



REPUBLIC OF KENYA

# MINISTRY OF ENERGY AND PETROLEUM

## STATE DEPARTMENT FOR ENERGY

### REQUEST FOR EXPRESSION OF INTEREST (REOI) (CONSULTING SERVICES FIRMS SELECTION)

<b>Country:</b>	<b>Kenya</b>
<b>Credit No:</b>	<b>CKE 1127</b>
<b>Assignment Title :</b>	<b>SELECTION OF CONSULTANCY SERVICES TO UNDERTAKE THE 7TH COST OF SERVICE STUDY FOR THE ELECTRICITY SUB-SECTOR IN KENYA</b>
<b>Reference No :</b>	<b>MOEP/SDE/EOI/1/2024-2025</b>

- The Ministry of Energy & Petroleum has received financing from Agence Française de Développement (“AFD”), and intends to use part of the funds thereof for payments under the following project: **Consultancy Services to Undertake the 7th Cost of Service Study for the Electricity Sub-sector in Kenya.**
- Overall, the Services of the consultant shall be to determine Kenya electric system charges, in generation, transmission, distribution and retail. This shall inform costs incurred in delivering the services and which fully recover costs while addressing social and equity concerns. The findings shall be used to support EPRA in the review of the electricity tariffs applicable for the 2026-2028 Tariff control period. Specific Services of the consultant shall consist of;
  - Developing a reasonable electricity price structure consistent with a financially and operationally sustainable electricity supply system;
  - Refining the existing financial model for the electricity tariff computation for each power utility;
  - Recommending a comprehensive strategy and roll-out plan for a gradual transition to cost-reflective tariffs while making provisions for targeted life-line rates and associated social support mechanisms;
  - Recommending improvements to the existing tariff structure for electricity consumers for application by KPLC to its customers;
  - Restructuring the Kenya system load-curve to reduce peak load and improve off-peak consumption by:
    - Assessment of the current TOU tariff, its effectiveness and weaknesses, and propose a workable and sustainable structure for implementation.
    - Explore the possibility of re-introducing an interruptible load tariff category for certain consumers
    - Recommend appropriate Demand Side Management interventions necessary for energy management
    - Propose any other measures that could meet the same objective
  - Recommending a methodology for calculating the annual revenue requirement (ARR) for the power utilities that meet efficient operations and allow for new capital investments;
  - Developing a framework for annual indexation of tariffs to cater for changes in costs of major inputs;
  - Assessing and proposing implications of captive power generation, net metering and grid defection to the sector regulated utilities;
  - Assess the existing transmission wheeling methodology for effectiveness and recommend amendments where necessary;
  - Separating the transmission and distribution infrastructure assets in the Kenyan power system and allocate relevant costs to each category. The costs shall be used for tariff allocation to the appropriate services;
  - Along with undertaking the 7th Cost of service study for the Electricity Sub-sector in Kenya, the services of the consultant shall also consist of undertaking comprehensive capacity building for electricity sub-sector staff on tariff design and structuring, to support implementation of the recommendations of the study.

**The estimated budget for this assignment is expected to be not more than Six Hundred and Fifty Thousand US dollars (US\$650,000)**

- The Ministry of Energy and Petroleum now invites eligible consulting firms (“Consultants”) to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The shortlisting criteria are:
  - Interested Applicants must provide information evidencing that they are qualified and experienced to perform those Services. For that purpose, documented evidence of recent and similar services shall be submitted.
  - Determination of the similarity of the experiences will be based on:
    - The contracts size;
    - The nature of the Services is detailed technical studies
    - The technical area and expertise are Tariff Setting, Power System Planning (Demand forecasting, Generation & Transmission Planning, Power System and tariff evolution), Financial and Investment Analysis, and adequate skills and jobs planning (organizational and strategic analysis of skills and employment needs as well as initial and vocational training schemes to respond to the needs).
    - The location is any developing country with a focus in Sub-Saharan Africa and English as the language of communication.
  - The consulting firm must have at least 15 years of experience in the area of tariff setting and Power System planning, 10 years in Financial and investment analysis (specific to electricity sector) and 5 years in skills and jobs planning
  - The consulting firm will also be required to have undertaken at least one (1) similar studies in the last five (5) years as the lead consultant.
- This Request for Expressions of Interest is open to Consulting firms only
- Eligibility criteria to AFD financing are specified in sub-clause 1.3 of the **“Procurement Guidelines for AFD Financed Contracts in Foreign Countries”**, available online on AFD’s website: <http://www.afd.fr>.
- The Applicant shall submit only one application, either in its own name or as a member of a Joint Venture (JV). If an Applicant (including any JV member) submits or participates in more than one application, all those applications shall be rejected. However, the same Subconsultant may participate in several applications.  
If the Applicant is a JV, the expression of interest shall include:
  - a copy of the JV Agreement entered into by all members,  
**or**
  - a letter of intent to execute a JV Agreement, signed by all members together with a copy of the Agreement proposal,
  - In the absence of this document, the other members will be considered as Subconsultants.
  - Experiences and qualifications of Subconsultants are not taken into account in the evaluation of the applications.
- Among the submitted applications, The Ministry of Energy & Petroleum will shortlist a maximum of six (6) Applicants, to whom the Request for Proposals to carry out the Services shall be sent.
- Further information can be obtained at the address below during office hours from 8:30 AM to 12:30 PM in the morning and from 1:30PM to 5:00 PM in the afternoon from Monday to Friday. Expressions of interest must be submitted in a written form to the address below in person, by mail, or by e-mail by **16<sup>th</sup> October, 2024 12:00 Noon East African time**. The Tender box is located on the ground floor Kawi House, Block A.

The address (es) referred to above are:

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