**Call for expression of interest for the design, construction and concession of HPP Cebren and HPP Galiste, Crna River - QUESTIONS AND CLARIFICATIONS**

| # | Chapter | Text | Questions | MEPP clarifications |
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| A | 2. OBJECTIVE | The call for expression of interest is the first phase, which consists of: preparation of technical and economic solutions for the construction of hydro power plants mentioned above and to make a list of interested companies who are able to meet the required criteria , demonstrating the experience necessary, and are able to develop it within the timeline specified hereafter (Item 6). | 1. Do the interested companies have to prepare the technical and economic solutions for the construction of hydro power plants?  2. Shall MEPP make a list of the interested companies who are able to meet the required criteria, demonstrating the experience necessary, and are able to develop it within the timeline specified hereafter (Item 6)?  3. Which are the required criteria?  4. Is the timeline specified hereafter (Item 6) July 25, 2016? | 1. The interested participants are invited to prepare conceptual design, financial model and legal structure (concession/PPP) for project realization.  2. All participants are invited to submit conceptual design and model for realization for which the participants would be interested to realize the project. All proposals will be analyzed taking into consideration interest of the Conceding Authority in order to define the optimal solution that will be base for future tendering procedure in which all companies can participate.   1. At this phase, phase I, there will be no selection of companies. Criteria for selection will be defined in phase II. 2. Yes, the deadline for expressions of Interest and proposals is 10 AM local Skopje time on 25.07.2016. |
| B | 3. IMPLEMENTATION OF THE PROJECT IN PHASES |  | 1. It is necessary to understand when the companies switch from the “interested” status to the “shortlisted” or “preferred” status.  2. The prequalification criteria for the interested companies are not specified. Please see question A.3  3. It is not clear how the project will be scored  4. Depending on the requirements for each phase, in particular phase I and II, an estimation of the needed time will be done. | 1. In this phase, phase I, there will not be switch of status. In phase II, all companies may participate.  2. The prequalification criteria will be defined in phase II.  3. All proposals will be analyzed taking into consideration interest of the Conceding Authority in order to define the optimal solution that will be base for future tendering procedure in which all companies can participate.  4. Phase I should be finalized by 25 July 2016. Phase II includes preparation of pre-feasibility study and conducting of the tendering procedure. Phase II is expected to take 15 months (9 + 6) after completion of the Phase I (25 July 2016). |
| B1 | Following the technical inspection (reviewing) of the design, a pre-feasibility study for the HPPs will be prepared, which will be submitted to the Conceding Authority for evaluation and acceptance. | 1. Will MEPP choose only one conceptual solution, on the basis of which the pre-feasibility study will be prepared?  2. Which will be the criteria for the choice of the conceptual solution?  3. Will there be a scoring for the conceptual solution?  4. How many companies will be allowed to develop a pre-feasibility study?  5. Which will be the criteria for the interested companies to pass to phase II?  6. Who will prepare the Terms of References(ToRs) for the prefeasibility study ? | 1-6. The Phase II will be conducted by Conceding Authority. All proposals will be analyzed taking into consideration interest of the Conceding Authority in order to define the optimal solution that will be base for future tendering procedure in which all companies can participate. |
| B2 | Phase II - Pre-feasibility study for techno-economic viability and development of tender documentation for construction . Acceptance and announcement of the tender based on theprinciple of DBOT (Design, Build, Operate and Transfer), (or PPP) and a selection of concessionaire / private partner . | 1. We understood that the purpose of this call for expression of interest is to select a concessionaire/private partner, therefore the purpose of this tender is not clear to us:  2. How is this tender linked to phase I and II?  3. How will the companies that have participated to phase I and II be involved in such tender?  4. How will the geological/geotechnical investigations be conducted if there are several studies in parallel?  5. How will the activities of the candidates be coordinated? | 1-5. The objective of this call is to examine the interest of the companies and model for realization of the project that they are interested for. All proposals will be analyzed taking into consideration interest of the Conceding Authority in order to define the optimal solution that will be base for future tendering procedure in which all companies can participate. |
| B3 | Phase I   |  |  |  | | --- | --- | --- | | Type of works | Deadlines (months) | Implementing party | | Previous investigations |  |  | | Technical report and acceptance |  |  | | Site investigation (optional) |  |  | | Preparation of conceptual technical solution for optimum utilization of watershed with the proposed locations and technical parameters of HPP |  |  | | Conceptual technical solution reviewing |  |  | | 1. When shall such table be submitted?  2. Will it be submitted together with the requirements? Please see question A.3  3. What if such time estimation does not fit with July 25, 2016? Is it an implicit request of postponement? | 1-2. This table should be filled according to estimations by the interested companies and submitted with the conceptual design.  3. Time estimation should fit with July 25, 2016. If that time is not enough, the participant can submit an implicit request of postponement. |
| B4 | Phase II   |  |  |  | | --- | --- | --- | | Type of works | Deadlines (months) | Implementing party | | Preparation of a pre-feasibility study for justification of the project |  | Conceding Authority | | Approval of the prefeasibility study |  | Conceding Authority | | Preparation of tender documentation |  | Conceding Authority | | Approval and publication of a tender for a concession (or PPP) and the selection of the concessionaire / partner |  | Conceding Authority | | 1. Not clear to us. We understood from your previous text that “the pre-feasibility study for the HPPs will be prepared, which will be submitted to the Conceding Authority for evaluation and acceptance”, i.e. the pre- feasibility study will not be prepared by the Conceding Authority but only be submitted to the Conceding Authority for evaluation and acceptance.  2. Which is the purpose of such tender? Please see question B2.1 | 1. Prefeasibility study will be prepared by the independent consultant selected by Conceding Authority. Bases for the Prefeasibility study will be submitted conceptual designs by the participants, taking into consideration interest of the Conceding Authority, in order to define the optimal solution that will be base for future tendering procedure.    2. Tendering procedure should enable selection of the best bidder for concession/PPP. |
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| C1 | 4. EXPECTED RESULTS | The interested company during developing optimal solutions, can use solutions already proposed, however, the interested company is expected to offer new optimal solution for utilization of the remaining hydro potential of Crna River , with basic data for hydro-technical facilities, techno-economic analysis of the viability of each solution respectively. | Does it have to go beyond Cebren & Galiste? | The interested company is expected to offer solution for utilization of the remaining hydro potential of Crna River from point Skocivir (elevation 565,00 maSL) to reservoir Tikves (elevation 265,00 maSL). |
| C2 |  | The interested company, in addition to the conditions for granting of concession as prescribed by law , should give its view of the special conditions in determining the locations of HPP especially in terms of: water regime (conditions in exploitation), water supplies, use of land, environmental protection, cultural heritage and natural riches, safety and living conditions of the population, use of energy resources, etc. | We understood that all the concessions are to be granted. Is it right? | The participant shall define all the incentives (concession or else) required by him and necessary for his participation in the realization of the project. |
| D | 6. REQUIREMENTS FOR BIDDERS | Interested companies that will express an interest and meet the defined requirements shall submit their documentation to the contact person given below by not later than 10 AM local Skopje time on 25.07.2016 at the address of the Conceding Authority indicated below. | 1. Same question as A.3. Which are the required criteria?  2. Needs to be clarified as it seems like a very long time to prepare an expression of interest and yet very short to perform what we understand is listed in this document, still to be clarified. | 1. The required criteria will be defined in Phase II, in accordance with the national legislation.  2. Time estimation should fit with July 25, 2016. If you the time is not enough, you can submit an implicit request of postponement. |
| E | 7. TECHNICAL REQUIREMENTS FOR THE OPTIMAL CONCEPTUAL TECHNICAL SOLUTION FOR HPPs ON THE WATER COURSE OF CRNA RIVER |  | 1. It looks a very preliminary ToR for the conceptual technical solution. Is MEPP going to prepare and send to the interested companies an additional and more detail ToR? | In this phase we expect you to submit conceptual design.  In this phase there will be no additional and more detailed ToR. |
| E1 | Also, the technical solution shall identify and explore some additional issues associated with the following:  • Location of possible reversible units, or whether reversible units shall be installed in one or several hydropower plants, or perhaps they are not viable at all.  • Investigation of scenarios for construction of HPPs and schedule of construction.  • Alternative new methods of dam construction, with potential reduction of the cost. | It is not clear which are the referred scenarios. | In this part we refer to order of construction of HPPs, all in the same time or one by one or any other scenario. |
| E2 | **The main objective of the study (conceptual technical solution) is to explore several alternatives under the same assumptions in order to eliminate favoring in the final ranking of the alternatives**. In this regard, common hydrological data should be used in energy calculations for all alternatives. The same principle to be followed for all assumptions related to economic analysis . In addition, consideration should be made of the development of the project in several phases, especially regarding the best utilization of the civil works equipment, manufacturing and installation of equipment, terms of financing etc.. | 1. Which are the hydrological data to be used?  We believe that such data must be the same for all the companies that will submit the conceptual technical solution(s)  2. Which are the economic assumptions to be used? We believe that such data must be the same for all the companies that will submit the conceptual technical solution(s)  3.Will the conceptual technical solution have to include a possible financing scheme?  Has MEPP already contacted some international Financial Institutions? | 1. Hydrological data that should be used for the analysis are presented in two files attached to this document.  2-3. All economic assumptions and financing scheme should be defined by the participant and included in the conceptual design.  MEPP did not contacted any international Financial Institution for this project. |
| E3 | These conditions will provide a picture of the limits of viability of the project:  • several large hydropower projects (large storage volume) will be constructed as a cascade on Crna River. In order to ensure better river water regulation the sequence of construction should be within a reasonable period of time , . | 1. please see question C1 (Does it have to go beyond Cebren & Galiste?)  2. It should be specified the “reasonable period of time” | 1. The interested company is expected to offer solution for utilization of the remaining hydro potential of Crna River from point Skocivir (elevation 565,00 maSL) to reservoir Tikves (elevation 265,00 maSL).  2. Reasonable period of time should be proposed in conceptual design in order to ensure better river water regulation. |
| E4 | The interested company (developer) may the evaluation of the economic viability of the technical solution and the project realization to perform on the basis of a typical concession project. In that case, they need to evaluate the amount of concession fee, and the concession period of the project. | Not clear, is it a concession project? | The project should be on the basis of the concession or combination of concession and PPP. Based on the technical solutions and economic evaluation, the interested companies should give proposals of the concession period, amount of the fee and other requirements. |
| E5 | Also, the interested company may offer and evaluate the project as a PPP with ELEM. In that case, in addition to the above conditions, it can evaluate the expected participation of the public partner (ELEM) in completion of works or construction of facilities such as preliminary works, preparatory works, construction of infrastructure facilities (roads, network connection etc.), exploitation of existing HPP Tikves by the joint venture PPP etc.. In this case of such proposal and evaluation of the project, the interested company should make an estimation of ELEM’s share in the joint PPP venture. | 1. Will the involvement of ELEM be limited to the contribution in kind of HPP Tikves? | Participant in his conceptual design shall propose scope of involvement of ELEM in the project. |
|  |  |  | Did the project need the interested company to invest certain amount? | In Phase I companies shoud only invest in preparation of conceptual design for project realization. In Phase II participants in the tendering procedure , acctualy the selected company should invest in the realization of the project. |
|  |  |  | How could we get the technical data from you? What are we supposed to provide? | Interested companies should submit their request to AD ELEM in the accordance to the procedure defined in Data Room Access document. |
|  |  |  | The Model of Economic Analysis on HPP of Cebren and Galiste, and the economic parameters of Feasibility Study (2003) being made with the model; | All analyses, models and results of the analyses are presented in Appendixes E, F and G of the Feasibility Study. |
|  |  |  | The data of on-grid tariff in Macedonia; | All data can be find on the web site of Regulatory Commission www.erc.org.mk |
|  |  |  | The report on Macedonian electricity market analysis; | All reports can be find on the web site of Regulatory Commission www.erc.org.mk. |
|  |  |  | The relevant laws about electric power investment in Macedonia, for example, Investment Promotion and Protection Act, Contract Law, Construction Law, Land Construction Law, Labor Law, Environmental Protection Law, Enterprise Law, International Procurement and Tendering Law, Financial Transaction Law, Insurance Law, Taxation Law. | Please find all relevant laws on the following link: http://www.pravda.gov.mk/LDBISReader/SearchLawRegulation.aspx |
|  |  |  | If there is any arrangement/guarantee of electricity sales/purchase agreement during concession. | It is not defined and the interested participants are invited to prepare conceptual design, financial model and legal structure (concession/PPP) for project realization. |
|  |  |  | The average price (net, deducted all tax) of electricity in similar purchase agreement at present. | Currently there are no such agreements |
|  |  |  | Targeted power output of HPP Cebren and HPP Galiste Projects | There is no targeted power output. Participant should propose the output in the conceptual design. |
|  |  |  | Projects are investment or pure EPC? (Do you request finance from EPC company or only EPC services?) | Projects are concession/PPP project. |
|  |  |  | Is there any guarantee or the sovereign guarantee to be provided by the Government of Macedonia? | This is concession/PPP project and there are no guarantees by the Government. |
|  |  |  | What is the investment incentive or preferential policy for the foreign company supported from the Government of Macedonia? | Participant shall define all the incentives required by him and necessary for his participation in the realization of the project. |
|  |  |  | What are the requirements for potential investors about reference or financial statement? | Requirements will be defined in Phase II. |
|  |  |  | What is the progress for each project? Whether the Feasibility Study Report is completed and could we have some documents for study? | The Feasibility Study is posted the web site of the MEPP. All other technical documentation is available in the Offices of AD ELEM. |
|  |  |  | Which type of bidding will be adopted for, international competitive bid or negotiated? | Tendering procedure will be defined in Phase II. |
|  |  |  | What is the time schedule for each of projects? | Time schedule should be defined by the participant in his conceptual design. |