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GRENADA

STATUTORY RULES AND ORDERS NO. 21 OF 2022

THE MINISTER IN EXERCISE OF THE POWERS CONFERRED ON HIM UNDER SECTIONS 3 AND 62 OF THE ELECTRICITY ACT MAKES THE FOLLOWING REGULATIONS—

(Gazetted 8th April, 2022).

PART I

PRELIMINARY

1. Citation. These Regulations may be cited as the

ELECTRICITY (GENERATION EXPANSION PLANNING AND COMPETITIVE PROCUREMENT) REGULATIONS, 2022.

2. Definitions.—(1) In these Regulations, unless the context otherwise requires—

“the Act” means the Electricity Act, 2016;

“agreement” includes a contract;

“Commission” means the Public Utilities Regulatory Commission established under section 4 of the Public Utilities Commission Act, 2016;

“expansion studies” means the plans that network licensees are obliged to prepare and to submit in accordance with section 37 (7) of the Act;

“Procurement” means the acquisition by any means of goods, services and construction activities related to new generation facilities to be installed in Grenada, and the term “procure” shall be construed accordingly;

“Procuring Entity” means the entity responsible for the transaction stage and for procuring the generation project;

“renewable energy” means the electricity generated from renewable energy resources.

(2) Unless a term is defined in these Regulations or the context otherwise requires, terms defined in the Act shall have the same meaning in these Regulations.

3. Obligations of network licensees.—(1) The network licensee shall prepare its sustainability plan and its expansion planning in accordance with section 37 of the Act and these Regulations.

(2) The procurement of new generation capacities shall be subject to the rules and requirements established in the Act and these Regulations.

PART II

EXPANSION PLANS AND COMPETITIVE PROCUREMENT PROCESS

4. Stages of development of generation projects. These Regulations prescribe the framework and process for the expansion of new generation capacities in Grenada which shall be subject to the following stages—

- (a) Expansion Planning;
- (b) Transaction and Procurement.

PART III

EXPANSION PLANNING

5. Identification of potential projects.—(1) The network licensee shall identify proposed generation projects that are necessary to—

- (a) ensure and maintain sufficient generation capacity in Grenada; and
- (b) allow the network licensee to permanently meet current and new projected electricity demand with a sufficient reserve margin,

and as set out an Integrated Resource Planning approved in accordance with Schedule VI.

(2) The network licensee shall ensure that a generation project identified under sub-regulation (1) complies with requirements under section 37 of the Act and with all applicable regulations, including regulations prescribing minimum margins of reserve, safety requirements, quality of service standards, and electricity supply below a certain price.

- (3) The tasks related to the identification of generation projects comprise—
- (a) identification of potential generation projects;
 - (b) prioritisation of proposed generation projects.

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(4) The Commission shall evaluate generation projects in accordance with the project viability chart as set out in Schedule I.

6. Infrastructure Gap Analysis.—(1) The network licensee, in consultation with the Commission, shall identify potential generation projects in accordance with the following stages—

- (a) identification of future energy demand and supply scenarios;
- (b) fact finding; and
- (c) expansion strategies under various scenarios.

(2) To complete the analysis, the network licensee shall, in consultation with the Commission—

- (a) carry out an Infrastructure Gap Analysis that identifies service shortfalls and investment needs in generation, transmission and distribution needed to meet projected increases in demand;
- (b) consider the public and private sector development and identify medium and long-term projects based on the expected demand development, which—
 - (i) shall take into consideration the specific expansion plans of the public sector; and
 - (ii) may require the development of electricity infrastructure in new areas, sectors or industries; and
- (c) select the appropriate project in accordance with the policies reflected in the Act and/or the national electricity policy and/or secondary legislation.

(3) Where an increased demand for electricity is projected pursuant to sub-regulation (2), the network licensee shall identify new generation projects to meet the new demand for electricity.

(4) The projections of increased demand for electricity and identification of new generation projects shall, in addition to the requirements established in sub-regulations (1) and (2), take into consideration—

- (a) a load forecast of peak power and annual energy demand;
- (b) demand-side management options (for a range of gross domestic product scenarios);
- (c) reserves and reliability needs, including intermittent resources, variable renewable energies, load shape, forced outage rate and maintenance outage schedules, number and size of generators in specific service areas, required reserve margins and backup.

(5) Upon completion of the analysis, requirements and projections under sub-regulations (2), (3) and (4), the network licensee shall—

- (a) develop a comprehensive fact base of renewable and conventional supply options, considering policy objectives and reasonable assumptions about costs, including lifecycle and decommissioning costs, performance and availability of each resource;
- (b) summarise alternatives with high potential for energy efficiency;
- (c) analyse and identify all technical aspects related to the generation projects identified in accordance with the National Electricity Strategy, including aspects such as grid-integration, upgrades required in electricity networks and potential operational challenges;
- (d) analyse environmental costs and constraints; and
- (e) take into consideration existing energy resources in Grenada, including their economic, environmental and efficiency features and concerns.

(6) The network licensee may be supported and advised by external experts or consultants in the preparation of the analysis, projections and studies required by this regulation, including analysis, projections and studies related to grid stability, back up and storage and renewable resources potential.

(7) Upon completion of the infrastructure gap analysis, the network licensee shall—

- (a) in respect of the results of the infrastructure gap analysis, consult with stakeholders of the sector including Independent Power Producers, self-generators, other network licensees, Industrial, Commercial and Residential consumers; and

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- (b) following the consultation under paragraph (a), submit the infrastructure gap analysis to the Commission for approval.

7. Future energy scenarios.—(1) Upon preparation of the fact base under regulation 6 (5) (a), the network licensee shall consider and propose a spectrum of energy supply, demand reduction, transmission and distribution scenarios.

(2) The network licensee shall—

- (a) identify the best proposed scenario, based on two boundary analyses—
- (i) the Business as Usual (BAU); and
 - (ii) a high-to-full Renewable Energy penetration scenario;
- (b) propose the evaluation criteria to determine the best scenario, based on requirements including—
- (i) present value of revenue requirement;
 - (ii) reliability;
 - (iii) fuel diversity;
 - (iv) environmental costs; and
 - (v) risk mitigation.

(3) In the preparation of every proposal pursuant to sub-regulations (1) and (2), the network licensee shall, prior to a request for approval under sub-regulation (5), consult the Commission and consider any recommendations from the Commission.

(4) Each proposed scenario shall be accompanied by an assessment of the anticipated financial and technical implications for the Government of Grenada, the Commission, the network licensee and other key stakeholders.

(5) The best proposed scenario shall be subject to the approval of the Commission.

8. Prioritisation of projects.—(1) Proposed generation projects that have been identified and screened in accordance with regulations 5, 6, 7, and 8 shall be prioritised pursuant to the following criteria—

- (a) the highest overall priority shall be granted to proposed generation projects that are critical for the reliability and safety of Grenada's electricity system; and
 - (b) the other proposed generation projects shall be prioritised taking into consideration the following factors—
 - (i) responsiveness to the overall needs and priorities of the electricity sector; and
 - (ii) high probability of being implemented in practice, taking into consideration—
 - (A) precedent experiences in the local or regional market; and
 - (B) the maturity of the technology and energy source involved in the generation project and other matters.
- (2) The network licensee shall make a proposal that identifies which generation projects should be considered as priority projects.
- (3) The priority of projects proposed by the network licensee shall be subject to the approval of the Commission which shall take the decision within thirty (30) calendar days and the Commission shall publish the decision in the *Gazette* and on the Commission's website.

PART IV

TRANSACTION AND PROCUREMENT

9. Principles of transaction and procurement.—(1) A generation project identified in accordance with Part III shall proceed to the transaction stage for its procurement.

- (2) The Commission shall act as the Procuring Entity of a generation project.
- (3) The Procuring Entity shall—
 - (a) manage the transaction stage;
 - (b) prepare and complete the procurement process; and
 - (c) comply with the conditions and tasks under this Part.

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(4) The procurement of generation projects shall promote competition, efficiency, probity and transparency.

(5) The transaction stage shall comply with the process described in this Part, which includes the following phases—

- (a) preparation for transaction;
- (b) draft of procurement documentation, the licence and other agreements;
- (c) qualification of bidders;
- (d) preparation of the Request for Proposals;
- (e) issuance and management of the Request for Proposals;
- (f) commercial and financial close.

10. Preparation for Transaction.—(1) To prepare the generation project for transaction, the Procuring Entity shall—

- (a) assess the specific generation project identified and prioritised by the approved National Electricity Strategy;
- (b) launch a procurement process to hire advisors or consultants, if necessary; and
- (c) complete a transaction checklist to ensure that the generation project is ready for procurement.

(2) The Procuring Entity shall prepare a checklist to determine when the generation project is ready to proceed to the transaction stage, by determining whether or not the generation project satisfies—

- (a) the list of requirements outlined in the National Electricity Strategy;
- (b) the recommended procurement process as set out in Schedule III.

11. Preparation of procurements documents, draft licence and Power Purchase Agreement.—(1) The generation project shall be developed, owned and operated by an Independent Power Producer, and a Power Purchase Agreement and other legal agreements shall be drafted in compliance with the Act.

(2) Standard Power Purchase Agreements may be used for small and medium scale generation projects.

(3) Any other legal agreements that may be necessary for the procurement and development of the generation project shall be drafted at this stage by the Government and include—

- (a) an implementation agreement which may specify obligations assumed by the Government in supporting the generation project;
- (b) financing agreements when the Government provides any kind of financing;
- (c) guarantees when any kind of guarantee from the Government is provided.

(4) The role and obligations of the Government with regard to the generation project may also include—

- (a) assistance in land acquisition or use, in which case the rights and obligations of the Government and of the private investor in terms of land acquisition and easements shall be specified;
- (b) tax and duty waivers which may be granted to waive or limit taxes and customs duties;
- (c) immigration clearances for employees for the generation project.

(5) A Power Purchase Agreement shall follow the lifecycle set out in Schedule IV.

12. Power Purchase Agreement.—(1) The Power Purchase Agreement shall specify—

- (a) rights and obligations of the licensee, of the network licensee and of the authorities of Grenada, including the Commission and the Minister;
- (b) performance service standards;
- (c) arrangements to monitor and enforce the Power Purchase Agreement;
- (d) payments due;

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- (e) changes external to the agreement;
 - (f) dispute resolution mechanisms;
 - (g) termination provisions; and
 - (h) such other matters as may be relevant.
- (2) A Power Purchase Agreement shall set out specific outputs including–
- (a) the amount of electricity to be generated and sold to the network licensee;
 - (b) energy capacity and ancillary services;
 - (c) availability of the generation facility;
 - (d) exceptions or contingencies clearly indicated, including provisions related to force majeure and forced outages;
 - (e) performance service standards which shall be measurable; and
 - (f) all services that the Independent Power Producer shall provide.
- (3) The arrangements to monitor and enforce the Power Purchase Agreement shall include–
- (a) performance monitoring arrangements indicating information to be provided and gathered, and the respective competences and obligations of the producer, of the network licensee, of the Commission and other authorities of Grenada;
 - (b) auditing arrangements;
 - (c) incentives and sanctions of any kind applicable in cases of compliance or breach of obligations, respectively, established in the Power Purchase Agreement and/or in other legal agreements;
 - (d) sanctions may include, among others, warnings, economic penalties and termination of the agreement.
- (4) Payments arrangements shall–

- (a) be linked to performance and subject to compliance with outputs and service standards specified in the Power Purchase Agreement; and
- (b) contain structured adjustment mechanisms, to adjust variable payment mechanisms to changing circumstances.

(5) Changes external to the agreement shall detail how any right or obligation established in the agreement may change due to external factors, including—

- (a) a change in laws, which causes a modification of the costs of the generation project; or
- (b) a change in the operating environment, such as the introduction of competitive power markets.

(6) Dispute resolution mechanisms shall be established and applicable in disputes related to the Power Purchase Agreement, and shall—

- (a) ensure an efficient process under which the dispute may be solved in a short term;
- (b) not allow the interruption of service;
- (c) detail the process to be followed; and
- (d) indicate the different dispute resolution mechanisms which shall be applicable, such as negotiation, mediation, conciliation or arbitration.

(7) Termination provisions shall include—

- (a) termination for expiration of term of the licence; and
- (b) other grounds for early termination of the licence.

13. Generation licence.—(1) A generation licence shall be drafted by the Commission in compliance with sections 13, 14, 15, 17, 18, 19, 20, 21, 22, 23 and 24 of the Act, and with other applicable sections of the Act, of the Public Utilities Regulatory Commission Act, 2016 and of any applicable regulations.

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(2) Where the generation project is developed by an Independent Power Producer in accordance with regulation 12 (2), the generation licence shall be granted to the winner of the competitive procurement process.

(3) Where the generation project is to be developed by the network licensee in accordance with regulation 12 (2), the Minister may—

- (a) grant a new and separate generation licence to facilitate the construction of the new generation facilities; or
- (b) modify the generation licence in force.

14. Qualification of bidders.—(1) Prior to the submission of proposals, the Procuring Entity shall engage in prequalification of bidders to identify contractors that are qualified and shall—

- (a) set the bidder qualification process and criteria;
- (b) draft the documents related to the Request for Qualification;
- (c) market the opportunity and invite bidders to prequalify in accordance with the requirements of this regulation; and
- (d) short-list qualified bidders.

(2) The selection criteria applicable to the qualification of bidders shall be clear, measurable and objectively verifiable and shall contain—

- (a) all legal requirements, including—
 - (i) that the bidders are not insolvent, in receivership, bankrupt or being wound up, and that their businesses have not been suspended;
 - (ii) that the bidders have fulfilled specific obligations in Grenada;
 - (iii) that the bidders and their directors have not been convicted of any criminal offence related to their professional conduct or the making of false statements or misrepresentations as to their qualifications to enter into a procurement agreement in Grenada;

- (b) the required technical criteria that shall be used to evaluate the experience and expertise of bidders and of the team proposed for the generation project;
 - (c) the financial criteria that shall be used to evaluate bidders financial capacity to carry out the generation project.
- (3) The Request for Qualification shall include the following documents—
- (a) a Project Brief containing a description of the generation project and of the principal required terms and conditions of the procurement agreement;
 - (b) all applicable qualification criteria;
 - (c) an instruction to interested parties setting out the timeline and all formal requirements applicable to the submission of applications for qualification;
 - (d) template forms to be completed to submit an application for qualification;
 - (e) any documentary evidence or other information required to be submitted by suppliers or contractors to demonstrate their qualifications;
 - (f) the manner and place for the submission of applications to prequalify and the deadline for such submission, expressed as a specific date and time, as well as any other requirement for qualification;
 - (g) the rules governing the process, which shall include—
 - (i) rules prohibiting collusion and other illegal and prohibited practices;
 - (ii) the rule excluding government liability and the right of the Government of Grenada to decide not to proceed with the procurement process.
- (4) Before receiving applications for qualification, the Request for Qualification—

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- (a) shall be broadly marketed by putting advertisements in the local and international trade press as well as on online national and international websites;
 - (b) shall be made available for download on the website of the Government of Grenada or of the Commission; and
 - (c) may be advertised by other means, including meetings.
- (5) Once the Request for Qualification has been issued, the Procuring Entity shall—
- (a) receive applications for qualification;
 - (b) evaluate and score applications for qualification in accordance with the evaluation criteria established in the Request for Qualification;
 - (c) make a decision with respect to the qualifications of each contractor who has submitted an application to prequalify and such decision shall be made applying only the criteria set out in the Request for Qualification; and
 - (d) prepare a qualification report that lists the evaluation results and the applicants that have been qualified.
- (6) No prequalification shall be valid without first obtaining the approval of the Commission.
- (7) The Procuring Entity shall inform the list of prequalified bidders and shall—
- (a) notify each applicant submitting an application to pre-qualify whether or not it has been prequalified; and
 - (b) publish the list of prequalified applicants on the website where the Request for Qualification was published.

15. Single-stage Procurement Process.—(1) Single-stage Procurement Process is a procurement process in which there is no prequalification stage and in which invited interested parties are allowed to submit their proposals upon a Request for Proposals.

(2) The Procuring Entity may conduct single-stage procurement if the Procuring Entity is satisfied—

- (a) that—
 - (i) there is a need to complete the procurement process quickly and the time required for prequalification would imply an important delay;
 - (ii) there is a need for a wide field of competition; or
 - (iii) it desirable for bidders not to know which other firms may be bidding;
- (b) that quality bids would be received even without prequalification; and
- (c) that rejection of bids that are non-qualified would be defensible.

16. Preparation of Request for Proposals.—(1) The Procuring Entity shall prepare the Request for Proposals by—

- (a) setting the process and criteria for evaluating bids; and
- (b) assembling the documents that form the Request for Proposal.

(2) The process for evaluating bids may constitute a three-stage evaluation process comprising—

- (a) a statement of qualification whereby bidders must demonstrate again that they still meet the qualification criteria;
- (b) a technical proposal; and
- (c) a financial proposal.

(3) The Procuring Entity shall evaluate—

- (a) the statement of qualification to confirm that the bidders continue to meet the qualification criteria;
- (b) the technical proposal, which shall serve as a basis to—

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- (i) score each proposal based on its technical qualifications; and
 - (ii) reject technical bids that do not comply with the minimum technical and financial criteria established in the Request for Proposals; and
 - (c) the financial proposal.
- (4) The statement of qualification, the technical proposal and the financial proposal shall be submitted by each bidder—
- (a) in the case of a physical submission, in three separate envelopes; and
 - (b) in the case of an electronic submission in addition to a submission in accordance with paragraph (a), by three separate correspondences.
- (5) Where any bidder fails to comply with the criteria required in any stage or any proposal described in regulation 19 (2), the bid shall be automatically rejected and the remaining envelopes of the bidder shall be sent back unopened.
- (6) The Procuring Entity may determine a different evaluation process, including by way of example, a process whereby technical and financial scores are combined to give an overall score, with the preferred bidder being the one with the highest overall score.
- (7) In all cases, the evaluation criteria shall be established in the Request for Proposals and the evaluation of proposals shall never deviate from such criteria.
- (8) The Procuring Entity shall prepare the technical evaluation criteria comprising the proposed methodology, implementation structure and management team.
- (9) The Request for Proposals shall indicate how technical and financial proposals shall be evaluated, weighted and scored.
- (10) The Procuring Entity shall specify in the Request for Qualification—
- (a) all formal conditions for submitting proposals including—
 - (i) the deadline for submitting bids; and
 - (ii) the required submission manner, content and form of applications;

- (b) rules applicable to bid handling, including arrangements related to management and opening of bids in order to ensure that bids are securely held, there are electronic submissions or submissions in paper.

(11) The Procuring Entity shall subsequently draft and assemble the Request for Proposals, comprising—

- (a) an Information Memorandum containing—
 - (i) a description of the commercial principles of the generation project; and
 - (ii) an indication of the public authorities and private actors with whom the contractor will have to interact;
- (b) the draft Power Purchase Agreement and any other legal agreements;
- (c) the evaluation criteria and process;
- (d) instructions for bidders setting out the rules governing the process, including—
 - (i) the deadline for and manner of submission of bids;
 - (ii) prohibitions against bid-rigging, including market allocation, cover bidding, bid rotation or bid suppression, and other collusive practices; and
 - (iii) reservation of the rights of the Commission or the network licensee to alter the process, or to refuse to accept any bid, at its discretion.
- (e) proposal templates setting out the information requirements and structure required for the proposals to be submitted.

17. Issuance of Request for Proposals and management of bids.—(1) Where the Request for Proposals is prepared, the Procuring Entity shall issue the Request for Proposals and manage the bid preparation period in accordance with this regulation.

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(2) The Procuring Entity shall contact qualified bidders by notifying the contact person identified in the bidders' Statement of Qualification.

(3) Bidders shall have the term indicated in the Request for Proposals to prepare and submit their bids, and to interact with the Procuring Entity.

(4) Permitted interaction between the Procuring Entity and the bidders before the submission of bids comprise—

- (a) pre-bid meetings;
- (b) responses to requests for clarifications and changes.

(5) A pre-bid meeting may be organised by the Procuring Entity for the following purposes—

- (a) to brief qualified bidders on the generation project, commitments and objectives of the Government;
- (b) to answer questions related to the Request for Proposal, Power Purchase Agreement and other legal agreements; and
- (c) to increase bidder confidence in the quality of the generation project and process;

(6) The Procuring Entity may—

- (a) organise pre-bid meetings in an open forum with all bidders or in individual sessions; and
- (b) recommend modifications to the draft Power Purchase Agreement or other legal agreement after the pre-bid meeting, particularly when those amendments—
 - (i) were requested by many bidders;
 - (ii) make sense taking into consideration a public-interest perspective; or
 - (iii) promote competition.

(7) Where a pre-bid meeting is organised in an open forum with all bidders, the Procuring Entity shall—

- (a) consider the risk of reduction of competition or facilitation of collusion that the meeting may create; and
- (b) establish rules to ensure that no bidder is provided with information that might give an advantage over other bidders.

(8) Where there is any modification to the Request for Proposals, the Procuring Entity shall—

- (a) issue addenda to the Request for Proposals; and
- (b) immediately and simultaneously, notify all bidders.

(9) Where a bidder is desirous of receiving clarification on a matter, a request for clarifications shall be—

- (a) submitted in writing and telephone contacts shall be prohibited; and
- (b) sent to the contact addresses of the named person, including emails identified in the Request for Proposals.

(10) A response to a request under sub-regulation (9) shall—

- (a) be in writing;
- (b) be prepared by the person appointed at the Procuring Entity to respond to questions and request for clarifications, with the assistance of legal advisors, or other staff of the Procuring Entity if necessary; and
- (c) be provided to all bidders.

(11) The Procuring Entity may set up a data room to provide all relevant information related to the generation project and to its procurement, and the data room—

- (a) may be physical or electronic, such as a website;
- (b) shall ensure equal access;
- (c) shall contain as much information as is available;
- (d) shall facilitate the preparation of the proposal; and
- (e) shall not disseminate confidential information.

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18. Reception of proposals. The Procuring Entity shall be responsible for receiving proposals, which includes–

- (a) making available a tender box for physical submission at required times, and/or a secure and appropriate electronic process for receiving bids;
- (b) logging bids received by the deadline for proposal submissions;
- (c) public opening and reading out prices of bids;
- (d) rejection of bids received after the deadline for proposal submissions, except if late bids were allowed by the Request for Proposals; and
- (e) ensuring that all bids remain confidential to the entity evaluating until the evaluation is complete.

19. Evaluation of proposals and selection of preferred bidder.—(1) The Procuring Entity shall evaluate bids in accordance with the evaluation criteria and process established in the Request for Proposals.

(2) Evaluation of proposals includes–

- (a) checking completeness and conformity of bids;
- (b) confirming qualifications to ensure that bidders continue to meet the qualification criteria;
- (c) evaluating the technical proposal;
- (d) evaluating the financial proposal;
- (e) drafting the evaluation report, which shall specify–
 - (i) the bidders that were dropped from consideration due to failure to–
 - (A) demonstrate qualifications; or
 - (B) achieve the minimum technical score; and
 - (ii) the bidder with the highest evaluation, and the ranking of the other bidders.

(3) Where the Procuring Entity is the Commission–

- (a) the evaluation report that identifies the preferred bidder shall be sent to the Minister for review; and
- (b) the generation licence shall be granted by the Minister in accordance with the Act.

(4) Where the Procuring Entity is the network licensee, the network licensee shall not initiate final contract negotiations until—

- (a) the evaluation report identifying the preferred bidder has been sent to the Commission for its review and approval;
- (b) the Commission has approved the evaluation report.

(5) Where the Commission is not tendering a specific generation project but modifying the generation capacity from small to medium scale Independent Power Producers, the selection criteria may vary as follows—

- (a) the Commission may invite potential Independent Power Producers with self-generation projects to participate in a tender for a maximum generation capacity and, depending on the financial evaluation criteria, all eligible bidders may turn out to be winners if their combined generation capacity does not exceed the overall volume of the tender;
- (b) subject to paragraph (a), this invitation to participate in a tender may take the form of a program targeting local bidders with capacity to develop the projects.

(6) Where only one bid is received, the Procuring Entity shall—

- (a) in principle accept the bid; or
- (b) reject the bid and retender the generation project, if the Procuring Entity is satisfied that—
 - (ii) the bidder knew that there would be no competitors, and
 - (iii) more bidders would participate if the generation project was retendered.

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(7) Where after the award of the preferred bidder, during the final negotiation of contractual terms, the parties of the Power Purchase Agreement do not reach the commercial close or financial close or other relevant contractual arrangements of the procurement process that impede the agreement to occur, the Procuring Entity may select the second-ranked bidder.

20. Commercial and financial close.—(1) The transaction stage is complete when both the commercial close and the financial close have occurred.

(2) Commercial close occurs when all the project agreements related to the generation project have been negotiated with and signed by the preferred bidder.

(3) Financial close occurs when all the project and financing agreements have been signed and all the required conditions contained in them have been met, enabling funds to start flowing so that project implementation can commence.

(4) If necessary to reach commercial close, the Procuring Entity may facilitate the final terms of all project agreements, including the Power Purchase Agreement, procurement agreement and/or any other legal agreement related to the construction linked to the generation project.

(5) Negotiation may be necessary or advisable to—

- (a) clarify specific elements of the Power Purchase Agreement, procurement agreement and/or any other legal agreement;
- (b) revise the Power Purchase Agreement, procurement agreement and/or any other legal agreement to the terms of the proposal of the preferred bidder; or
- (c) take reasonable steps to ensure that the generation project meets the requirements of the eventual lenders of the Independent Power Producer.

(6) Negotiations shall be done in a structured manner, with a defined time frame and may be conducted only with the preferred bidder.

(7) To initiate a negotiation, the Procuring Entity shall inform the preferred bidder of—

- (a) its intention to negotiate;
- (b) all elements that need to be negotiated; and
- (c) the time frame within which negotiations should be concluded.

(8) Where any matter subject to negotiation is not resolved within the allotted time, the Procuring Entity shall initiate negotiations with the second-ranked bidder.

(9) To achieve financial close, the Procuring Entity–

- (a) may identify and monitor risks, and involve the identified lenders of the generation project in the negotiations when that is necessary to–
 - (i) mitigate risks; and
 - (ii) facilitate financial close;
- (b) shall ensure that all conditions for financial close were achieved, which may require–
 - (i) finalising and executing all project agreements;
 - (ii) securing final approvals from all governmental authorities;
 - (iii) securing construction permits and planning approvals; and
 - (iv) commencing or completing the transfer of an interest in real property.

(10) Where negotiations conclude satisfactorily, the Commission shall make a recommendation to the Minister and the Minister shall adopt a final decision regarding the result of the procurement process and the winning participant and shall grant a generation licence.

PART V

CONTRACT MANAGEMENT

21. Commission to manage implementation. The Commission shall, in its capacity as the Procuring Entity, and in consultation with the network licensee and the winning bidder, verify, ensure and qualify the progress in the scope and quality of the project implementation as guided by the milestones set out in the determined project agreement for the specified generation project that the winning bidder has agreed to develop.

22. Requirements for winning bidder’s agreement. A company or organisation completing a competitively procured project in Grenada shall comply with the requirements as set out in Schedule V.

SCHEDULE I

PROJECT VIABILITY CHART

(regulation 4)

Viability Criterion	Definition	Information Needed	Utility/ PURC Analysis	Inputs for Later tasks
Effective in meeting the electricity sector's objectives	The project effectively meets the sector's objectives, and is consistent with sector strategy and relevant development plans	Description of project objectives Sector planning and policy documents List of sector's existing and planned assets and services Relevant development plans	Check that information is up-to-date and complete Analyse against Project criterion.	Statement of how the project will meet the sector's objectives and aligns with sector policy
Technically feasible	The Project can be implemented technically, as planned, using known and proven technologies and engineering methods	Engineering feasibility study produced by a reputable firm with expertise in this type of project	Check that the feasibility study says it is viable. Examine risks, caveats, and prerequisites	List of technical risks

Legally feasible	All aspects of the Project are permitted by law, parties that will be involved are legally empowered to complete their responsibilities under the project, and required agreements can be made legally binding on all parties.	Legal due diligence and opinion by an attorney-at-law duly licensed to practice law in Grenada with knowledge of this type of project	Check that the opinion says the project is legally viable. Examine risks, caveats, and prerequisites for viability	List of legal risks
Environmentally compliant	Environmental impacts of the Project are in compliance with environmental laws and regulations, or the necessary permits can be obtained for the Project to be compliant	Environmental impact assessment prepared by a reputable firm with knowledge in the area	Check that the assessment says the project is feasible Examine risks, caveats, and prerequisites for Project compliance	List of environmental risks List of environmental costs and benefits

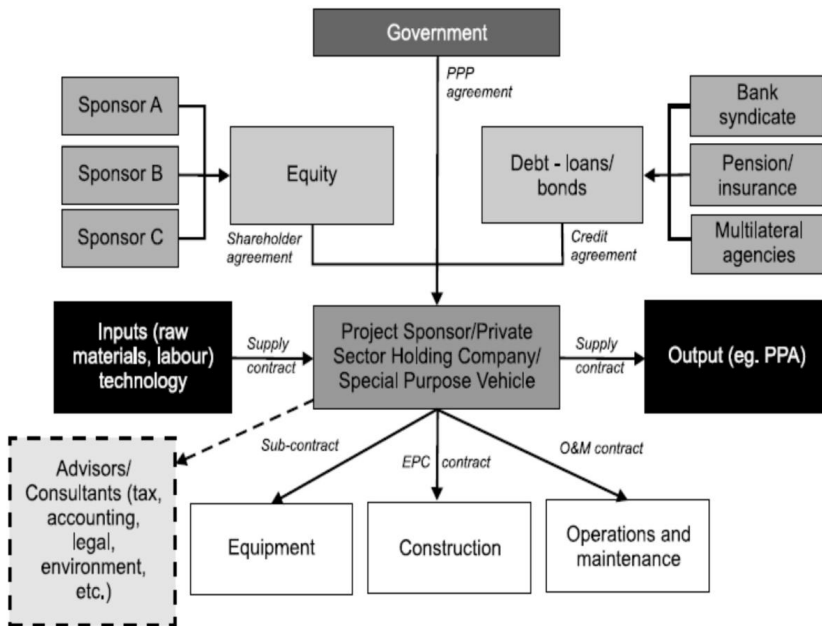
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Socially sustainable	All substantial social impacts have been assessed, stakeholders have been given ample opportunity to provide feedback and voice concerns, mitigation solutions have been incorporated into the Project agreements as appropriate	Social impact assessment identifies affected parties and the Project's likely impact on those parties. Stakeholder Analysis Matrix is updated with the results of public consultations	Analyse against criterion Check if stakeholders are seriously or detrimentally affected Check that suitable mitigators have been designed into the Project.	List of social risks List of social benefits and costs
Economically viable	An economic analysis of the Project shows the expected economic benefits exceed the expected economic costs	Economic feasibility study prepared by a reputable economic consulting group with expertise in the area	Check the study says the project is viable and least cost. Examine risks, caveats, and prerequisites for the Project's success	List of economic benefits and costs

SCHEDULE II

LEGAL AND FINANCIAL STRUCTURE

This diagram contains an example of the legal and financial structure for a Design-Build-Operate-Maintain-Finance project.

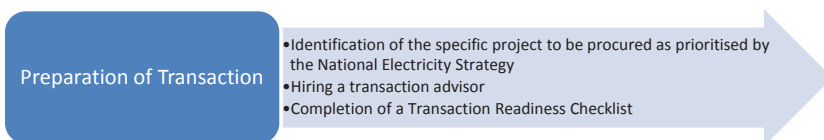


SCHEDULE III

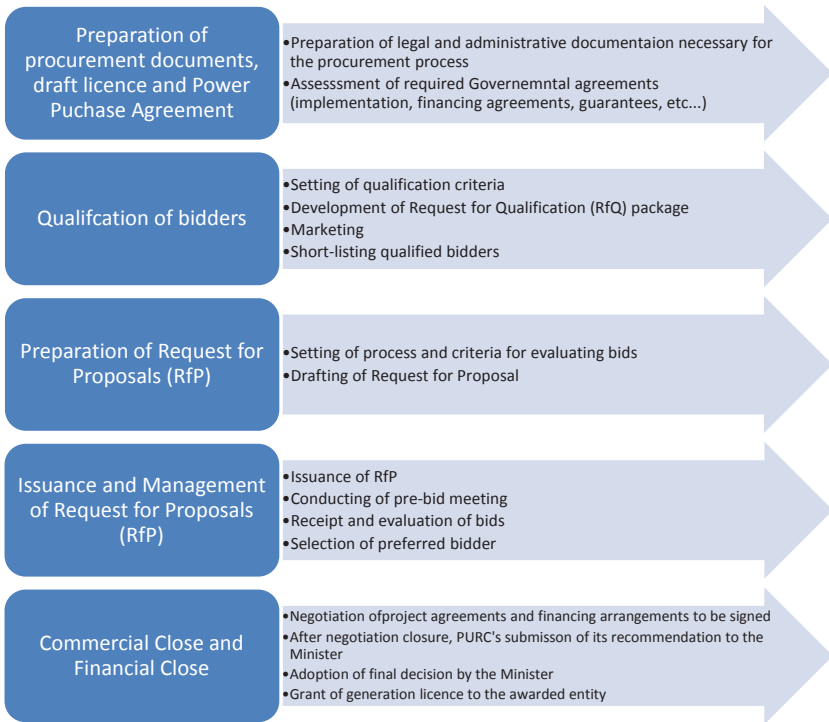
RECOMMENDED PROCUREMENT PROCESS

(regulation 10 (2))

This diagram presents the steps that the Commission, acting as Procuring Entity, should complete during the Transaction Stage.



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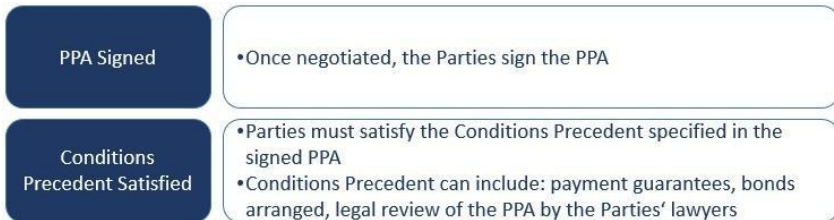


SCHEDULE IV

LIFECYCLE OF A POWER PURCHASE AGREEMENT

(regulation 11 (5))

This diagram presents the Lifecycle of a Power Purchase Agreement



PPA in Force	<ul style="list-style-type: none"> • Once the Conditions Precedent are satisfied, the Parties' obligations come into force
Construction and Testing	<ul style="list-style-type: none"> • IPP builds the Facility to the specifications set out in the PPA • IPP and Utility cooperate to conduct testing set out in PPA
Sign-off and Commercial Completion	<ul style="list-style-type: none"> • Independent Engineer signs off on Facility meeting testing requirements and informs the Utility and PURC • Utility and PURC acknowledge that the Facility has reached Commercial Completion, allowing the Facility to come online
Operation	<ul style="list-style-type: none"> • IPP provides the electricity services and the Utility pays for them at the tariffs set out in the PPA • The IPP must meet the operations and maintenance provisions established in the PPA
End of PPA's Term	<ul style="list-style-type: none"> • At the end of the PPA's term, the Parties might choose to extend the term (provided the IPP's License will be extended too) • If the PPA and the License will not be extended the IPP will deconstruct and remove the facility

SCHEDULE V

REQUIREMENTS FOR WINNING BIDDER'S CONTRACT

(regulation 22)

1. Environmental and Social Impact Study (ESIA) and Environmental Protection Plan
2. Well-defined HS&E Development and Mitigation Plan
3. Minimum 25% of locals employed (during construction and during operation), an exemption applies if not sufficient amount of qualified personnel can be found or inline with the GUIDELINES FOR FOREIGN WORKERS (Foreign Nationals and Commonwealth Citizens (Employment) Act CAP. 115)
4. Operation and Maintenance Manual
5. Quality Assurance and Guarantees
6. Total Risk and Liabilities Insurance
7. End of Life and Recycling or Disposal Mechanism

8. Sustainability Plan
9. Company business model
10. Overview of the Company's Financial Health

SCHEDULE VI

INTEGRATED RESOURCE PLANNING

(regulation 5)

Outline showing detailed procedures for approval of Integrated Resource Planning (IRP)

1. Notice requesting IRP proposal. Within 2 years from the commencement date, and every 5 years or less as the Minister determines, the Commission shall issue a notice requesting an IRP proposal from a network licensee that contains–

- (a) a resource plan that includes the expected demand in its authorised area for the period referred to in paragraph 2 (a) and the state of the network licensee's existing resources for supplying electricity to the authorised area; and
- (b) a procurement plan that details the manner in which the network licensee proposes to meet this demand.

2. Content of notice. The notice shall include–

- (a) the period, as determined by the Minister, which the proposal is to cover, which shall not exceed 5 years;
- (b) the date by which the proposal shall be sent to the Commission;
- (c) the format of the proposal and the information and documentation that it shall contain, as required by the procedures;
- (d) other guidance or instructions concerning procedures as the Commission may decide, including the proposal preparation requirements under these Regulations; and
- (e) any other information that the Commission considers relevant.

3. Delivery and publication of notice. The notice shall be sent to the network licensee by registered mail, published on the website of the Commission, in the Gazette and at least one newspaper of general circulation in the state of Grenada.

4. IRP proposal preparation requirements. In preparing the IRP proposal, a network licensee shall—

- (a) consider—
 - (i) all possible resources, including new generation capacity, demand-side resources (including demand response and energy efficiency), and retirement of generation capacity; and
 - (ii) a range of renewable energy and efficient generation options, and a prudent diversification of the generation portfolio;
- (b) prioritise actions that meet the most objectives in section 9 of the Act, and conform to the National Electricity Strategy;
- (c) include proposed limits for total generation capacity authorised under permits in its authorised area over the planning period;
- (d) indicate recommendations regarding whether any resources should be procured through competitive bidding; and
- (e) include, in respect of any resources recommended under paragraph 4 (d), a business case that includes—
 - (i) project feasibility – technical, economic, social, commercial and fiscal as applicable;
 - (ii) proposed project structure including identification of risks; and
 - (iii) parameters – for example technical and price - required for the project to be coherent with the National Electricity Strategy.

5. Submission of IRP proposal. The network licensee shall submit to the Commission an IRP proposal that complies with the notice under paragraph 1 and in accordance with paragraph 4.

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6. Publication of IRP proposal. The IRP proposal shall be published on the website of the Commission.

Made by the Minister this 7th day of April 2022

NORLAND COX
*Minister responsible for
the electricity sector.*

GRENADA

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