
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 THREE (3) MONTHS (PHASE 1).

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 concomitant with electricity demand growth, lack of skills, lack of technical capacity, increasing 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, Ingula and various import options from neighboring countries) 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. It became clear during these visits that the network reliability problem at municipal level is increasing rapidly across the country.

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/s to be appointed will be required to perform the following functions:

Details	Timelines
2.1 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 service	<u>Start:</u> The project will commence immediately after appointment of the Service Provider

<p>provider must indicate how many municipalities and/or Eskom areas will be sampled in reviewing the 2008 business case. The number of sites proposed to be visit must indicate whether the Municipality is classified as a metro or not.</p> <p>2.2 The new business case should cover the following periods; 2008/09, 2009/10, 2010/11 and 2011/12 financial years</p> <p>2.3 Develop a priority matrix based on those Municipal or Eskom areas that require urgent intervention by the Department.</p> <p>2.4 Design a detailed funding model to finance the full reviewed asset rehabilitation business case.</p>	
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Note: (The full 2008 asset status report will be made available to a successful bidder as a starting point.)

3. OUTPUT REQUIRED/ DELIVERABLES

- 3.1. Review report (accompanied by a presentation) on the recent information gathered as part of this project to support a reviewed Asset Status Business Plan 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 (as proposed in the bidder's bid response document) 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 electricity distribution 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. It is estimated that one-third (or 33%) of about 187 licensed municipal electricity distributors are experiencing serious financial problems. These financial difficulties have manifested in municipal distributors not being able to consistently provide adequate, reliable, and acceptable quality electricity, amongst other issues. This project should first focus on addressing about 60 minimum

municipalities (names of Municipal areas should be proposed by the bidder in its bid response document).

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.

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. Meetings will be held every second week with the service provider.

7. COMPLETION DATE

- 7.1. The total project duration shall not be more than three (3) months.

8. COMPULSARY INFORMATION SESSION

8.1. None

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.

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 regarding the work to be undertaken for this project. **The service provider must indicate cost per site to be assessed.**

11.1.2. The service provider will be requested to provide a timeline for work to be undertaken for this project. The timeline must include weekly meetings with the Department's officials.

11.1.3. The total cost must be VAT inclusive and should be quoted in South African currency (i.e. rands).

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:
- Verification agencies accredited by SANAS
 - Registered auditors approved by IRBA

11.3. Bidders who qualify as EMEs

- Accounting officers as contemplated in the CCA; or
- Verification agencies accredited by SANAS; or
- 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).

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 (3) 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 or economics.
- 11.5.3. CV's of the team leader/s and team members must be attached to the technical proposal as proof.
- 11.5.4. Bidders must have at least 60% of professional black people (i.e. engineers or economist) in their teams who will be involved in this project. Certified copies of recognized identity documents must be attached. ***Failure to comply with this will result in the bidder's submission being disregarded in full.***

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 **Ms Project Gantt Chart**. Failure to submit a Gantt Chart based project plan will result in ***bidders forfeiting points in this category.***

11.6.1.2. Proposed project methodology.

11.6.1.3. Project management approach.

11.6.1.4. A written correspondence from the bidder demonstrating how the bidder will ensure client's requirements is 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 must have a Bachelor degree in Engineering or in Economics.

11.8.3. Certified copies of relevant qualifications must be attached. **Failure to comply with this requirement will result in the bidder's submission being disregarded in full.**

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:

Step 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 (3) referees indicating that similar project/s was/were executed as well as their contactable references. 	15
2	<p>Team leader and team member experience:</p> <ul style="list-style-type: none"> ❖ 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. ❖ Individual team members must have at least four (4) years in electrical engineering experience or a 4 years' experience in economics. ❖ CV's of the team leader/s and team members must be attached to the technical proposal as proof. 	<p>30</p> <p>12</p> <p>10</p> <p>8</p>
3	<p>Project Plan: (on Microsoft Gantt Chart format)</p> <ul style="list-style-type: none"> ❖ Project plan is based on a Gantt Chart Ms Format. ❖ Gantt Chart based project plan includes daily /weekly/monthly schedules. ❖ Gantt Chart based project plan includes identified timeframes, milestones and critical path/s. ❖ Gantt Chart Project plan includes proposed project methodology and indicates the number of municipal/Eskom site that will be used as a sample. Indicate sites to be sampled as metros or non-metros. 	<p>30</p> <p>1</p> <p>2</p> <p>2</p> <p>20</p>

	❖ Project plan includes detailed project management approach.	2
	❖ Project plan details on how the service provider will ensure that client's requirements are fully understood.	3
4	Contingency plan: ❖ Contingency plan must be attached to the proposal.	5 5
5	Qualifications: ❖ Team leader must have a recognized qualification in Bachelor degree in Electrical Engineering plus post graduate diploma in project management. Proof of certified copies must be provided. ❖ Other team members must have a Bachelor degree in Engineering or in Economics. Proof of certified copies must be provided.	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 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

Step 2: Price and B-BBEE

Price (detailed breakdown per phase. Within phase 1, detailed breakdown per each site visit)	90
B-BBEE compliance	10

13. FORMAT AND SUBMISSION OF THE PROPOSAL

- 13.1 All the official standard bidding documents (SBD) must be completed in all respects by bidders. **Failure to comply will invalidate a bid.**
- 13.2 Bidders are requested to submit three (3) copies of the technical proposal: 1 original plus 2 copies and the bid documents.

14. CLOSING DATE

- 14.1 Proposal must be submitted on or before **22 August 2013 at 11H00** at the Department of Energy, 192 Corner Visagie and Paul Kruger Street, Pretoria. **No late bids will be accepted.**

15. ENQUIRIES

TECHNICAL ENQUIRIES:

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BID ENQUIRIES:

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