

# Request for Proposals

**Project Title: Promoting Access to Clean Energy Services in St. Vincent and the Grenadines (PACES)**

**1. The government of St Vincent and the Grenadines has received funding from the Global Environmental Facility (GEF) to support its climate change mitigation thrust. The UNDP is implementing a medium size project entitled “Promoting Access to Clean Energy Services in St. Vincent and the Grenadines (PACES)” on behalf of the government. Under the component of *Establishment of a Clean Energy Policy Framework* a contract will be awarded for the Consultancy To Review And Update The Electricity Supply Act (1973) Of St. Vincent And The Grenadines**

The Promoting Access to Clean Energy Services in St. Vincent and the Grenadines (PACES) Project now invites sealed Tenders from eligible bidders for the;

**Consultancy to Review And Update The Electricity Supply Act (1973) Of St. Vincent And The Grenadines**

Interested eligible bidders may obtain further information from:

*PACES Project  
Energy Unit, Ministry of National Security, Air and Seaport Development  
Corner of Higginson and Lower Middle Street  
Kingstown  
St. Vincent and the Grenadines  
Telephone Number: 1 784 451 2338  
Email: leshan.monrose@undp.org  
dandre.jackson@undp.org*

## **2. Proposals**

Any suitable format may be used but must include the following items;

- Relevant qualifications and experience
- Consultancy Execution: methodology and project schedule
- Financial offer – **Quoted in Eastern Caribbean Dollars (XCD)**

Tenders must be sent to the following address:

*The Secretary  
Central Supplies Tenders Board  
Ministry of Finance and Economic Planning  
Government of St. Vincent and the Grenadines  
3rd Floor, Financial Complex  
Kingstown  
St. Vincent and the Grenadines*

Attention: *Secretary Central Supplies Tenders Board*

## **3. Tenders must comply with the following conditions:**

All tenders must be submitted in one envelope, marked 'original', and three (3) copies with double side printing; copies signed in the same way as the original and marked 'copy'.

The envelope shall be addressed to:

Tenders must be delivered to the address below on or before **MAY 30, 2018 at 3: 00pm**

*The Secretary  
Central Supplies Tenders Board  
Ministry of Finance and Economic Planning  
Government of St. Vincent and the Grenadines  
3rd Floor, Financial Complex  
Kingstown  
St. Vincent and the Grenadines*

Attention: *Secretary Central Supplies Tenders Board*

Bear the name “**the Consultancy to Review and Update the Electricity Supply Act (1973) of St. Vincent And The Grenadines**” and the words “**DO NOT OPEN BEFORE 3: 00PM ON MAY 30, 2018**”

Electronic bidding will not be permitted.

Late tenders will be rejected.

The deadline for the submission of tenders is: **MAY 30, 2018 at 3: 00pm**

#### **4. Clarifications**

If the Contracting Authority, on its own initiative or in response to a request from a prospective tenderer, provides additional information on the tender, it must send such information in writing to all other prospective tenderers at the same time.

Request for clarification must be submitted in writing to

**PACES Project  
Promoting Access to Clean Energy Services (PACES) Project in  
St. Vincent and the Grenadines  
Energy Unit, Ministry Of National Security Air and Seaport Development  
Corner of Higginson and Lower Middle Street  
Kingstown,  
St. Vincent and the Grenadines  
Telephone Number: 1 784 451 -2338**

OR via email to [leshan.monrose@undp.org](mailto:leshan.monrose@undp.org) / [dandre.jackson@undp.org](mailto:dandre.jackson@undp.org) by **MAY 13, 2018**.

Clarifications will be posted on <http://energyunit.gov.vc/energyunit/index.php/opportunities> on **MAY 17, 2018**.

## **Period of validity**

Tenderers will be bound by their tenders for a period of 90 days from the deadline for the submission of tenders.

In exceptional cases and prior to the expiry of the original tender validity period, the Contracting Authority may ask tenderers in writing to extend this period by 10 days. Such requests and the responses to them must be made in writing. Tenderers that agree to do so will not be permitted to modify their tenders and they are bound to extend the validity of their tender guarantees for the revised period of validity of the tender.

## **Alteration or withdrawal of tenders**

Tenderers may alter or withdraw their tenders by written notification prior to the deadline for submission of tenders. No tender may be altered after this deadline. Withdrawals must be unconditional and will end all participation in the tender procedure.

Any such notification of alteration or withdrawal must be prepared and submitted in accordance with the procedure for receiving Tender Clarifications. The outer envelope must be marked 'Alteration' or 'Withdrawal' as appropriate.

No tender may be withdrawn in the interval between the deadline for submission of tenders referred to in and the expiry of the tender validity period.

## **Cancellation of the tender procedure**

If a tender procedure is cancelled, tenderers will be notified by the Contracting Authority. If the tender procedure is cancelled before the tender opening session the sealed envelopes will be returned, unopened, to the tenderers.

Cancellation may occur, for example, if:

- i. the tender procedure has been unsuccessful, namely where no qualitatively or financially worthwhile tender has been received or there has been no valid response at all;
- ii. the economic or technical parameters of the project have changed fundamentally;
- iii. exceptional circumstances or *force majeure* render normal implementation of the project impossible;
- iv. all technically compliant tenders exceed the financial resources available;
- v. there have been irregularities in the procedure, in particular where these have prevented fair competition;
- vi. the award is not in compliance with sound financial management, i.e. does not respect the principles of economy, efficiency and effectiveness (e.g. the price proposed by the tenderer to whom the contract is to be awarded is objectively disproportionate with regard to the price of the market).

**In no event will the Contracting Authority be liable for any damages whatsoever including, without limitation, damages for loss of profits, in any way connected with the cancellation of a tender procedure even if the Contracting Authority has been advised of the possibility of damages.**



# **TERMS OF REFERENCE**

**CONSULTANCY TO REVIEW AND UPDATE;  
THE ELECTRICITY SUPPLY ACT (1973) OF  
ST. VINCENT AND THE GRENADINES**

## **Table of Contents**

<b>BACKGROUND INFORMATION</b> .....	1
<b>Beneficiary Country</b> .....	1
<b>Contracting Authority</b> .....	1
<b>Relevant Country Background</b> .....	1
<b>Current State of Affairs in the Relevant Sector</b> .....	1
<b>Project Background</b> .....	3
<b>PURPOSE, OBJECTIVES AND EXPECTED RESULT</b> .....	3
<b>Objective of the Consultancy</b> .....	3
<b>SCOPE OF THE WORK</b> .....	5
<b>Specific Activities</b> .....	5
<b>RESPONSIBLE BODY</b> .....	6
<b>LOGISTICS AND TIMING</b> .....	6
<b>Location</b> .....	6
<b>Performance Period</b> .....	6
<b>PERSONNEL REQUIREMENTS</b> .....	6
<b>Qualifications and Experience</b> .....	6
Lead Consultant .....	6
Other experts.....	6
<b>FACILITIES TO BE PROVIDED BY THE CONSULTANT</b> .....	7
<b>EQUIPMENT</b> .....	7
<b>REPORTS</b> .....	7
<b>Reporting Requirements</b> .....	7
<b>SUBMISSION &amp; APPROVAL OF PROGRESS REPORTS AND TRAINING MODULES</b> .....	7
<b>MONITORING AND EVALUATION</b> .....	7
<b>Definition of Indicators</b> .....	7

## **BACKGROUND INFORMATION**

### **Beneficiary Country**

St. Vincent and the Grenadines

### **Contracting Authority**

Government of St. Vincent and the Grenadines

### **Relevant Country Background**

St. Vincent and the Grenadines (SVG) is a multi-island state comprising of the main island of St. Vincent and seven smaller inhabited islands as well as about 30 uninhabited islets constituting the Grenadines. The islands are home to a population of 109,000 people and cover a land area of 389 square kilometres. Apart from the main island of St. Vincent, other Grenadine islands with significant energy demands include, Bequia, Union Island and Canouan. The country is almost completely dependent on imported petroleum products such as diesel (for transport and electricity generation), gasoline (for transport), kerosene (for cooking) and butane/LPG (for cooking and water heating).

### **Current State of Affairs in the Relevant Sector**

#### **A. The Electricity Sector**

VINLEC, the state-owned, vertically integrated utility, is responsible for the generation, transmission and distribution of electricity to consumers throughout SVG. There is currently no independent regulatory commission for the electricity sector, and the Ministry responsible for the country's energy matters.

The majority of the current energy mix on Saint Vincent is comprised of diesel (78 percent) and hydro (21percent) generation. In the last three years, solar photovoltaic (PV) generation has grown to meet 1 percent of total energy needs, driven by both VINLEC and customer development of solar. Electricity on the Grenadine Islands is supplied nearly 100 percent from diesel generation, although Mustique, Bequia and Union Island utilize some solar PV. Total installed capacity in St Vincent is just over 42.4MW, and 10 MW in The Grenadines, with 5.7 MW sourced from hydropower 0.9 MW from solar PV and the remainder from diesel generation. Peak demand is 21.1 MW.

In 2016, retail electricity tariffs averaged EC\$0.84/kWh across customer types and usage levels. The tariff structure includes a base rate and a fuel surcharge; the base charge has been the same since 1980, while the fuel surcharge changes every month, fluctuating with the price of diesel fuel. Average electricity tariffs range from \$0.22 US to \$0.32 US, depending upon customer category: Residential \$0.22-\$0.29; Commercial \$0.29-\$0.31; Industrial \$0.26-\$0.25; and Public Lighting \$0.32.

#### **B. Petroleum and Renewable Energy Generation Sources**

From 2014 to the 2016 there has been a downward trend in the cost of oil, with prices remaining below USD 50 per barrel the first and second quarters of 2016. In the Caribbean most

electricity companies are allowed to pass on fluctuating cost to consumers in the form of a fuel surcharge. The import value of petroleum products and related products into SVG rose to over USD 68 million (EC\$ 186 million) in 2014, this represents an increase in expenditure of over USD 26 million (EC\$71 million) between 2010 and 2014. Despite the increased national expenditure on the importation of petroleum products consumers have been able to enjoy a decrease in prices at the pump which coincides with the decline in global oil prices. Gas prices at the pump fell from USD 5.09 (EC 13.81) in December of 2014 to USD 3.80 (EC \$10.30) in December 2015.

Notwithstanding global reductions in the cost of petroleum based products fuel costs in SVG remains relatively high. This may be due contributed to factors such as a high dependence on imported fossil fuels, 80 per cent of SVG's installed generation capacity is based on diesel (the remaining 20 percent is generated from hydro). Renewable Energy technologies present a viable alternative to reducing the dependence on imported petroleum products but they are however being underutilised.

SVG has a global horizontal irradiance (GHI) that averages 5.8 kWh/m<sup>2</sup>/day throughout its low-lying areas. This is sufficient solar resource for flat-panel PV and solar hot water systems. Despite this viable resource, SVG has only developed initiatives utilizing solar energy since 2011. These solar initiatives were designed by the Government of St. Vincent and the Grenadines (GoSVG) using grant funds to demonstrate that solar energy can be used in the country to offset fossil-fuel based electricity generation.

### C. Policy, Legislative and Regulatory Framework

The Electricity Supply Act of 1973 (ESA) grants VINLEC a universal licence for generating, transmitting and distributing electricity in SVG until 2033 No other entity may generate or sell electricity, except by sub-license to VINLEC. The 1973 Act is provides only minimal provisions pertaining to the utility license and the terms and conditions of operation. The Act does not address the electricity sector governance or institution roles and responsibilities, development or implementation of energy policies tied to economic development objectives or transition to a Clean Economy.

Subsequent to the enactment of the ESA, SVG has adopted a series of policies and programs designed to accelerate the transition to a clean economy. These include:

a. 2009 National Energy Policy (NEP) establishing national energy goals, including the goal of increasing national energy security through increased use of renewable energy technologies on all islands of SVG;

b. 2010 National Energy Action Plan (NEAP), setting forth actionable steps to achieve the NEP goals by 2030. NEAP identifies specific goals of generating 30% of all electric output from renewable energy sources by 2015 and 60% by 2020, and also establishes energy efficiency goals of reducing projected electricity generation by 5% by 2015 and 15% by 2020. In Section 4.3, NEAP recommends actions to scale-up development of geothermal, hydropower, wind energy, biomass and waste-to-energy, solar electricity and solar thermal. NEAP also identifies actions to be taken to deploy de-centralized renewable energy applications for the Grenadine Islands as well as buildings and households that have costly connections to the grid. The NEAP Action Item 23 recommending amendment of the ESA to create a clear regulatory mechanism to allow for independent power producer (IPP) owned renewable energy generation or co-generation, or to mandate a sub-license for such facilities

by VINLEC.

c. 2013 National Social and Economic Development Plan 2013-2025 (Strategic Goal 4), which addresses the strategic necessity to adapt to the changing climate to protect its delicate environment while reducing GHG emissions

d. 2015, SVG Nationally Determined Contribution under the United Nations Framework Convention on Climate Change establishes ambitious renewable energy generation transition and energy efficiency targets; and

e. 2017 Drafting of SVG National Climate Change Policy (in process).

The goal of this project is to draft revisions to the ESA to incorporate and implement the careful policy and planning over the past decade. This is essential to assure that the goal of accelerating renewable energy and energy efficiency in the electricity sector are achieved. The Act revisions must establish a clear legal and regulatory framework to enable implementation of renewable energy and energy efficiency projects, including a clear path for project authorization and implementation. This regulatory certainty is essential to facilitate private investment in new plants and projects to achieve the SVG goals.

## **Project Background**

The government of St Vincent and the Grenadines has received funding from the Global Environmental Facility (GEF) to support its climate change mitigation thrust. The UNDP is implementing a medium size project entitled “Promoting Access to Clean Energy Services in St. Vincent and the Grenadines (PACES)” on behalf of the government.

The Project will seek to reduce GHG emissions from fossil fuel-based power generation by exploiting the renewable energy resources for electricity generation in St. Vincent and the Grenadines (SVG). It will promote clean energy decentralized electricity solutions in SVG, from unutilised Renewable Energy (RE) resources including inter alia, hydropower, wind, and solar. It is envisaged that through the project activities there will be a greater share of RE in the islands’ energy mix by (i) the strengthening of the country’s clean energy policy framework including the streamlining of processes for RE investment approvals; (ii) increasing the capacities of appropriate institutions and individuals to support clean energy developments in SVG; and (iii) mobilizing investments for RE demonstration projects utilizing solar resources for electricity generation.

## **PURPOSE, OBJECTIVES AND EXPECTED RESULT**

### **Objective of the Consultancy**

The objective of this consultancy is to review and update the existing Electricity Supply Act (1973) for St. Vincent and the Grenadines to incorporate the current policy on renewable energy and energy efficiency and to create an enabling legislative and regulatory framework for development of renewable energy and energy efficiency projects, including private sector investment to support same in St. Vincent and the Grenadines.

Such amendments may include provisions to:

(i) Foster investments in Renewable Energy Development by Independent Power Producers (IPPs) and Private-Public Partnerships.

(ii) Modernize the electricity supply systems of the Grenadines islands, integrating the use of wind, solar energy, and storage, and use such undertaking as a model for other small islands. Ensuring that there is grid stability to facilitate additional power from renewable energy.

(iii) Restructuring the electricity tariff to foster greater electricity generation from renewable energy sources.

(iv) Authorize tax-free import of machinery for generation and transport of electricity (as well as other fiscal incentives) by all stakeholders, not only to the monopoly utility. All other clauses of ESA favouring solely the monopoly utility (like exemption from stamp duty and land acquisition by the Government) should be extended.

(v) Encourage competitive procurement where feasible to ensure lowest cost and high quality project implementation to lower electricity costs for SVG citizens.

### **Deliverables to be achieved by the Consultant**

The Consultant will be responsible for the following outputs:

- An **Inception report** detailing an activity schedule and the proposed methodology/approach which will be used to review and update the Electricity Supply Act within two weeks of the signing of the contract.
- **Assessment Report** (20-25 pgs) summarizing findings following initial consultations and review of all relevant laws, policies and reports;
- **Draft outline** of the proposed draft ESA amendment for review by key stakeholders and approval by Energy Unit
- **Draft ESA amendment** which incorporates *inter alia* findings from the Specific Activities listed below, including the initial desk review, and stakeholder consultations.
- Consultations to introduce the draft law and to collect and summarize stakeholder comments on the draft revisions;
- **Final draft law to amend the ESA**, with **Working Paper** summarizing the revisions and why the revisions are needed, to be used by decision makers as the draft is reviewed by the GoSV and SVG citizens.

Deliverable	Proposed due dates	Percentage Payment
<b>Inception Report</b>	July 2, 2018	15
<b>Assessment Report</b>	Aug 31, 2018	15
<b>Draft outline</b>	Sept 15, 2018	20
<b>Draft ESA amendment</b>	Oct 15, 2018	20

<b>Final draft law to amend the ESA, with Working Paper</b>	Dec 1, 2018	30
---	-------------	----

## **SCOPE OF THE WORK**

The Consultant will work within the framework of the objectives to be achieved. The activities that are established as part of the work programme and the deliverables must be accomplished.

### **Specific Activities**

The Consultant will be required to undertake the following activities to fulfil his/her obligations under the contract:

- Participate in an initial briefing meeting with the PACES project team, Energy Unit, VINLEC and other key stakeholders in the Energy Sector
- Conduct a diagnostic review of all policies, legislation, resolutions, best practice guidelines, study reports, including the ESA, the policies listed above, the CARICOM and OECS Draft Energy Policies, the CARICOM Model Electricity Supply Act Legislation and other relevant literature which may impact on the existing policy, so that the consultant becomes familiar with Energy developments in SVG. This information will inform the completion of his/her work.
- Interface with various key stakeholders with responsibility for energy in SVG, including the Attorney General's legislative drafting unit to obtain guidance on the legislative drafting guidelines controlling the law development.
- Prepare a 20-25 page assessment document summarizing the consultant's findings and recommendations for legislation revision after the diagnostic review.
- Prepare and submit a detailed outline of the proposed legislation for review by the Energy Team, Vinlec and other key stakeholders, and for Energy Team approval.
- Consistent with the approved outline, prepare the draft ESA amendment. The proposed amendment must align the legal framework with the energy sector policies, plans and framework for SVG to ensure that all key policies are given legal force, specifically with regard to the promotion of renewable energy for diversification of the fuel source within the electricity sector
- Conduct at least two (2) consultations with relevant stakeholders to discuss initial review, receive direction for further research, and gather initial stakeholder input/recommendations and to present review of draft ESA amendment t for stakeholder feedback and further refinement, incorporating stakeholders' comments into final documents.
- Finalise the draft ESA amendment taking into account stakeholder feedback during consultation activities.
- Present the final draft ESA amendment in three (3) printed, bounded copies, and one electronic copy in software format required by Energy Unit must be submitted to the

Project Director of the PACES Project.

## **RESPONSIBLE BODY**

The Consultant shall report to the Project Director of the PACES project within the Energy Unit of the Ministry of National Security, Air and Sea Port Development.

## **LOGISTICS AND TIMING**

### **Location**

The Consultant will be located at the usual place where he/she conducts business. He/She will be required to make him/herself present in St. Vincent and the Grenadines as the activities within his/her scope of work requires.

### **Performance Period**

The services of the Consultant will be retained for a period of (6) months from the date of the signing the contract.

## **PERSONNEL REQUIREMENTS**

### **Qualifications and Experience**

#### Lead Consultant

Candidate must possess at least:

- Legal Drafting Specialist with a background in energy and a minimum of ten (10) years' experience in the area of legislative drafting with practical working knowledge within the Caribbean Region.
- Candidate must have a background in energy and electricity related matters with a sound knowledge of current energy issues, trends and perspectives, including a range of RE options and possibilities in respect of the Caribbean.
- Candidates should be fluent in the English Language with excellent analytical and communication skills. He/she must be computer proficient in MS Office Suite and a digital project management tool such as MS Project.
- Experience working with donor and governmental agencies within the Caribbean Region would be an asset

#### Other experts

CVs for experts other than the key experts should not be submitted in the tender. The Consultant shall select and hire other experts as required according to his needs. The selection procedures used by the Consultant to select these other experts shall be transparent, and shall be based on pre-defined criteria, including professional qualifications, language skills and work experience.

## **FACILITIES TO BE PROVIDED BY THE CONSULTANT**

The consultant shall provide all the facilities that he/she requires to review and update the ESA.

## **EQUIPMENT**

No equipment is to be purchased on behalf of the Contracting Authority / beneficiary country as part of this service contract or transferred to the Contracting Authority / beneficiary country at the end of this contract.

## **REPORTS**

### **Reporting Requirements**

The Consultant shall submit to the Project Coordinator, three original reports and one other copy along with an electronic file copy of all reports generated from this consultancy, including but not limited to, inception report, draft review of ESA, and final review of ESA. The Project Coordinator will be responsible for the approval of these documents.

## **SUBMISSION & APPROVAL OF PROGRESS REPORTS AND TRAINING MODULES**

- The Consultant shall submit to the Client any additional report(s) that may be reasonably requested in connection with the progress of the elements of the Project for which the Consultant has responsibility as outlined in the Terms of Reference.
- All reports shall be deemed to be accepted by the Client if the Client does not provide the Consultant within fifteen (15) days from the date of receipt of reports, with written notice specifying in detail, recommended changes or corrections or deficiencies in the quality of the report. The Consultant, on receipt of such written notice, shall thereupon promptly make any necessary corrections, amendments and/or adjustments to the reports which, shall be resubmitted to the Client for its approval.

## **MONITORING AND EVALUATION**

### **Definition of Indicators**

The indicators against which the Consultant will be evaluated on with respect to his/her performance include:

- Compliance with the schedule for the submission of reports on the outputs of the project.
- Quality and comprehensiveness of the Revised ESA.
- Adherence to established professional standards in clarity of thought, knowledge of the subject, vision, etc.

## **TAXATION**

All non-nationals of St. Vincent and the Grenadines are required to pay a 20% Withholding Tax for all services rendered in the country in accordance with the Third Schedule of the Income Tax Act of St. Vincent and the Grenadines. The Agreement Among The Governments Of The Member States Of The Caribbean Community For The Avoidance Of Double Taxation And The Prevention Of Fiscal Evasion With Respect To Taxes On Income, Profits Or Gains And Capital Gains And For The Encouragement Of Regional Trade And Investment is applicable to CARICOM nationals as a safeguard against double taxation. Refer to the documents cited for further information.

## **PREPERATION OF PROPOSAL**

1. The language of the bid is: English. All correspondence exchange shall be in English language.
2. Language for translation of supporting documents and printed literature is English
3. The Bidder must submit the following documents ;
  - a. Bidder Qualification and Experience
  - b. Bidder shall provide a Project Summary Execution Plan for the full scope of services to be provided (methodology and project schedule)
  - c. The Bidder shall furnish documentary evidence to demonstrate that the experience requirements
  - d. Financial offer/Price schedule
4. The prices shall be quoted by the bidder in: Eastern Caribbean Dollars (XCD)
5. The bid validity period shall be ninety (90) days after the deadline for the submission of bids.
6. In addition to the original of the bid, the number of copies is: three (3)
7. Bid submissions are to be made to:

*The Secretary  
Central Supplies Tenders Board  
Ministry Of Finance And Economic Planning  
Government Of St. Vincent And The Grenadines  
3rd Floor, Financial Complex  
Kingstown  
St. Vincent and the Grenadines*

Attention: *Secretary Central Supplies Tenders Board*

**The deadline for the submission of bids is: May 30 2018**