

**National Electric Power Regulatory Authority
(Registrar Office)**

No. NEPRA/Con.(HP)/NGU-05/ 757

May 19, 2017

Subject: **NOTIFICATION (S.R.O. 350(I)/2017 DATED 17-05-2017) REGARDING NEPRA (SELECTION OF ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACTOR BY INDEPENDENT POWER PRODUCERS) GUIDELINES, 2017**

Enclosed please find herewith a copy of Notification (S.R.O. 350(I)/2017 dated 17-05-2017) regarding "NEPRA (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines, 2017"

2. This is for information and record please

Encl: As Above

19/5/17
(Iftikhar Ali Khan)
Director

1. SA(Tech.)
2. SA(Tariff- I)
3. DG(M&E)
4. Consultant (Hydropower)
5. DG(C&I)
6. Director (Licensing)
7. Director (CAD)
8. LA(LLP)
9. LA(Licensing)
10. DD(IT) *[Please post the above SRO at NEPRA's website for information of the licensees, stakeholders and the interested parties.]*
11. Mr. Khalid Rashid , AR
12. Mr. Rizwan Ali Paracha *[To scan and send the subject SRO to IT Section for uploading on NEPRA's website.]*
13. Master File *[w.r.t. RA17-185 dated 18-04-2017 & CM Office Diary No. 2211 dated 15-05-17]*

CC:

1. Chairman
2. Vice Chairman/ Member (M&E)
3. Member (Licensing)
4. Member (Tariff)
5. Member (CA)

NATIONAL ELECTRIC POWER REGULATORY AUTHORITY

NOTIFICATION

Islamabad, the 17th day of May 2017

350 (I) / 2017
S.R.O _____ In exercise of the power conferred by Section 7(2) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), the National Electric Power Regulatory Authority, in order to bring transparency for selection of Engineering Procurement Construction Contractor by Independent Power Producers, hereby notifies the following guidelines, namely.—

PART - I

Title, Commencement, Applicability and Definitions

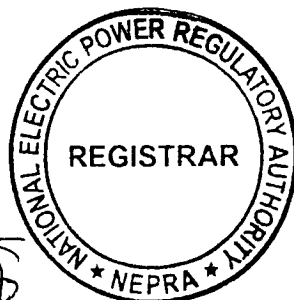
1. **Title and Commencement.**— (1) These guidelines may be called the National Electric Power Regulatory Authority (Selection of Engineering, Procurement and Construction Contractor by Independent Power Producers) Guidelines, 2017.

(2) These guidelines shall come in force at once.

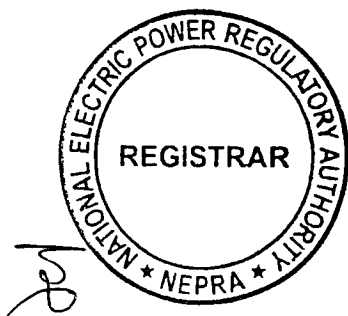
2. **Applicability.**— These guidelines shall be applicable to power projects being implemented under the NEPRA Interim Power Procurement (Procedures and Standards) Regulations, 2005 and a Cost-Plus Tariff, that intend to award EPC Contracts for whole or part of the power project.

3. **Definitions.**— (1) In these guidelines unless there is anything repugnant in the subject or context,-

(a) “Act” means the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);



- (b) "Alternate Bid" means the optional bid that a bidder may submit based on improved design than the one specified in the feasibility study;
- (c) "Authority" shall bear the meaning ascribed thereto in the Act;
- (d) "Conflict of Interest" shall bear the meaning ascribed under sub clause (2) of clause 5 of these guidelines;
- (e) "Cost Plus Tariff" means a tariff based on the estimated costs of the power project (or part(s) thereof) and a profit margin duly approved by the Authority;
- (f) "EPC Contract" or "Contract" means the engineering procurement and construction contract duly executed by the IPP with the prospective bidder;
- (g) "EPC Contractor" means a bidder who has been awarded an EPC Contract;
- (h) "Independent Consultant" means an engineering consultant or firm that is registered with the Pakistan Engineering Council (PEC) and is not an affiliate of, or have any commercial relationship with, a Company;
- (i) "Independent Power Producer" or "IPP" or "Company" means a person carrying out the bidding process for selection of an EPC Contractor;
- (j) "Primary Bid" means the bid made by a bidder that is based on the design and parameters given in the approved bankable feasibility study;
- (k) "Relevant Agency" means any Government functionary or agency responsible for processing and/or execution of a power project and shall include K-Electric; and
- (l) "Request for Proposal" or "RFP" means a document prepared by a Company in accordance with clause 6 of these guidelines.
- (2) Words and expressions used but not defined in these guidelines shall have the same meaning as in the Act and rules and regulations made thereunder.
- (3) Words imparting the singular shall include the plural and vice versa.



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PART – II

Advertisement

4. **Advertisement.**— (1) Advertisements for the tendering process shall be widely circulated and published –

- (a) in four national newspapers and two international newspapers of repute; and
- (b) on the website(s) of the Company and the Relevant Agency; and
- (c) on two international tendering websites.

(2) At least fifteen (15) working days shall be given to bidders for collection of documents following the date of the advertisement.

(3) The time required for submission of bids by the bidders shall be in conformity with the nature, scope and magnitude of the project, with a minimum of two (02) months being provided to bidders for site visits, bid clarification meetings and preparation of bids.

PART – III

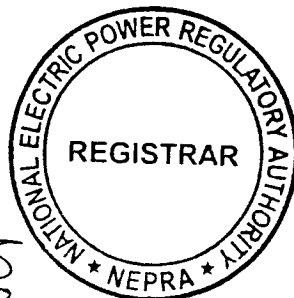
Eligible Bidders and Request for Proposal

5. **Eligible Bidders.**— (1) A bidder shall be –

- (a) a firm, company or body corporate;
- (b) a private or state-owned entity; or
- (c) any combination of such entities in the form of a joint venture.

(2) A bidder shall not have a Conflict of Interest and any bidder having a Conflict of Interest shall be disqualified.

Explanation: In this sub-clause, a bidder is considered to have a Conflict of Interest for the purpose of the bidding process, if the bidder:



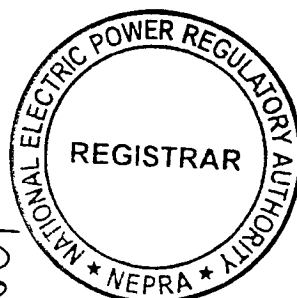
- (i) directly or indirectly controls, is controlled by or is under common control with another bidder;
- (ii) has a commercial relationship with another bidder or the Independent Consultant, directly or through common third parties, that puts it in a position to influence the bid of another bidder or influence the decisions of the Company regarding the bidding process; or
- (iii) has a commercial relationship with the professional staff of the project implementing agency who are directly involved in the preparation of the bidding document, the Contract or the bid evaluation process of the Contract;

(3) A bidder, either individually or as part of a joint venture, shall not participate as a bidder or as part of a joint venture in more than one bid and such participation shall result in the disqualification of all bids in which the bidder is involved.

(4) Any person, firm, company or body corporate that is barred by any law in force in Pakistan or a decision of the federal government, provincial government, the Authority or any court shall be disqualified from bidding.

6. Request for Proposal .— (1) A detailed RFP document shall be prepared by the Company calling for bids, which shall include but not be limited to the following information –

- (a) background information;
- (b) scope of work;
- (c) technical specifications;
- (d) prequalification criteria;
- (e) instruction to bidders;
- (f) timelines for deliverables;
- (g) conditions of contract;
- (h) penalties & incentives;
- (i) evaluation criteria; and



- (j) reference documents, for example the feasibility study and design of the project on which bids are to be based.

(2) All incentives being offered to power projects by the federal government and the Authority including exemption from taxes and, in the case of hydropower projects, openers for cost escalation cement, labour, fuel and steel, must be clearly specified in the RFP and be made part of the EPC Contract.

PART – IV

Tendering Process and Price Negotiation

7. **Tendering Process:** (1) Pre-qualification of bidders shall be conducted as the first step of the tendering process for selection of EPC Contractor.

(2) The pre-qualification criteria shall be based on:

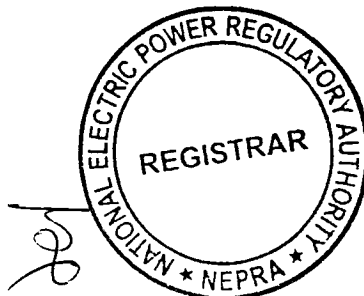
- (a) eligibility;
- (b) history of non-performance;
- (c) chronic litigation history;
- (d) professional competence of staff and equipment;
- (e) relevant experience; and
- (f) financial capability.

(3) The evaluation for pre-qualification shall be carried out by an Independent Consultant.

(4) At least two bidders must be Pre-qualified for the tendering process to proceed:

Provided that if only a single bidder is pre-qualified, it would require approval of the Relevant Agency to proceed further.

(5) A single-stage two envelope bidding procedure shall be adopted for selection of the EPC Contractor.



(6) Bids shall be received as a single package containing two envelopes titled “the Technical Proposal” and “the Financial Proposal” respectively.

(7) Initially, only the Technical Proposal shall be opened in the presence of authorized representatives of the bidders while the financial proposal shall be kept unopened until the evaluation of the technical bid is complete.

(8) The technical bid shall be evaluated by an Independent Consultant in a manner prescribed in advance, specifying points for experience, equipment and staff, construction methodology etc, as well as the minimum points required for technical qualification, without reference to the price.

(9) The technical bid evaluation shall ensure that the technical solution offered by a bidder is feasible, deliverable and robust and is based on reliable technologies while meeting all minimum technical requirements.

(10) Any proposal not conforming to the specified requirements/minimum points earned shall stand disqualified.

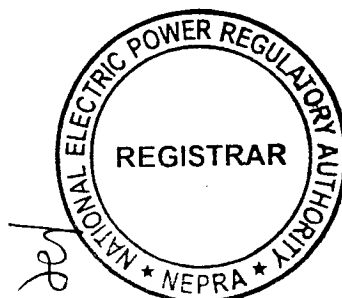
(11) The points/score of the technical bid shall be carried forward in the final evaluation score for selection of the winning bid, which shall be based on a cumulative score of the technical and financial bids.

(12) After evaluation of the technical bids, the financial bids of the bidders technically qualified under this clause 7 shall be opened in the presence of authorized representatives of the pre-qualified bidders for evaluation.

(13) The scoring of the technical and financial bids would be done by an Independent Consultant in a manner prescribed in advance and broadly following the evaluation criteria specified in the Schedule annexed to these guidelines.

(14) The winning bid shall be the bid having the highest combined ranking which shall comprise 40% of the technical score and 60% of the financial score.

8. Price Negotiation with Selected Bidder.— Price negotiation shall only be carried out with the winning bidder in an open and transparent manner.



PART – V

Change in Design/Value Engineering/Alternate Bid and Written Record

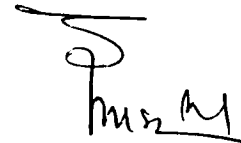
9. **Change in Design/ Value Engineering/ Alternate Bid.**— (1) Primary Bids shall be based on the design specified in the feasibility study of the power project.

Provided that bidders may also submit an Alternate Bid based on improved design or better financial terms and such Alternate Bids of the winning bidder shall be opened for further evaluation and, if found to be technically viable and based on better financial terms, shall be considered for approval by the Relevant Agency, which shall be given in a timely manner.

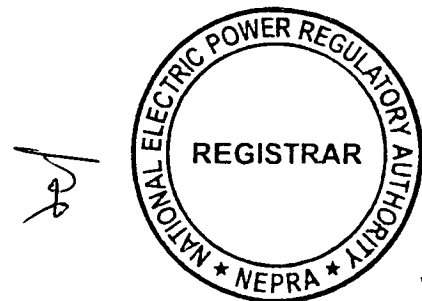
(2) The feasibility study of the power project shall be provided to bidders as part of the RFP and only the Primary Bids shall be used for determining the winning bid.

(3) Any subsequent major change in design/value engineering after acceptance of a bid shall be approved by the Relevant Agency and any savings in costs as a result of the design change shall be accounted for by the Authority in the Cost-Plus Tariff.

10. **Written Record.**— The written record of all activities relating to pre-qualification and the tendering process, including bid evaluation and EPC Contract, shall be maintained by the Company and made available to Authority upon request.



(Syed Saqeer Hussain) 17/05/17
Registrar



Schedule
[See clause 7(13)]

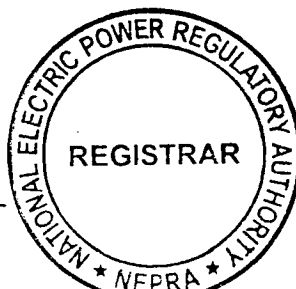
EVALUATION CRITERIA

PART [A]

Evaluation of Technical Bid

The technical proposals will be evaluated using the following criteria:

Criteria	Evaluation	Score
(a) Contractor experience and capability	<ul style="list-style-type: none">• Experience of executing similar projects• Past performance with similar projects in Pakistan• Availability of necessary construction plant and equipment• Qualified and experienced key construction and management personnel• Continuity and availability of personnel for the Project	30
(b) Design experience and capability	<ul style="list-style-type: none">• Proven design experience with projects of comparable size• Example of design procedure and methodology used for an EPC project in Pakistan• Applicable experience of key design staff to be assigned to the Project.	10
(c) Construction Planning and Methods	<ul style="list-style-type: none">• Well thought out project management plan structure which reflects the needs of the Contract• Clear and well defined procedures and interfaces.• Technically simple yet effective and proven technology.• Selection of construction equipment which is balanced and robust and appropriate to the	20



	<p>anticipated ground conditions.</p> <ul style="list-style-type: none"> • Methods for underground works and rate of construction. • RCC construction method and rate of construction. • Sequencing and interfacing of civil works with equipment installations. • Project site infrastructure plan suitable to meet the construction schedule, including site layout, permanent and temporary access roads and bridges, transport plan, concrete production, aggregates production, work and laydown areas, storage facilities, spoil areas, camps, power supply during construction, and other facilities as may be required. • Contingency planning 	
(d) Electrical and mechanical equipment	<ul style="list-style-type: none"> • Plant layout and suitability of equipment proposed. • Description of major electrical and mechanical equipment items and systems • Procurement, delivery and transportation plan • Training and O&M service plan 	15
(e) Construction Schedule	<ul style="list-style-type: none"> • Realistic planning of facilities and sequencing of works. • Sufficient detail provided for review of schedule, including (for example) average production rates of excavation, fill and concrete (m³ per hour) for each civil activity as appropriate. • Realistic scheduling consistent with proposed construction methods. • Identification of risk and allocation of float for risk areas. • Proposed means of mitigating delays in the event that there are unforeseen events that impact on progress. • Opportunities for early completion of the Project 	20



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	<p>and technical feasibility.</p> <ul style="list-style-type: none"> • Capabilities for mitigation and management of risks to prevent delays and cost increases. 	
(f) Health, Safety and Environment	<ul style="list-style-type: none"> • Demonstrates a corporate commitment to safety, proven solutions, safe working practices and culture, training and supervision. • Draft site-specific health and safety plan • Acceptable safety statistics for at least one other hydropower project in Pakistan. • Demonstrates an understanding of the key environmental risks, provide adequate proposals for monitoring and managing those risks and complying with the environmental requirements of the Contract. 	5
Total Technical Score		Max 100

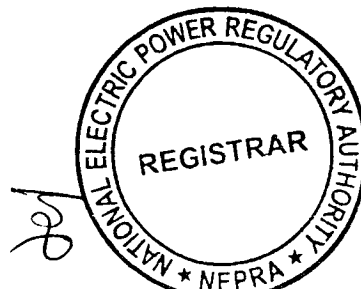
Note: The above stated Evaluation Criteria for Technical Bid is for a typical hydropower project; suitable project specific changes to the Criteria may be made for other projects

PART [B]

Evaluation of Financial Bid

• he Financial Bids shall be evaluated as follows:

Criteria	Evaluation	Score
(a) Bid Price	The Bid Price will be evaluated to determine the Evaluated Bid Score using the criteria defined in the notes below.	70
(b) Reasonableness of pricing	The pricing structure will be reviewed. Higher marks will be awarded to Bidders with pricing consistent with the technical proposal	5
(c) Financial Strength	Higher marks will be awarded for stronger balance sheet, greater financial resources, and larger annual turnover.	10



(d) Conditions of Contract/Deliverables	Lower marks will be awarded for exceptions to the Conditions of Contract/Deliverables specified in the RFP	15
Total Financial Score		Max 100

Note: The Evaluated Bid Score shall be obtained by adjusting the Bid Price as follows:

1. The Bid Price will be adjusted for correction of arithmetical errors
2. Price adjustment will be made to account for any quantifiable material nonconformities and work, services, facilities, etc., to be provided by the Company.
3. The value of energy and capacity will be determined based on the Plant performance/efficiency guaranteed in the Bid, i.e., Bids guaranteeing higher efficiency/capacity/energy shall earn higher marks
4. Differences in the scheduled completion for the COD will be valued.
5. The value of the cash flow proposed by the Bidder will be determined by discounting payments to present value as of the Contract Commencement Date. The cash flow shall include an allowance for interest during construction.

The Evaluated Bid Price shall be obtained by the summation of the effect of the above factors. The lowest Evaluated Bid Price will be awarded an Evaluated Bid Score of 70 points. Other Bids will be assigned points on a pro-rata basis as:

$$\text{Evaluated Bid Score} = \frac{\text{Lowest Evaluated Bid Price}}{\text{Evaluated Bid Price}} \times 70$$

Note: As specified in Chapter IV of these Guidelines, the weightage of Financial Score and the Technical Score should be 60% and 40% respectively; hence the Financial Score shall be multiplied by 0.60 and the Technical Score shall be multiplied by 0.40 to arrive at the Total Final Score that would be used to determine the winning bid.

