



**United States Energy Association
South Asia Regional Initiative for Energy Integration (SARI/EI)
Request for Proposal – Capacity Building Training Program
October 2019**

REQUEST FOR PROPOSAL – Training on the Design, Management and Operation of a Power Trading Entity

Closing date of RFP: November 4, 2019

Implementing Agency: United States Energy Association

Funding Agency: United States Agency for International Development

Maximum Award Amount: \$45,000 USD

Training recipients: Training focused on Nepal, with additional participation from Afghanistan, Bangladesh, Bhutan, Pakistan, and Sri Lanka

Location of training: Nepal (likely Kathmandu)

Through funding provided by the U.S. Energy Association’s (USEA) cooperative agreement with the U.S. Agency for International Development (USAID), USEA is organizing a training program on electricity trading tailored to Nepal, with additional participation from Afghanistan, Bangladesh, Bhutan, Pakistan, and Sri Lanka. The training is intended to provide the participants with institutional and human capacity building in the design, management and operation of a power trading entity.

The training will be conducted as part of USAID’s South Asia Regional Initiative for Energy Integration (SARI/EI) program.

Proposals are due by 17:00 hours EST of the closing date. Please forward your proposal in soft copy with a read receipt to Ms. Sarah Blanford, Deputy Program Director, Energy Utility Partnership Program, at sblanford@usea.org.

As this is a USAID-funded program, the RFP follows USAID Procurement Regulations and Laws. All bidder details will be kept confidential.

I. INTRODUCTION

The U.S. Energy Association (USEA), headquartered in Washington, DC, is an association of public and private energy-related organizations, corporations, and government agencies.

Through a cooperative agreement with the United States Agency for International Development (USAID) Bureau for Economic Growth, Education and Environment (E3), the United States Energy Association implements an Energy Utility Partnership Program (EUPP) available to all USAID-assisted countries and USAID Missions. EUPP assists developing countries to increase environmentally sustainable energy production and use and improve the

operational efficiency and increased financial viability of their utilities and related institutions. The goal of the EUPP is to increase access in USAID-assisted countries to environmentally sound energy services.

Under the EUPP mechanism, USEA implements activities for the USAID South Asia Regional Initiative for Energy Integration (SARI/EI) program. USAID first launched the South Asia Regional Initiative for Energy (SARI/E) program with USEA in 2000. The first three phases of the program focused on cross-border energy trade (CBET), energy market formation and regional clean energy development. The current phase, entitled the South Asia Regional Initiative for Energy Integration (SARI/EI), covers the eight countries of Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, and aims to further the earlier objectives of advancing regional energy integration and increasing CBET. In 2015 through 2018, USEA's SARI/EI program conducted a number of capacity-building trainings focused on designing, managing, and operating a power trading entity. There is continued need for capacity building in this area.

II. SUMMARY

This "Power Trading Training" will provide participants with a ten-day training program (separated into two modules, each five days in duration) to provide 30 participants with institutional and human capacity-building in the design, management, and operation of a power trading entity. The training will stress the development of skills and knowledge in the functional operations of power trading. The anticipated attendance will be comprised of 16 delegates from Nepal, 4 delegates each from Bangladesh and Bhutan, and 2 delegates each from Afghanistan, Pakistan, and Sri Lanka – 30 total.

The contractor must have expert knowledge of the design and development of energy markets and the political, economic and technical issues associated with Nepal and India, and South Asian regional energy trade. The contractor is expected to have prior regional, relevant working experience providing and a solid understanding of the Nepal power sector and its market capabilities as well as other power markets in the region.

The purpose of this RFP is to solicit proposals from various candidate organizations, conduct a fair and extensive evaluation, and select the organization or individuals deemed most suitable to conduct the training.

Read more: www.sari-energy.org.

III. SOUTH ASIA BACKGROUND

South Asia is the fastest growing region in the world, with an average annual growth rate of 6% as measured by GDP per capita. Yet despite this impressive macroeconomic growth, the energy sector in the region has not been able to keep pace, and continues to experience chronic problems of supply shortage and poor quality of service. South Asia's energy security dilemma is one of the single energy development challenges of the 21st century critical to the economic future of almost 1.5 billion people. Given this dilemma, the only long-term solution is the sustained increase in regional energy cooperation among the South Asian countries. USAID's South Asia Regional Initiative for Energy Integration (SARI/IE) program has been advocating energy cooperation in South Asia since 2000. Now the program has transitioned to the next phase of advancing regional energy integration and cross-border energy trade (CBET) in the eight South Asian countries. The program addresses policy, legal, and regulatory issues related to energy in the region; promotes transmission interconnections and works towards establishing a regional market exchange for electricity.

Over the past several decades South Asia has witnessed the steady growth of CBET between India and Bhutan and, more recently, between India and its other eastern neighbors, Nepal and Bangladesh. However, despite the tremendous benefits of regional energy trade and co-operation, CBET has thus far been limited in scope and influence upon energy trade in South Asia. There is a clear recognition that South Asia's energy sector has not been able to keep pace with the needs of the region, including a growing customer base, and it continues to experience chronic problems of shortage of supply and poor quality of service. The majority of South Asian countries struggle to

connect their remote and rural customer base to the electricity grid, and CBET could expand the reach of electricity into these unlit regions. Hydropower and renewable energy both hold strong potential in aiding the expansion of CBET among South Asian countries.

Currently in South Asia, India, Bangladesh, Bhutan and Nepal have established transmission links through which electricity is being traded. Opportunities for cross border electricity trade in the region have amplified particularly now that energy security has become a political priority for all the country governments. Bilateral cooperation in the power sector got a tremendous boost with the visit of the Prime Minister of India to Nepal in August 2014, which saw signing of the Agreement on “Electric Power Trade, Cross-Border Transmission Interconnection and Grid Connectivity” popularly known as Power Trade Agreement and shortly thereafter the region witnessed the signing of the SAARC Framework Agreement for Energy Cooperation (Electricity) in December 2014. Very recently, the Government of India’s revised guidelines on Cross-Border Power Trade paved way for tri-lateral power trade and also made Indian power exchanges more accessible to the regional participants. These developments have mobilized stakeholders for regional and sub-regional projects in the areas of power generation, transmission and power trade. The gravitas for CBET in South Asia has been further supported by the creation of the “SAARC Council of Experts and Energy Regulators (Electricity)”. India and Nepal are in the process of expanding their cross-border transmission lines to further establish the two country’s energy trade, which has been beneficial for both countries in developing transmission interconnections and grid connectivity.

For additional information regarding the region’s cross-border energy trade: <https://sari-energy.org/program-activities/cross-border-electricity-trade/>

IV. STATEMENT OF WORK

Conduct two modules of training on power trading tailored to participants from South Asia with specific focus on Nepal.

V. SCOPE OF WORK

Training Purpose

The training will provide the participants with the background for developing the institutional and human capacity to design, manage, and operate a power trading entity for Nepal.

Training Objectives

Classroom lectures are to be delivered by highly experienced instructors, supplemented by hands-on exercises that emphasize development of skills and knowledge in the functional operations of power trading. Emphasis should be on providing hands-on activities including role play, class exercise, review of PPAs, PSAs, etc.

Training will supply participants with proficiency in the following topics:

- The evolution of power trading as a separate entity in the power sector, the various roles played by power traders, basic guidelines for power trading, propriety trading vs. portfolio optimization, arbitrage
- Market participants & their role: brokers, traders, dealers, market makers, liquidity providers, marketers, wholesale merchants, investment banks, and traders
- Setting up a power trading entity:
 - Legal framework for operation of a power trading entity
 - Procedures and terms and conditions for granting of trading license
 - Statutory compliance for traders
 - Human resources and infrastructure requirements for setting up of a power trading entity
 - Net worth and working capital considerations and requirements
- Short term, long/medium term power purchase and sales

- Power purchase/sales agreements: major contractual, financial and commercial provisions and their significance
- Scheduling, billing, energy accounting, settlement, and bidding on power exchanges
- Tariff models for competitive bidding processes, review of the existing tariff models in Nepal
- Identifying and mitigating risks
- Gap analysis of existing and required policies in Nepal
- Case studies within the region
- Guarantees (such as sovereign guarantee from GOP) or no guarantees

Tasks

The contractor will conduct two modules of training, each consisting of five days, for 16 delegates from Nepal, 4 delegates each from Bangladesh and Bhutan, and 2 delegates each from Afghanistan, Pakistan, and Sri Lanka (30 total). The same set of delegates will participate in both modules of training. The participants will be nominated by the USAID missions and USEA will handle all coordination with the delegates.

The training program is to be tailored to South Asia with specific focus on Nepal to provide participants with the knowledge of operating a power trading entity for their respective countries.

Task 1: 1st module of training. The contractor will organize, host and conduct Module 1 – a five-day classroom-style training program for the SARI/EI delegation. The training will be the first in a set of two training programs designed to prepare SARI/EI countries for short and long-term power trading. Module 1 will focus on the overall background, rules, and regulations that govern power trading, and will provide the participants with the background knowledge to prepare them for the more advanced material of Module 2. At the start of Module 1, a pre-training assessment will be conducted to evaluate the participants’ knowledge of the material.

Task 2: 2nd module of training. The contractor will organize, host and conduct Module 2 – a five-day classroom-style training program for the SARI/EI delegation. The training will be the second of two training programs designed for short and long-term power trading. Module 2 will provide more in-depth understanding on power trading entities, power purchase and sales, the drafting of power purchase agreements, the tariff models for competitive bidding, due diligence for contracting, activities on behalf of advance option buyers and state utilities, private project developer for the sale of power-on-power exchange, etc. The participants will be given virtual control room operation experience in the various areas of power trading, viz. scheduling, billing, energy accounting and settlement, bidding on power exchanges, etc. A post-training assessment will be conducted to evaluate the participants’ improved knowledge of the material. Additionally, USEA requests the contractor include a session in the training for brainstorming with the participants – during the final day of training, participants are to develop action plans outlining steps that need to be taken to design, develop and operate a power trading entity; this session should be led by the contractor and written summaries of the action plans be organized for later submission to USEA. Lastly, contractor must provide certificates of completion to each participant, to be co-signed by USEA and USAID.

Deliverables

Advance materials to be provided to participants:

- Pre-activity reading materials for delegates to provide them with as much background knowledge on the subject that is suitable, but reasonable – documents should not be overly lengthy. It is also recommended to distribute example documents (e.g. PPAs) that can be reviewed prior to the training and then discussed during the training.

Deliverables for Module 1:

Draft and final copies of the following documents will be provided to USEA for review and approval:

- Annotated outline of full training curriculum for the 5 days of training for Module 1 (including annotated outlines of role-playing or other hands-on working sessions)
- Training assessments that measure participants' knowledge of key topics (pre -training)
- Manuals, presentations and all other training materials developed for and distributed to the participants
- Handouts of various documents relevant to the institutional, staffing and management issues critical to the formation of a power trading organization, including but not exclusive to, organizational charts, job descriptions/summaries, staff training and evaluation plans, etc.
- Signed attendance sheets for each day of training

Deliverables for Module 2:

- Draft and final copies of the following documents will be provided to USEA for review and approval:
- Annotated outline of full training curriculum for the 5 days of training for Module 1 (including annotated outlines of role-playing or other hands-on working sessions)
- Training assessments that measure participants' knowledge of key topics (post-training)
- Manuals, presentations and all other training materials developed for and distributed to the participants
- Handouts of various documents relevant to the institutional, staffing and management issues critical to the formation of a power trading organization, including but not exclusive to, organizational charts, job descriptions/summaries, staff training and evaluation plans, etc.
- Signed attendance sheets for each day of training
- Certificates of participation to each delegate, with signatures included from USAID and USEA.

Final Deliverable:

Final training report, including:

- Summary of the training provided. A short one-page summary should be given, along with a lengthier and more detailed summary of 4-6 pages in length.
- A list of topics that the participants felt were of particular interest and use to them, noting which countries and organizations the topics were applicable to
- Summary of lessons-learned and subject areas requiring more training
- From the perspective of the subcontractor – an outline of detailed steps the countries need to take to design, develop, and operate a power trading entity. Must include regulations and policies needed, as well as operational changes at the utility level. The contractor can include information taken from the Module 2 participant brainstorming session, as well as outside resources/expertise.
- Information on additional trainings, webinars, online-courses that participants could utilize to increase their knowledge of the subject matter
- Copies of assessments and a summary of the assessments. Assessments to measure pre and post knowledge levels on all training topics, open feedback on what topics were most and least useful, and open feedback on what topics require further training/were not adequately covered by contractor.
- Qualitative and quantitative summary of the participants' training assessment
- Written summaries of the action plans conducted during Module 2
- Electronic copies of all final presentation and hand-out materials
- Copies of all participants' action plans

VI. IMPLEMENTATION AND APPROACH

The purpose of this RFP is to solicit proposals from various candidate organizations or individuals, conduct a fair evaluation, and select the organization deemed most suitable to undertake the project.

Award Ceiling

USEA is constrained by a \$45,000 budget for this project.

USEA Responsibilities

USEA will be responsible for all logistical arrangements for the participants and training venue. Lunches for contractors/speakers for each of the 10 training days and 1 welcome dinner will be provided by USEA for a training conducted in Nepal; all other logistical expenses are the responsibility of the contractor. USEA intends to conduct the training in Kathmandu. If another location is selected, USEA will provide ground transportation to the contractors/speakers between Kathmandu and the training venue.

Subcontract Agreement Management and Oversight

A subcontract agreement between USEA and the winning bidder shall be subject to all USAID Special Terms and Conditions, including all mandatory FAR Flow-Down clauses, where applicable, and the provisions included in 2CFR200 and 2CFR700. All bidders are strongly encouraged to review these provisions prior to submitting a proposal.

- Standard Provisions for U.S. Nongovernmental Organizations:
<https://www.usaid.gov/sites/default/files/documents/1868/303maa.pdf>
- 2CFR200: <https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200.pdf>
- 2CFR700: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title2-vol1/pdf/CFR-2015-title2-vol1-part700.pdf>

Subcontract agreement management, oversight, and payment will be carried out by USEA.

Reporting

The consultants will report to USEA.

Schedule

Module 1 is expected to take place in December 2019. Module 2 is expected to take place in January 2020. Other dates can be considered, if they are agreed upon by all relevant parties.

VII. PROPOSAL CONTENT

The proposal must contain the following:

- a) A cover letter to the proposal
- b) A technical proposal, including:
 - Demonstration of an understanding of the issues to be addressed under the proposed scope of work specified above by providing a summarized technical approach for each of the tasks listed (Maximum 2 pages).
 - Demonstration of an understanding of the current electricity market in Nepal and its readiness to develop a power trading entity.
 - Descriptions of the experience of the contractor is limited to 2 pages. However, there is no page limit on the experience descriptions of the of the actual trainers.
 - Proposed project schedule to perform the tasks under this project highlighting any deviations to the proposed scope of work specified above.
 - Proposed reports and other deliverables that will be provided that can be used by the Nepalese and other South Asian participants to assist them in their planning for creation of power trading entities.
 - Proposed summary of quantitative and qualitative results that can be provided by the contractor at the conclusion of the training.
- c) A financial proposal, including:
 - Labor, other direct costs, indirect costs, and level of effort for each employee proposed for this project
 - Bids must be made in USD

- d) Short CVs/bio sketches of proposed trainers (experience to only include past 10 years; dates must be included; maximum 2 pages per trainer)
- e) Completed USAID Contractor Employee Biographical Data Sheet forms for each employee proposed for this project (<https://www.usaid.gov/forms/aid-1420-17>)
- f) Summary of the work to be performed by each employee proposed for this project
- g) The financial and technical portions of the proposal must be submitted as separate documents. The biodata forms should be included in the financial proposal.
- h) Maximum proposal length (excluding Employee Biographical Data Sheets and CVs) 20 pages.

VIII. EVALUATION CRITERIA

Selection of an offer for contract award will be based on an evaluation of proposals against technical merit and budget justification. Proposals shall first be evaluated from a technical standpoint based on the training proposal (i.e. without regard to proposed budget justification). Once a proposal is determined to be technically acceptable, the budget justification will be evaluated.

IX. PROPOSAL TIMEFRAME

All questions related to this RFP should be submitted via email with a read-receipt to Sarah Blanford at sblanford@usea.org no later than October 25, 2019. All questions and answers will be posted on USEA's website.

Interested parties are requested to submit final proposals no later than November 4, 2019 by 11:59 pm EST. Proposals should be sent via email with a read receipt to Sarah Blanford at sblanford@usea.org.

END OF RFP