

Consulting Services (Energy Sector – Electrical Transmission Network)

International Public Bidding (with Pre-qualification)

Country: Ukraine

Reference-No.: BMZ-No.: 209 919 366

Submission Deadline: October 16th, 2019 (15:00 local time in Kyiv)

Prequalification: Invitation for Expression of Interest

Reference: International open tender for Consulting Services for the Project “SUPPORT OF INTEGRATION OF THE UKRAINIAN POWER GRID INTO SYNCHRONOUS AREA CONTINENTAL EUROPE (CESA)”.

Employer: State Enterprise National Power Company “Ukrenergo”

Financing: The project will be financed by the EU – Neighbourhood Investment Platform (NIP), the KfW Bankengruppe as Lead Financial Institution and the European Investment Bank (EIB) as co-financier.

Project background: The background of this Project is the agreement signed on the 28th June 2017 between the Ukraine and the “European Network of Transmission System Operators for Electricity” (ENTSO-E) which formalises Ukraine’s commitment, specifically by Ukrenergo, to achieve synchronisation with CESA. This agreement commits Ukraine to make its transmission system synchronous with that of CESA by 2026. To achieve this goal, substantial regulatory and operational steps will need to be undertaken as well as substantial physical investments need to be identified, prepared, and implemented. In today’s context, Ukraine’s electricity market is still not being compliant and aligned with the EU directive, regulations, and best practices. The market does not constitute an efficient, non-discriminatory, transparent, price signal based organised market with a structural view and plan for long run sustainability. Moreover, Ukraine’s Integrated Power System (IPS) still needs to be restructured for synchronisation with CESA. Independent of synchronisation, the transmission system efficiency generally needs to be improved.

Having this in mind, Ukraine is willing and moving towards both goals. What is more, this Project aims to support Ukraine in achieving these goals efficiently and successfully as it plans.

- to support the development of the Ukrainian electricity market;
- to support more specifically Ukrenergo in structuring itself and its processes in conformity with Energy Community acquis and standard as well as in such a way that it is possible to synchronise with CESA;
- to support Ukrenergo in implementing infrastructure investment that will help the integration of Ukraine into the European Energy market and synchronisation with CESA.

Purpose of the project: The project will be executed by Ukrenergo under the supervision of KfW, EIB, and EU Delegation. In their role as executing party, Ukrenergo will be responsible for the supervision of contractors and for delivering the project, including the report, studies, and recommended measures.

The purpose of the project in brief is to support Ukrenergo in the following tasks:

- Support the restructuring of Ukrenergo and its transmission network to permit synchronisation with Synchronous Area Continental Europe (CESA), including legal and regulatory alignment with EU rules and regulations, and the drafting of a Ten-Year Network Development Plan (TYNDP) to EU's best practice. This will be preceded by a GAP Analysis of the Ukrainian market environment versus EU directives and regulations and best practices including respective recommendations for the necessary alignment;
- Supporting in Ukrenergo in implementing internal structures, mechanisms, and processes in conformity with EU best practices to allow synchronisation with CESA, to promote the security and stability of the system, to support renewable integration, and to support the efficient running of the balancing market;
- Identification and supporting infrastructure project that support the European integration of the Ukrainian electricity network.

Main objectives of the project:

- Contribute to the development of competitive, transparent and non-discriminatory market in convergence with EU rules and standards;
- Contribute in the integration of renewables into the Ukrainian market;
- Contribute to the efficient and stable running of the balancing market in the face of increasing renewable integration;
- Contributing to Ukrenergo internal structure as well as approaches, procedure, and mechanisms to accommodate synchronisation and efficient and secure running of the transmissions system;
- Systematic identification of priority investment projects that would promote Synchronisation of the Ukrainian Integrated Power System (IPS) into CESA and the transmission network's efficiency;
- Contribution to the physical infrastructure through supporting investment project, amongst others, through drafting feasibility reports;
- Prepare the Ukrainian market environment versus EU directives and regulations as well as recommendation to align Ukraine's market with EU's internal organised market as envisaged by the Third Energy Package.

Results to be achieved by the end of the project: The Project will support Ukrainian public stakeholders, namely the TSO Ukrenergo, in:

- achieving synchronisation with CESA. This includes building the TSO capacity to develop a Ten-Year Network Development (TYNDP) plan to EU's best practices and standard.
- the development of a methodology to identify needed infrastructure investment, as well as support the TSO in identifying, evaluating, and implementing needed investment projects. On this base, feasibility studies for some selected priority investment projects shall be developed. The goal of these investment projects will be the promotion of efficiency and long-run sustainability of the Ukrainian transmissions network, as well as accommodating the synchronisation CESA. As such, it is expected that the list will also include interconnector investment projects that promote long run efficient trade flows.

- preparing and implementing reforms to make Ukrainian institutions, procedures and regulations compliant with the Third Energy Package especially with Directive 2009/72, Regulation 714/2009, Regulation 543/2013, and all the Network Codes.
- providing the support, the integration of renewables into Ukraine market through providing support in managing renewables such as forecasting
- to develop a comprehensive analysis in respect to balancing market and needs given the rise in renewables that are integrated into the market.

Structure of the management of the project: The project will be structured such that there is a PMO Agent, who will be responsible for the Project Management as well as the coordination, management, and implementation of Technical Assistance Measures (TAMs) under this Project, the communication between the stakeholders, and the tendering process of some of the TAMs that are to be tendered separately at a later stage. Meanwhile, the project consists out of individual TAMs that need to be implemented in support of Ukraine's synchronisation with CESA.

The governance structure will be such that there is a decision-making body on which the KfW, EU Delegation, and EIB are represented. The PMO Agent will be responsible to this body which will have the exclusive right for decision making and the PMO shall coordinate with this decision-making body and implement and manage the task assigned by this body.

Moreover, supplementing the decision-making body shall be a steering committee which the PMO Agent shall establish and manage. The role of this steering committee shall be that of consultation, coordination, and recommendation. The steering committee shall consist of representatives of the relevant Ukrainian line ministries - in particular Ministry of Energy and Coal Industry, Ukrenergo, the regulator, relevant international donors, relevant Ukrainian stakeholders of the energy sector, and the members of the decision-making body. This steering committee shall support the PMO in its role to coordinate the efforts in regard to the Ukrainian energy sector and its synchronisation with CESA.

In addition to the so far stated roles of the PMO Agent, the PMO Agent role shall also include the function of assistance to both the decision-making body as well as the steering committee. Furthermore, the PMO in part shall be responsible for the coordination of its effort with IFIs and assure that there is no overlap with other ongoing Technical Assistance projects.

Technical Assistance Measures: The following table provides an overview of the TAM to be covered by this Project. The first column provides the respective TAM numbering, the second column provides the title for each TAM, the third column shows the timeline of the TAMs and finally the last column identifies the respective Lots that the respective TAMs are assigned into to.

The first Lot, i.e. Lot 1 (TAMs 1 to 9), is the Lot that applicants are primarily applying for in this tender, while remaining Lots (TAMs 10 to 13) are to be tendered and/or offered later by the PMO.

The successful applicant for Lot 1 does have the option to also apply for the Lots to be contracted later. This however, only after an internal procurement for selected specialists has been undertaken in which the applicant can demonstrate to be the best that his offer is the technically

best one in comparison to the other requested technical offers and within budget and only with approval by the decision-making body.

No.	Title	Schedule	Lot
1	Project Management Office	4Q19-4Q23	Lot 1
2	Analysis of energy efficiency potentials in the electricity infrastructure	4Q19-4Q20	
3	Establishing a best practice adequacy mechanism	4Q19-3Q20	
4	Implement a TSO Market Model	4Q19-1Q21	
5	Ten Year Network Development Plan	4Q19-3Q20	
6	Implementation of market related TSO processes	4Q19-1Q21	
7	Cost-Benefit analysis for balancing capacity needs	4Q19-1Q21	
8	Renewable energy generation forecasting	4Q19-1Q21	
9	Project communication	1Q19-1Q22	
To be tendered/offered later by the PMO			
10	Gap analyses relating to TSO tasks required by EU Network Codes and Guidelines	4Q20-4Q23	Lot 2
11	Feasibility study for transmission infrastructure investment(s)	1Q21-1Q22	Lot 3
12	Implementation consultant for transmission infrastructure investment(s)	1Q22-2Q26	Lot 4
13	Facilitation of inter-TSO Regional Security Coordination	2Q22-4Q23	Lot 5

The award of the Consulting services is planned for end of 2019. Start and end date of the individual TAMs is indicated in column "Schedule" of the table above.

The prequalification for consulting services will be guided by the latest version of the "Guidelines for the Procurement of Consulting Services, Works, Plant, Goods and Non-Consulting Services in Financial Cooperation with Partner Countries", please refer to the relevant KfW Development Bank webpage:

https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Richtlinien/Vergaberichtlinien-2019-Englisch-Internet_2.pdf

It is foreseen to assign the services to an eligible and independent consultant firm with proven experience in the execution of similar tasks. Consulting firms with regional experience in Ukraine and Eastern Europe including Caucasus region and CIS countries are preferred.

A bidder shall show a necessary average annual turnover of more than 2.000 TEUR over the last three years. A consortium or joint venture needs to show a total average annual turnover of 2.250 TEUR over the last three years, whereas the lead partner shall show an average annual turnover of more than 1.350 TEUR.

More detailed information about the project, content and form of the application documents and the scope of services of the Consultant can be requested from the Tender Agent (TA). Without this information, it might not be possible to produce a compliant Expression of Interest. Moreover, detailed Terms of Reference will be provided to consultant that submitted an expression of interest and that have been successfully prequalify.

For any request to or correspondence with the TA, the responsible person of the Employer shall be taken in cc.

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