

CEE Bankwatch Network

Prague, August 8th 2011

Procurement Notice No. 1 in 2011

Consulting services for CEE Bankwatch Network and Focus, association for sustainable development. The requirement is to conduct an analysis of and produce a report on the economic viability of constructing the sixth block of thermal coal plant in Sostanj, Slovenia (TES6). The maximum amount of this procurement is set at EUR 10,000 (including VAT).

The Notice refers to **consultancy services** to be procured from an individual/institution based in an EU country (hereinafter “the consultant”).

A fundamental requirement of the report (10-15 pages-long) is that following analysis of the key documents related to the project (to be provided by Bankwatch and Focus) and taking into account the relevant current and future trends in the industry and in Slovenia, the report be able to reach **a conclusive opinion as to the plant’s economic viability** and identify specific areas of the proposed project which may give rise for concern.

Delivery date of the final version of the report is September 30, 2011. Completion of the task in a shorter timeframe would be an advantage.

Content of the report:

An overview of the economics of the project including its viability must specifically cover the following:

1. A review of the project costs as well as commentary on figures used and assumptions made by the project promoters in their Investment Program with specific focus on the following areas of the project:

- investment costs,
- ETS compliance costs,
- coal prices,
- electricity prices in Slovenia.

2. Calculating the likely internal rate of return (IRR) for this project. **The consultant is required to specify if this calculation is not possible based on the available information in their proposal submission.** Where this is the case, then an analysis of the IRR calculated by the project promoters with specific reference to the IRR of other similar coal power plant projects within the region.

3. Providing commentary on the following aspects of the project will be an advantage:

- the likely financing costs (of loans and guarantees),
- the power plant’s fixed costs,
- additional costs omitted by the project promoter in the report: decommissioning, roads, connection to the grid.

4. Identification of any other short or long term risks or potential liabilities of the project not considered by the promoter TES and parent company HSE

5. Summary with a conclusive opinion as to the proposed plant's economic viability and identification of specific areas of the project which give rise for concern

The report and its findings will be quoted publicly and used in the media campaigns of both organisations. As such the consultant would be required to agree to the report's public distribution and use, including and not restricted to quoting its authors and any aspects of the report's findings.

The report could be produced unaddressed, ie. as a report reviewing the proposed construction of block 6 of the Sostanj power plant but not addressed specifically to CEE Bankwatch Network for its exclusive use.

Submission Requirements:

Responses to the notification (not exceeding 4 pages) are to be submitted in English by email to piotr.trzaskowski(at)bankwatch.org and isabella.besedova(at)bankwatch.org, no later than the closing date.

The response should include details of relevant experience, a detailed table with the research methods and time, proposed schedule, and costs estimates.

In the response to the notification tenderers are required to certify that they do not fall into any situation that is grounds for exclusion from participation in the procurement [1].

The **closing date** for the submission of tenders is close of business **August 22 2011**, Central and Eastern European time.

[1]

Grounds for exclusion from participation in a procurement: Candidates will be excluded from participation in a procurement procedure if:

- they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning these matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- they have been convicted for an offence concerning their professional conduct by a judgement which has the force of res judicata;
- they have been guilty of grave professional misconduct proven by any means justifiable;
- they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country where the contract is to be performed;
- they have been the subject of a judgement which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- they are currently subject to an administrative penalty referred to in section 2.3.5 of the Practical Guide to contract procedures for EC external actions:

Without prejudice to the application of penalties laid down in the contract, candidates or tenderers and contractors who have made false declarations, have made substantial errors or committed irregularities and fraud, or have been found in serious breach of their contractual obligations may be excluded from all contracts and grants financed by the Community budget for a maximum of five years from the date on which the

infringement is established, as confirmed following an adversarial procedure with the contractor. That period may be extended to 10 years in the event of a repeated offence within five years of the above-mentioned date. Tenderers or candidates who have made false declarations, have committed substantial errors or irregularities and fraud, may also be subject to financial penalties representing 2% to 10% of the total estimated value of the contract being awarded. Contractors who have been found in serious breach of their contractual obligations may be subject to financial penalties representing 2% to 10% of the total value of the contract in question. That rate may be increased to 4% to 20% in the event of a repeat infringement within five years of the above-mentioned. Where the award procedure proves to have been subject to substantial errors, irregularities or fraud, the Commission shall suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure. Where, after the award of the contract, the award procedure or the performance of the contract prove to have been subject to substantial errors, irregularities or fraud, the Commission may, depending on the stage reached in the procedure, refrain from concluding the contract or suspend performance of the contract or, where appropriate, terminate the contract. Where such errors, irregularities or fraud are attributable to the contractor, the Commission may in addition refuse to make payments, may recover amounts already paid or may terminate all the contracts concluded with this contractor, in proportion to the seriousness of the errors, irregularities or fraud. The purpose of suspending the contract is to verify whether presumed substantial errors and irregularities or fraud have actually occurred. If they are not confirmed, performance of the contract will resume as soon as possible. A substantial error or irregularity is any infringement of a provision of a contract or regulation resulting from an act or an omission which causes or might cause a loss to the Community budget.