
TERMS OF REFERENCE FOR APPOINTMENT OF A SERVICE PROVIDER TO UNDERTAKE A STUDY ON INCENTIVES IN SUPPORT OF THE ENERGY EFFICIENCY STANDARD AND LABELLING PROJECT FOR A PERIOD OF 19 WEEKS

1 BACKGROUND

1.1 The Department of Energy in collaboration with the dti, supported by the Global Environmental Facility (GEF) and the United Nations Development Programme (UNDP) initiated the Standards and Labelling (S&L) Project which is primarily aimed at purging the market off inefficient appliances and introduce energy efficient appliances over a period of 5 years. This project is expected to influence consumption patterns by raising awareness of policy makers, manufacturers, distributors, and consumers, via the introduction of efficiency standards and labels into the market.

1.2 The project is aimed at contributing towards the reduction of the electricity demand in South Africa and to introduce continuous energy efficiency improvements into the appliances and equipment industry. This is in line with other countries around the world that have begun to outlaw certain types of inefficient appliances and equipment and encourages the widespread use of energy saving, efficient appliances and equipment. Also critical is the reduction in carbon emissions associated with the use of household appliances which will result from the reduced energy demand.

1.3 A total of twelve appliances have been identified for this project, these are:

- Air Conditioners
- Audio & video equipment
- Electric water heaters (geysers)
- Electric lamps
- Dish washers
- Washing machines
- Tumble dryers
- Washer-dryer combination
- Fridges
- Freezers
- Fridge-freezer combination
- Electric ovens

1.4 The transformation to energy efficient appliances will require involvement by all the key role players, including the manufacturers, the product end users and government; and will require that the project assesses and introduce incentives to unlock potential resistance and increase uptake of the energy efficient appliances. To this end, services of specialist in incentives and financing are sought to assist in identifying potential incentives that would support the project.

2 OBJECTIVES

2.1 Financing and incentive programs are used to overcome barriers of higher initial cost that often restricts the purchase of energy efficient products. Commonly used incentives for increasing the uptake of energy efficient appliances are rebates for consumers to reduce cost of new technology and tax imposed on old and inefficient products. The latter has been introduced in South Africa with some level of success to reduce the sales of incandescent light bulbs.

2.2 Other incentives that can be considered are reduced import duties on energy efficient appliances and financing of energy efficiency investments. The latter could include loans to support manufacturers and purchasers of energy efficient appliances.

2.3 Also important are regulatory programs that can be used to persuade different stakeholders towards the use of energy efficient appliances. These can include energy efficiency requirements for buildings, requirements for institutions to buy and use energy efficient appliances and equipment and of course the introduction of mandatory minimum energy performance standards and labelling.

2.4 While all the above meant to increase the uptake of energy efficient products; there are more that can be considered and some more suitable for the SA market. The objective of these terms of reference is to assess currently running incentive schemes in SA, report on their effectiveness and relevance to the S&L project, research other incentives options that should be considered in SA

and recommend steps to introduce the most effective incentives to meet the S&L project objectives.

3 SCOPE OF WORK

3.1 The service provider will be under the overall supervision of S&L Project Manager and his/her daily work will be coordinated with the Project Manager.

3.2 The successful service provider will ensure that the expected outputs are completed on time and comply with the specific project criteria and requirements. The scope of work will include the following outputs:

	Output	Verifiable Indicator	Means of Verification
1.	<p>Evaluate existing and planned incentives</p> <ul style="list-style-type: none"> ▪ Review incentives to manufacturers for upgrading manufacturing plants/processes ▪ Review incentives to influence choices made by consumers, private and public agencies ▪ Review Eskom's incentive scheme ▪ Review National Treasury's existing and planned energy efficient incentives 	<p>Report on existing incentives. Report to include:</p> <ul style="list-style-type: none"> ▪ List of incentive schemes, their effectiveness and relevance to the S&L project ▪ Recommendations for adopting some of the existing incentive schemes for the S&L project 	<ul style="list-style-type: none"> ▪ Report discussed by the Incentives and Financing Working Group and recommendations forwarded to the PSC
2.	<p>Identify new incentive which could be introduced to achieve project objectives</p> <ul style="list-style-type: none"> ▪ Conduct an international research on potential 	<p>Recommendation for S&L incentives. Report to include, but not limited to:</p> <ul style="list-style-type: none"> ▪ Rationale for recommendation(s). ▪ Potential impact of 	<ul style="list-style-type: none"> ▪ Recommendations tabled and discussed by the Incentives and Financing Working Group

	<p>incentives for the S&L project.</p> <ul style="list-style-type: none"> ▪ Assess and propose introduction of government purchasing policies in favour of energy efficient products ▪ Asses and propose means to encourage competitiveness between manufacturers by identifying best performers and introduction of an award system. 	<p>recommended incentives to the SA market.</p> <ul style="list-style-type: none"> ▪ Regulatory implications for recommendations 	
3.	Engage stakeholders on proposed incentives	Workshop to discuss proposed incentives to support the S&L project	<ul style="list-style-type: none"> ▪ Workshop attendees and comments
4.	Guide and facilitate introduction of proposed incentives	Key steps to be followed to introduce the incentives in SA	<ul style="list-style-type: none"> ▪ Comments on the guide from relevant departments

3.3 Outputs and Schedule:

3.3.1 The project will commence following the signing of a contract between the Department of Energy and the successful service provider.

3.3.2 The project is expected to have duration of no longer than nineteen (19) weeks and the following table provide guidance in this regard.

Output	Duration to Complete
Evaluate existing and planned incentives	4 weeks
Identify new incentive which could be introduced to achieve project objectives	5 weeks
Engage stakeholders on proposed incentives	5 weeks
Guide and facilitate introduction of proposed incentives	5 weeks

4 PAYMENTS

- 4.1 The Department will not make an 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 REPORTING REQUIREMENT AND PROGRESS MEETINGS

- 5.1 It is envisaged that the Department of Energy will require an inception meeting with the successful service provider to agree on the project process and options to be investigated.
- 5.2 Progress meeting feedback shall be held as when necessary, but at least twice a month. The venue for these meetings will be in Johannesburg or Pretoria. Representatives from the advisors' organisation shall be obliged to attend. Where applicable, conference calls shall be held to facilitate such meetings.

6 COMPLETION DATE

- 6.1 The duration of the project is nineteen (19) weeks effective from the date a contract is signed with the successful service provider.

7 COMPULSORY INFORMATION SESSION

- 7.1 Briefing session will be held on **11 December 2013 at 14h00**, at the Department of Energy, at 192 Corner Paul Kruger and Visagie Streets at 10H00.

8 TAX CLEARANCE CERTIFICATE

- 8.1 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

9 Copyright and Intellectual Property

- 9.1 The Department of Energy will become the owner of the information, tools, methodologies, documents, programmes, advice, recommendations and reports collected, furnished and/or compiled by the service provider during the course of, and for the purposes of executing deliverables in this terms of reference.
- 9.2 The copyright and intellectual property of all information, tools, methodologies, documents, programmes, advice, recommendations and reports compiled by the service provider during the course and for the purposes of executing these terms of reference will vest in the Department of Energy.

10 EVALUATION METHODOLOGY

10.1 Cost

- 10.1.1 The service provider 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.

10.2 Broad-Based Black Economic Empowerment

- 10.2.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) of 2011 and its regulation will apply in terms of awarding points.
- 10.2.2 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.
- 10.2.3 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.
- 10.2.4 A trust, consortium or joint venture must submit a consolidated B-BBEE status level verification certificate for every separate bid.

10.2.5 The B-BBEE status level verification certificates submitted must be issued by the following agencies:

10.2.5.1 For bidders who qualify as Exempted Micro Enterprises:

- 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).

10.2.5.2 For bidders other than EMEs:

- a) Verification agencies accredited by SANAS
- b) Registered auditors approved by IRBA

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

B-BBEE Status Level of Contributor	Number of points (80/20 system)
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

10.3 Company Experience

10.3.1 The company should at least have the following:

- a) 5 years proven experience in developing incentives schemes.
- b) Experience in assisting institutions with implementation of incentives schemes.

10.3.2 The company must include at least 3 contactable references as proof of experience in related projects

10.4 Team leader and team members' experience

10.4.1 Team Leader must have at least seven (7) years' experience in the field of economic or financial incentives.

10.4.2 Team Leader must have exposure to international practices on development and implementation of incentive schemes.

10.4.3 Individual team members must have at least five (5) years' experience in developing incentives.

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

10.5 Qualification

10.5.1 Team leader and team members must at least have the following:

a) Advanced degree related to economics and or finance.

b) Technical qualification is an area of specialisation correspondent to the development and implementation of incentives.

10.5.2 Certified copies of qualifications must be attached to the proposal. Failure to attach, bidders will forfeit functionality points in this category.

10.6 Project Plan

10.6.1 Project plan should include intermediate and final outputs and identified timeframes/milestones.

10.6.2 Proposed Methodology.

10.6.3 Management of the project.

10.6.4 The successful service provider may be required to present their Project Execution Plan.

11 EVALUATION CRITERIA

11.1 Bids will be evaluated on **80/20** point system as outlined in the PPPFA of 2011.

11.2 The proposals will be evaluated in phases outlined below:

Phase 1: Bidders will be evaluated based on functionality/technical capability.

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 points.

No	Criteria	Weights
1	<p>Company Experience</p> <ul style="list-style-type: none"> ▪ 5 years proven experience in developing incentives schemes. ▪ Experience in assisting institutions with implementation of incentives schemes. 	<p>20</p> <p>10</p> <p>10</p>
2	<p>Experience of Team leader and team members</p> <ul style="list-style-type: none"> ▪ Team Leader must have at least seven (7) years' experience in the field of economic or financial incentives. ▪ Team Leader must have exposure to international practices on development and implementation of incentive schemes. ▪ Individual team members must have at least five (5) years' experience in developing incentives. 	<p>20</p> <p>10</p> <p>5</p> <p>5</p>
3.	<p>Qualifications</p> <ul style="list-style-type: none"> ▪ Team leader and team members must at least have the following: 	<p>20</p>

	- Advanced degree related to economics and or finance.	10
	- Technical qualification is an area of specialisation correspondent to the development and implementation of incentives.	10
4	Project Plan <ul style="list-style-type: none"> ▪ Project plan should include intermediate and final outputs and identified timeframes/milestones. ▪ Proposed Methodology. ▪ Management of the project. 	40 20 10 10
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 fulfil the requirements
2=	Average	Will partially fulfil the requirements
3=	Good	Will be able to fulfil the requirements
4=	Very Good	Will be able to fulfil better in terms of the requirements adequately
5=	Excellent	Will fulfil the requirements exceptionally

Phase 2:

Price	80
B-BBEE compliance	20

12 FORMAT AND SUBMISSION OF THE PROPOSAL

12.1 All the standard bidding documents (SBD) must be completed in all respects by bidders. Failure to comply will invalidate a bid.

12.2 Bidders are requested to submit two (2) copies: 1 original plus copy of the proposal and bid documents.

13 CLOSING DATE

13.1 Proposals must be submitted on or before **09 January 2014 at 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

14.1 All technical enquiries to be directed in writing to:

Mr Ike Ndlovu/ Mr Maphuti Legodi

Tel: 012- 406 7314/ 7645

Email: ike.ndlovu [@energy.gov.za](mailto:ike.ndlovu@energy.gov.za)/maphuti.legodi[@energy.gov.za](mailto:maphuti.legodi@energy.gov.za)

14.2 All bid enquiries to be directed to:

Ms Rachel Moerane/Ms Daisy Maraba

Tel: 012- 406 7747/7748

rachel.moerane[@energy.gov.za](mailto:rachel.moerane@energy.gov.za)/[daisy maraba@energy.gov.za](mailto:daisy.maraba@energy.gov.za)