support such a procurement process, the [insert details of Public Institution] is inviting transactional advisors, comprising suitably qualified and experienced financial, technical, legal, and empowerment and local economic development advisors to assist and provide [insert details of Public Institution] with the required expertise and experience to support the ESCO procurement process.

1.8. The transaction advisor is required to submit a single bid. The transaction advisor in this instance refers to the entire advisory team or relevant members under the management of a single lead advisor.

2 PROJECT RATIONALE

2.1. The [insert Public Institution details] is planning a procurement process for the implementation of [insert details of Energy Efficiency project] by ESCOs under an EnPC process. A challenge faced by public institutions in the rollout of large EE projects is a deficit of the specific knowledge, experience and expertise to design and administer an effective EnPC as they are still a relatively new financial instrument in South Africa.

2.2. Under the EEPBIP, a standard template for Invitation to Tender (ITT) and a standard Energy Performance Contract has been developed. However, this will require adapting and amending according to the specific needs of the project.

2.3. The [insert details of Public Institution] by releasing these terms of reference, seeks potential transaction advisory teams (legal, financial, technical, and empowerment and local economic development) proficient in the EE sector to provide advisory services to assist the [insert details of Public Institution] with development and administration of the ESCO procurement process.

3 PROJECT OBJECTIVES

3.1. The appointed transaction advisor will assist the [insert details of Public Institution] to develop and administer a transparent, fair, open and

competitive procurement process for the selection and appointment of a preferred ESCO to implement the [insert details of Energy Efficiency project]. This should be realized through the following sub-objectives:

3.1.1. Provide technical transaction advisory for the procurement of an ESCO for implementation of [insert details of Energy Efficiency project]

3.1.2. Provide financial transaction advisory for the procurement of an ESCO for implementation of [insert details of Energy Efficiency project]

3.1.3. Provide legal and regulatory transaction advisory for the procurement of an ESCO for implementation [insert details of Energy Efficiency project]

3.1.4. Provide empowerment and local economic development advisory for the procurement of an ESCO for implementation of [insert details of Energy Efficiency project].

4 SCOPE OF WORK

The Public Institution must provide a high-level overview of the project. This is to allow potential service providers to understand the project that is being planned for implementation and estimate the level of effort required to procure and price the proposal accordingly.

The appointed service provider will be expected to undertake the following activities –

4.1. Develop an inception report detailing the methodologies that will be used to respond to the main and specific objectives of the assignment.

4.2. Support [insert details of Public Institution] in the finalisation of the procurement process, and during the procurement, evaluation and contracting of the ESCO.

4.3. Provide technical advisory and support to procure an ESCO to implement [insert details of identified energy efficiency project]. The activity should be realised through the following sub-activities:

4.3.1. Review the business case and technical specifications

4.3.2. Provide technical expertise and advice into the procurement documentation and processes.

4.3.3. Support the management of bidding process and preparation of the clarification and briefing notes to the bidders.

4.3.4. Provide support on the evaluation of the technical submissions and prepare clarification questions as and when needed to be sent to ESCOs that respond to the bid.

4.3.5. Support compilation of the evaluation report for decision making.

4.3.6. Provide technical support to the [insert details of Public Institution] when negotiating with the identified and preferred ESCO.

4.4. Provide financial transaction advisory and support for the procurement of ESCOs to implement [insert details of identified energy efficiency project]. The activity should be realised through the following sub-activities:

4.4.1. Review the business case and financial recommendations

4.4.2. Design the financial parameters (i.e. deal structuring) for the procurement of the project, including the use of own funds to contribute to CAPEX requirements. Existing accounting procedures should be considered to identify innovative, but compliant, approaches to achieve the required outcome.

4.4.3. Support [insert details of Public Institution] on the internal budgeting and financial approval requirements, in accordance with the [Municipal/ Public Sector Finance Management Act].

4.4.4. Provide financial expertise and advice on the most effective means of procurement to ensure that the project is optimally priced and bankable.

4.4.5. Provide support on the evaluation of the financial submissions and prepare clarification questions as and when required.

4.4.6. Provide expertise and advice on possible credit enhancement or guarantee options and other financial instruments that may be required or are available to support the bankability and reduce the final costs of the project.

4.5. Provide legal and regulatory transaction advisory and support into the procurement of ESCOs to implement [insert details of identified energy efficiency project]. The activity should be realised through the following sub-activities:

4.5.1. Review the business case and legal and regulatory requirements identified.

4.5.2. Provide legal and regulatory expertise and advice on the compliance of all procurement aspects of the project in relation to the procurement legislation and regulations.

4.5.3. Provide legal and regulatory expertise and advice on the development of bidding documents for the project.

4.5.4. Provide support on the development and finalisation of all the relevant project agreements.

4.5.5. Provide professional legal advice on the contingent liability reports and close out report for the project(s).

4.6. Provide empowerment and local economic development transaction advisory and support for the procurement of ESCOs to implement [insert details of identified energy efficiency project]. The activity should be realised through the following sub-activities:

4.6.1. Review the business case and opportunities for empowerment and local economic development.

4.6.2. Provide support on the development of a technology specific Economic Development (ED) plan with components such as local content, local employment, skills development, and BBBEE based on the characteristics of the technology type that is compliant with legislative requirements and best practices.

4.6.3. Provide support in determining ED criteria and input the costs and impacts of these into the financial transaction advisory workstreams.

4.6.4. Provide support in development of the ED procurement requirements for the procurement documentation and support the institution to ensure that the ED are contained in the Invitation to Tender and the various agreements and signed off by the legal transaction advisors.

4.6.5. Provide support on the development of the ED evaluation criteria.

4.6.6. Provide support on the evaluation of the ED submissions and prepare responses to clarification questions as required.

4.6.7. Design and implement an ED contract management monitoring and reporting system.

4.7. Develop a summary report of the proposals with recommendations to aid the [insert details of Public Institution] to undertake the procurement evaluation and contracting.

5 OUTPUTS AND DELIVERABLES

No.	Activities	Deliverables	Timeframe
1. Develop an inception report detailing the approach to be used to	1.1. Kick off meeting with all key stakeholders.	Inception Report.	2 Weeks

respond to the main and specific objectives of the assignment.	1.2. Draft inception report presented at PSC.		
	1.3. Final inception report incorporating all stakeholder inputs.		
2. Provide technical advisory and support into the procurement of ESCOs.	2.1. Review the business case and technical specifications	Final technical report with advisory and support provided.	4 weeks after bid closure.
	2.2. Provide technical expertise and advice into the procurement documentation and processes.		
	2.3. Support the management of bidding process and prepare the clarification and briefing notes to the bidders.		
	2.4. Provide support on the evaluation of the technical submissions and prepare clarification questions as and when needed to be sent to ESCOs that respond to the bid.		
	2.5. Support compilation of the evaluation report for decision making.		
	2.6. Provide technical support to the [insert details of Public Institution] when negotiating with the identified and preferred ESCO.		
3. Provide financial transaction advisory and support into the procurement of ESCOs.	3.1. Review the business case and financial recommendations	Final financial report with advisory and support provided.	4 weeks after bid closure.
	3.2. Design the financial parameters (i.e. deal structuring) for the procurement of the project, including the use of own funds to contribute to CAPEX requirements.		
	3.3. Support [insert details of Public Institution] on the internal budgeting and financial approval requirements.		
	3.4. Provide financial expertise and advice on the most effective means of procurement to ensure that the project is optimally priced and bankable.		
	3.5. Provide support on the evaluation of the financial submissions and prepare clarification questions as and when required.		
	3.6. Provide expertise and advice on possible credit enhancement or guarantee options and other financial instruments that may be required or are available to		

	support the bankability and reduce the final costs of the project.		
4. Provide legal and regulatory transaction advisory and support into the procurement of ESCOs.	4.1. Review the business case and legal and regulatory requirements identified.	Final legal and regulatory report with advisory and support provided.	4 weeks after bid closure.
	4.2. Provide legal and regulatory expertise and advice on the compliance of all procurement aspects of the project in relation to the procurement legislation and regulations.		
	4.3. Provide legal and regulatory expertise and advice on the development of bidding documents for the project.		
	4.4. Provide support on the development and finalisation of all the relevant project agreements.		
	4.5. Provide professional legal advice on the contingent liability reports and close out report for the project(s).		
5. Provide empowerment and local economic development transaction advisory and support into the procurement of ESCOs.	5.1. Review the business case and opportunities for empowerment and local economic development.	Final empowerment and local economic financial report with advisory and support provided.	4 weeks after bid closure.
	5.2. Provide support on the development of a technology specific Economic Development (ED) plan with components such as local content, local employment, small ESCOs, skills development, and Empowerment based on the characteristics of the technology type that is compliant with legislative requirements and best practices.		
	5.3. Provide support in determining ED criteria and input the costs and impacts of these into the financial transaction advisory workstreams.		
	5.4. Provide support in development of the ED procurement requirements for the procurement documentation and support the institution to ensure that the ED are contained in the Invitation to Tender and the various agreements and signed off by the legal transaction advisors.		
	5.5. Provide support on the development of the ED evaluation criteria.		

	5.6. Provide support on the evaluation of the ED submissions and prepare responses to clarification questions as required.		
	5.7. Design and implement an ED contract management monitoring and reporting system.		
6. Summary report for ESCO appointment.	7.1 Produce a summary / close out - report to assist with the procurement process.	Bid evaluation report.	6 weeks after bid closure

6 DURATION

6.1. From commencement to the end, this project will take a total of [6 months] and it is expected that some of the deliverables listed on section 4 above should be grouped and delivered simultaneously.

7 PAYMENTS

7.1. The service provider(s) to be appointed to render the services required for this assignment will be procured through [insert details of Public Institution].

7.2. The successful service provider will be contracted to [insert details of Public Institution] for the duration of the assignment and the [insert details of Public Institution] will be responsible for financial and contract management. No advance payments will be made.

7.3. Payments(s) will only be processed in accordance with the delivered services (i.e. certified/approved deliverables and milestone) as agreed upon by both parties in line with the payment schedule and upon receipt of an original invoice that is based on an approved deliverable. The 30-day period (maximum time set for settlement of invoices) will be counted after all the required documents have been submitted to the [insert details of Public Institution].

7.4. The payment schedule will be negotiated with the recommend service provider prior to parties concluding the service level agreement (SLA).

8 PROJECT MANAGEMENT

8.1. Project Director/Champion

8.1.1. The project director will be the [Public Institutions to specify the relevant portfolio of the official].

8.2. Project Management Team

8.2.1. The project manager who will be responsible for managing the implementation of all the activities described in this document will be [Public Institutions to specify details of the project manager]. The project manager will be the contact person for all [insert details of Public Institution]-consultant interactions and report will be through the project director.

8.2.2. A senior member will be nominated as the leader of the team of consultants that will be contracted by the [insert details of Public Institution] to carry out the work described by these terms of reference.

8.2.3. A Project Steering Committee (PSC) to support implementation of the project will also be established and comprise of representatives from [insert details of Public Institution], and other relevant departments and institutions (such as the DMRE).

8.3. Reporting Requirements and Progress

8.3.1. The [insert details of Public Institution] will require an initial meeting with successful service provider (s) to agree on the project process and implementation. This will be followed up by an inception workshop with all PSC members for recommending approval of the inception report by the project director and sharing of experiences.

8.3.2. A plan for progress meetings shall be included in the inception report and will be subject to the [insert details of Public Institution] approval after recommendation from the PSC.

8.3.3. All meetings will be held in [insert details of Public Institution]. Representatives from service provider's organization shall be obliged to attend. Where applicable, conference calls shall be held to facilitate such meetings.

8.3.4. The service provider will provide record of all progress meetings which shall be held at least monthly.

9 CONFIDENTIATLITY OF INFORMATION

9.1. [Public Institutions to specify in line with their bid requirements].

10 EVALUATION METHODOLOGY

10.1. Cost

10.1.1. The service provider(s) will be requested to provide a quote regarding the work to be undertaken for this project.

10.1.2. The total cost must be VAT inclusive and should be quoted in South African currency (i.e. Rands).

10.1.3. Detailed costing should be aligned with project activities and project deliverables.

10.2. Company Experience

10.2.1. Service provider(s) should demonstrate at least 5 years' track record provide advisory and support on procurement of energy projects. This should at least be supported by five (5) signed reference letters for relevant projects with contact details as proof of the projects executed.

10.2.2. A company profile of the service provider(s) should be provided and if more than one (1) company is involved with the proposal, profiles for all those companies must be submitted. Details of any joint venture (JV) if there is any should be provided including attaching the JV Agreement between the parties.

10.2.3. Proposals should also indicate available or allocated human resources per project activities.

10.3. Team Leader and Team Members Experience and Qualifications

The successful service provider(s) shall provide professional experts whose experience and qualifications include but not limited to the following –

10.3.1. Team leader should at least have five (5) years' experience in advising on energy related projects and implementation thereof. He/she should be Energy Management Specialist with strong technical expertise, project management and business development expertise. He/she should at least have honours degree in electrical engineering, mechanical, environmental science, finance, economics, or other related qualifications. He/she should at least have led five (5) projects that played an advisory role in the development of energy projects. Contact details for reference checks in line with the 5 projects should be provided in the CV. Good organization, communication and report writing track record should also be demonstrated. **Copies of certified certificates should be provided.**

10.3.2. At least one (1) of the individual team members should be a finance expert with finance or economics qualifications. He/she should at least have (3) years' experience in the structuring of financing energy projects and 3 reference energy projects demonstrating such experience should reflect in the CV. **Copies of certified certificates should be provided**.

10.3.3. At least one (1) of the individual team members should be a legal expert with legal qualifications. He/she should at least have three (3) years' experience providing legal expertise on advising of energy related projects and drafting of required legal agreements. At least 3 reference energy projects demonstrating experience within energy sector should reflect in the CV. **Copies of certified certificates should be provided.**

10.3.4. At least 1 team member should be an empowerment and local economic development expert with development economics or other related qualifications. He/she should at least have three (3) years' experience providing expertise to Public Institutions on empowerment and economic development at the local level. At least 3 reference projects demonstrating such experience should reflect in the CV. **Copies of certified certificates should be provided.**

10.3.5. Both team leader and team member(s) should be familiar with South African energy policy including EE and carbon emissions, public sector procurement, and reporting and monitoring processes.

10.3.6. Brief CVs of the proposed project team leader and member(s) describing their relevant skills and experience, and roles in the proposed projects must be included in the proposal. **Failure to attach, service provider(s) will forfeit points. Each CV must not exceed 4 pages.**

10.4. Project Plan

10.4.1. Project plan with timelines linked to the deliverables and how the intermediate and final outputs regarding how the main and specific objectives of the project will be met.

10.4.2. The proposed methodology on how the project will be conducted should be included and this should include how the advisory will be provided to the [insert details of Public Institution].

10.4.3. The relevant stakeholders should be identified and how they will be engaged on the project (i.e. communication strategy and plan) should be part of the project plan.

10.4.4. Management and accountability on the project should be clearly outlined. This should include the personnel roles in relation to the work plan and deliverables.

11 EVALUATION CRITERIA

11.1. The proposals will be evaluated in two phases and partnering with local SMME's is encouraged to support transformation, enterprise development and skills transfer.

11.1.1. **Phase 1:** Bidder(s) will be evaluated based on technical functionality. The minimum threshold for functionality is [institutions to set their minimum threshold……out of 100 points] on technical functionality. Bidder(s) who fail to meet the minimum threshold will be disqualified and will not be evaluated further for price.

11.1.2. Phase 2: Bidder(s) will be evaluated 80/20 points [institutions to set out empowerment conditions that will sum to 20 points].

Phase 2: Technical Functionality

1=poor; 2=below satisfactory; 3=satisfactory; 4=good; 5= excellent

No	Criteria (including rating)	Weight	Score
1.	**Company experience** • The bidder(s) experience/track record in providing advisory and support on procurement of energy related must be supported by five (5) reference signed letters for relevant projects with contact details of the clients as proof of the projects executed. **Note**: If more than one (1) of the listed relevant projects were undertaken for the same client, one (1) letter from the client listing all the projects will suffice. These must be separate i.e different locations. For example, if one (1) client lists three (3) relevant projects then the letter will be scored as three (3) projects instead of one (1) project if all three (3) projects are relevant. **IT SHOULD BE NOTED THAT PROPOSALS THAT ARE UNCLEAR AND DO NOT ADHER TO THE INSTRUCTIONS WILL FORFEIT POINTS.**	**15**	Nonresponsive = 0 1 reference letter = 1 2 reference letters = 2 5 reference letters = 3 6 reference letters = 4 ≥7 reference letters = 5
2.	**Team leader and members experience** • Team leader must have 5 years' experience in developing viable energy related projects and implementation thereof. He/she must be energy	**25** 10	≤3 years' experience with 3 projects or less = 1

	management specialist with strong technical expertise, project management and business development. He/she should have led 5 projects that developed and implemented energy projects. Contact details for reference checks in line with the 5 projects should be provided.		4 years' experience with 4 projects = 2 5 years' experience with 5 projects = 3 6 years' experience with 6 projects = 4 ≥7 years' experience with ≥7 projects = 2
	• At least one (1) of the individual team members should be a finance expert with at least (3) years' experience in the structuring of financing energy projects. Contact details for reference checks in line with the 3 projects should be provided.	5	1 year experience with 1 project = 1 2 years' experience with 2 projects = 2 3 years' experience with 3 projects = 3 4 years' experience with 4 projects = 4 ≥5 years' experience with ≥5 projects = 5
	• At least one (1) of the individual team members should be a legal expert with at least three (3) years' experience providing legal expertise on implementation of energy related projects and drafting of required legal agreements. Contact details for reference checks in line with the 3 projects should be provided.	5	1 year experience = 1 2 years' experience = 2 3 years' experience = 3 4 years' experience = 4 ≥5 years' experience = 5
	• At least 1 team member should be an empowerment and local economic development expert with at least three (3) years' experience providing expertise to Public Institutions on empowerment and economic development at the local level. Contact details for reference checks in line with the 3 projects should be provided. **NB: Copies of brief CVs of the proposed project team leader and members describing their relevant skills and experience, and roles in the proposed project must be included. Failure to attach, bidder(s) will forfeit points. Each CV must not exceed 4 pages.**	5	1 year experience = 1 2 years' experience = 2 3 years' experience = 3 4 years' experience = 4 ≥5 years' experience = 5
3	**Qualifications for team leader and members**	**25**	
	• Team leader should at least have honours degree in electrical engineering, mechanical, environmental science, finance, economics, or other related qualifications. **Certified copies of certificates should be attached to the proposal as proof. Failure to attach, bidder(s) will forfeit points.**	10	Diploma/Certificate = 1 Degree = 2 Honours Degree = 3 Masters Degree = 4 PHD Degree = 5
	• At least one (1) of the individual team members should have a degree in finance or economics qualifications. **Certified copies of certificates should be attached to the proposal as proof. Failure to attach, bidder(s) will forfeit points.**	5	No certificate = 1 Diploma/certificate = 2 Degree = 3 Honours Degree = 4 Masters/PHD degree = 5

	• At least one (1) of the individual team members should have a degree in legal qualifications. **Certified copies of certificates should be attached to the proposal as proof. Failure to attach, bidder(s) will forfeit points.**	5	No certificate = 1 Diploma/certificate = 2 Degree = 3 Honours Degree = 4 Masters/PHD degree =5
	• At least one (1) of the individual team members should have a degree in development economics or related qualifications. **Certified copies of certificates should be attached to the proposal as proof. Failure to attach, bidder(s) will forfeit points.**	5	No certificate = 1 Diploma/certificate = 2 Degree = 3 Honours Degree = 4 Masters/PHD degree = 5
2.	**Project Methodology and Plan**	**35**	
	• A clear methodology, milestones, and timelines within the duration of the projects. The methodology must outline how the planned work will be carried out showing clearly how each task will logically lead to specific deliverables.	20	No project methodology = 1 Project methodology with milestones = 2 Project methodology with milestones and timelines = 3 Project methodology with activities, milestones, and timelines = 4 Project methodology with logical linked activities, milestones, and timelines = 5
	• Management structure with roles and responsibilities of both team leader and team members.	10	Management structure not provided = 1 Management structure provided = 3 Management structure with roles and responsibilities = 5
	• Partnering with local SMME's to support transformation, enterprise development and skills transfer. **NB: A copy of the company's organogram indicating all team members must be included in the proposal.**	5	No partnering with local SMME = 1 Partnering with local SMME = 3 Partnering with local SMME and more than 2 locals employed= 5

12 FORMAT AND SUBMISSION OF THE PROPOSAL

12.1. [Public Institutions to specify in line with their bid requirements].

13 CLOSING DATE

13.1. Proposals must be submitted to [insert details of Public Institutions] by a date specified by [insert details of Public Institutions] Bid Committee.

13.2. No late bids will be accepted.

14 ENQUIRIES

14.1. All technical enquiries to be directed in writing to the contacts below. All technical telephonic enquiries should be followed or confirmed in writing to enable the technical team to address the as expected.
[insert details of relevant official]

14.2. All administrative bid enquiries to be directed to the following [insert details of relevant person].