
TERMS OF REFERENCE FOR THE REVIEW OF ELECTRICITY DISTRIBUTION INDUSTRIE'S ASSET STATUS REPORT AND THE DEVELOPMENT OF A BUSINESS CASE FOR IMPLEMENTATION OF ASSET REHABILITATION PROGRAMME FOR A PERIOD OF SIX (6) MONTHS.

1. BACKGROUND

- 1.1 Current electricity asset management practices within the distribution industry do not guarantee business sustainability and economic growth.
- 1.2 A status assessment report undertaken by Electricity Distribution Industry Holdings (EDI-H) in year 2008 indicated that network reliability is rapidly decreasing, this statement was evidenced by empirical data showing an increase in the number of outages due to poor performing networks and incidents related to electric cable and associated equipment theft.
- 1.3 The number of load shedding incidents at various municipal areas throughout South Africa is showing an upward trend, indicating that the situation is getting worse.
- 1.4 Many municipalities are struggling to deliver electricity services efficiently due to various reasons such as ineffective asset management systems, lack of infrastructure investment, lack of skills, lack of technical capacity, systems constraints, revenue management inefficiencies, lack of appropriate customer interface processes, lack of governance and compliance related issues make the problem even more complicated.

- 1.5 Distribution industry plays a vital role in the electricity delivery value chain. Without a reliable electricity distribution network, all the investments made in the generation sector (i.e. Independent Power Producers, Medupi & Kusile) will not translate into meaningful economic benefits.
- 1.6 In its decision of 8 December 2010, Cabinet approved that the Department of Energy continues with the asset rehabilitation programme which was initiated by National Energy Regulator report of 2003 and enhanced by Electricity Distribution Industry Holding's business case report of 2008.
- 1.7 During the years 2011/2012, Department of Energy (DoE) conducted random visits to various Municipalities and Metros, as part of normal operation of interactions with stakeholders.
- 1.8 In the previous Electricity Distribution Industry (EDI) analysis (business case of 2008) the serious challenges were mostly resided in the medium to small municipalities. The current observations indicate that the challenges have escalated to most Municipal distributors, including Metro distributors.

2. **SCOPE OF WORK**

The service provider to be appointed will be required to perform the following functions:

Phase	Details	Timelines
1.	1.1 Review and update the 2008 estimates of asset maintenance, refurbishment and network strengthening by verifying with various municipalities and Eskom through interviews and site visits. The review to update asset status for years 2008/09, 2009/10, 2010/11 and 2011/12.	<u>Start:</u> 16 th January 2013 to 31 May 2013

	<p>1.2 Develop a priority matrix based on those Municipal or Eskom areas that require urgent intervention by the Department.</p> <p>1.3 Design a detailed funding model to finance the full reviewed asset rehabilitation business case.</p>	
2.	<p>2.1 Design and implement an integrated programme and contract management system, designed around the funding mechanism and specific needs of the asset rehabilitation programme.</p> <p>2.2 Design and implement custom programme management and information software system (DoE-PMIS) to facilitate asset rehabilitation project appraisal, monitoring and reporting though out various provinces in South Africa. The system should be computer based and accessible at the Department of Energy Head Offices and remotely via a secure network. The system will make use of the well established principles of project management body of knowledge (PMBOK). The system design will be modular based.</p> <p>2.3 Design and implement a stakeholder based software platform to enable interaction with Department of Energy's programme management and</p>	<p><u>Start:</u> 16th January 2013 to 30th June 2013</p>

	<p>information software system (DoE-PMIS). Stakeholder system to enable new project request uploading, viewing status of application/requests, uploading status of current projects and changes request to existing projects.</p> <p>2.4 Ensure integration of this DoE-PMIS within the current DoE IT system.</p> <p>2.5 Design and implement asset management system to monitor asset performance at distribution level. This system should also be deployable at each beneficial local municipality.</p>	
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3. OUTPUT REQUIRED/ DELIVERABLES

- 3.1. Review report (accompanied by a presentation) on the recent information gathered to support the current review of the business plan.
- 3.2. Report (accompanied by a presentation) on the criteria to evaluate current network condition, adequacy and performance.
- 3.3. Report (accompanied by a presentation) on the development of the asset status assessment methodology for adaptation by the DoE prior to review of the business case.
- 3.4. Gather sample of representative distributors to provide figures for backlog, refurbishment and strengthening requirements.
- 3.5. Analysis of all information gathered and comparison of this information with the 2008 estimates, the information will be provided to the successful service provider.
- 3.6. Identification of asset backlog, refurbishment and strengthening requirements, based on new information per region (including Eskom areas of supply)

- 3.7. Report detailing a short term implementation plan to mitigate backlog, including priority matrix for a short-term programme.
- 3.8. Recommend a guide for funding infrastructure rehabilitation and development.
- 3.9. Report detailing a long term implementation plan to mitigate backlog, including priority matrix for a long-term programme.
- 3.10. Installation and simulation of the custom designed software to facilitate effective programme and contract management within the Departments of Energy IT Microsoft platforms.
- 3.11. Provide training to Department of Energy's officials on how to operate the system.
- 3.12. Provide comprehensive, editable electronic version of all the software (including all its modules) with full access and ownership rights to the Department of Energy. Delivered in either a DVD or a Memory Stick format.
- 3.13. Provide comprehensive, editable electronic versions of all the reports (Microsoft in word, Microsoft excel and Microsoft power-point format) with full access and ownership rights to the Department of Energy. Delivered in either a DVD or a Memory Stick format.
- 3.14. Provide 6 printed hard copies (in full colour) of the final report, incorporating all the above reports. Copyright of the reports to be transferred to the Department of Energy.
- 3.15. Provide a printed "how-to-operate" the DoE-PMIS software system guideline.

4. PAYMENTS

- 4.1. The Department will not make upfront payment to a successful service provider. Payment will only be made in accordance to the delivery of service that will be agreed upon by both parties and upon receipt of an original invoice.

5. PROJECT OUTPUT/S

- 5.1. A fully revised distribution asset rehabilitation business case including assessment of backlog up to financial year 2011/2012, a priority matrix and governance model to assist in implementation of the programme given the limited financial resources.
- 5.2. A custom designed software comprising of; a programme and contract management module, a project management module based on PMBOK principles, stakeholder interaction based platform/module to enable communication with DoE PMIS and lastly, an asset management platform/module to monitor rehabilitated asset performance at distribution level.

6. REPORTING REQUIREMENTS

- 6.1. The service provider shall report to the Acting Chief Director: Electricity, whom shall report to the Department's Management Committee.
- 6.2. The service provider shall provide a bi-weekly written progress report and a presentation to the Department on the status of the final report. At these meetings, the service provider shall also provide forward-looking timelines indicating by when the report will be completed.
- 6.3. The software development task shall be undertaken in close liaison with the Department to ensure that the final product meets the programme's specific requirements.
- 6.4. Meetings will be held every second week with the service provider.

7. COMPLETION DATE

- 7.1. The duration of the project is six (6) months (3 months for phase 1 and 4 months for phase 2, running partially concurrently) after the signing of a contract with the successful service provider.

8. COMPULSARY INFORMATION SESSION

- 8.1. A compulsory information session will be held on 14 **December 2012** at **10H00** at the **Department of Energy, 192 Corner Paul Kruger & Visagie streets, PRETORIA.**

9. TAX CLEARANCE CERTIFICATE

- 9.1. The bidder is required to submit an original and valid Tax Clearance Certificate issued by the South African Revenue Services together with the bid documents before the closing date and time of the bid. Failure to comply with this condition will invalidate the bid.

10. SITE VISITS

- 10.1. Appointed service provider will, as part of developing the revised report, visit various Municipal and Eskom serviced sites to inspect some of the assets identified as critical for the stability of the network in development of phase 1.
- 10.2. It is expected that the preferred service provider will use his/her tools, vehicles and other relevant resources in executing the tasks as mentioned in the project scope.

11. EVALUATION METHODOLOGY

11.1. Cost & Timeline

- 11.1.1. The service provider will be requested to provide a quote per phase regarding the work to be undertaken for this project. The total cost must be VAT inclusive and should be quoted in South African currency (i.e.rands).
- 11.1.2. The service provider will be requested to provide a timeline per phase for work to be undertaken for this project. The timeline must include weekly meetings with the Department's officials.

11.2. **Broad-Based Black Economic Empowerment**

- 11.2.1. Provisions of the Preferential Procurement Policy Framework Act (PPPFA 2011) and its regulation will apply in terms of awarding points.
- 11.2.2. Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.
- 11.2.3. Bidders who do not submit their B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.
- 11.2.4. In a case of Exempted Micro Enterprise, the following documents **MUST** be submitted:
 - a) Verification agencies accredited by SANAS
 - b) Registered auditors approved by IRBA

11.3. **Bidders who qualify as EMEs**

- a) Accounting officers as contemplated in the CCA; or
- b) Verification agencies accredited by SANAS; or
- c) Registered auditors (Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates).

11.3 The table below depicts the B-BBEE status level of contribution:

B-BBEE Status Level of Contributor	Number of points (90/10 system)
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

11.4. **Company Experience**

11.4.1. Service providers should at least have five (5) years experience in project management and electricity asset audit. Proof indicating such experience should be accompanied by correspondence from referees indicating that similar project/s was/were executed as well as their contactable references.

11.4.2. Failure to submit the above correspondence, ***bidders will forfeit points in this category.***

11.5. **Team leader and team member experience**

11.5.1. Team leader must have at least five (5) years experience in electrical engineering and project management. Team leader must also demonstrate that he/she has related experience on similar projects.

11.5.2. Individual team members must have at least four (4) years in electrical engineering experience.

11.5.3. CV's of the team leader/s and team members must be attached to the technical proposal as proof.

11.6. **Project Plan**

11.6.1. Project plan must include;

11.6.1.1. daily/weekly/monthly schedule and identified timeframes, milestones and critical path on a Gantt Chart.

11.6.1.2. proposed project methodology.

11.6.1.3. project management approach.

11.6.1.4. how will the service provider ensure client's requirements are fully understood.

11.7. **Contingency Plan**

The service provider should include contingency plan in their proposal.

11.8. **Qualifications**

11.8.1. Team leader and team members must have a qualification in Bachelor degree in Electrical Engineering plus post graduate diploma in project management.

11.8.2. Team members Bachelor in Engineering or Bachelor in Economics

12. **EVALUATION CRITERIA**

12.1. Bids will be evaluated on 90/10 point system as outlined in the PPPFA of 2011.

The proposals will be evaluated in two phases:

Phase 1: Bidders will be evaluated based on functionality. The minimum threshold for functionality is **70 out of 100 points**. Bidders who fail to meet minimum threshold will be disqualified and will not be evaluated further for price and preference points for B-BBEE.

No.	Criteria	Weights
1	<p>Company Experience:</p> <ul style="list-style-type: none"> ❖ Service provider has at least have five (5) years experience in project management and electricity asset audit. Detailed information indicating such experience should be accompanied by correspondence from referees indicating that similar project/s was/were executed as well as their contactable references. 	25
2	<p>Team leader and team member experience:</p> <ul style="list-style-type: none"> ❖ Include summarized CVs of team leader/s and team members. ❖ Team leader has (5) years experience in electrical engineering, project management. ❖ Individual team members have a minimum (4) years in electrical engineering and or related projects. 	25 5 10 10
3	<p>Project Plan:</p> <ul style="list-style-type: none"> ❖ Project plan includes weekly and monthly schedule and identified timeframes, milestones and critical path on a Gantt Chart. ❖ Project plan includes proposed project methodology. ❖ Project plan includes detailed project management approach. ❖ Project plan details on how the service provider will ensure that client’s requirements are fully understood. 	20 5 5 5 5

4	Contingency plan: <ul style="list-style-type: none"> ❖ Contingency plan must be attached to the proposal. 	5 5
5	Qualifications: <ul style="list-style-type: none"> ❖ Team leader must have a recognized qualification in Bachelor degree in Electrical Engineering plus post graduate diploma in project management. ❖ Team members Bachelor degree in Engineering or in Economics ❖ Proof of certified copies must be provided. 	25 10 10 5
	Total	100

For purpose of evaluating functionality, the following values will be applicable:

0=	Very Poor	Do not meet the requirements
1=	Poor	Will not be able to fulfill the requirements
2=	Average	Will partially fulfill the requirements
3=	Good	Will be able to fulfill the requirements
4=	Very Good	Will be able to fulfill better in terms of the requirements adequately
5=	Excellent	Will fulfill the requirements exceptionally

Phase 2: Price and B-BBEE

Price	90
B-BBEE compliance	10

13. CLOSING DATE

Proposals must be submitted on or before **20 December 2012 by 11H00** at **Department of Energy, 192 Corner Visagie and Paul Kruger Streets, Pretoria** in the bid box marked Department of Energy .**No late bids will be accepted.**

14. ENQUIRIES

TECHNICAL ENQUIRIES:

Mr. Thabang Audat

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BID ENQUIRIES:

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