

## **Terms of Reference (ToR)**

### **eeef Technical Assistance**

## **Background**

The European Energy Efficiency Fund (eeef) aims to support the goals of the European Union to promote a sustainable energy market and climate protection. The eeef pursues environmental goals by offering funding for energy efficiency and small scale renewable energy projects to public authorities, European municipalities and regions and to the private sector who act on behalf of the public bodies.

The eeef dedicates its funding to upgrade public sector infrastructure and all the Fund's activities are focused around the public sector with the majority of its capital being provided by public sources.

These Terms of Reference (ToR) aim to define the scope for the submitted proposals within Lithuania, for contract to perform the following advisory/consulting services:

- Completion of energy audits of buildings (which can include renewable energy installations),
- Validation of street lighting infrastructure belonging to the respective Client (which refers to the public authority entity),
- Preparation of the savings calculation and economic feasibility model,
- Preparation of the public tender documentation,
- Assistance to the Public Authority during the evaluation phase of the bidder offers and legal advice until the signing of the ESCO contract.

The subsequent implementation of the key measures shall be completed by the Energy Service Companies (ESCOs hereinafter) who are granted the Project tender (is not subject of these ToRs). The consulting/advisory services will be contracted by the eeef and rendered to the Client.

The total scope of the ToRs is assumed to be for the appointed Advisor to assess potential buildings and/or street lighting retrofits in 2 of the 5 or in all of the 5 cities or regions (Clients) in Lithuania.

Each District Municipality wishes to participate in the TA programme to enhance energy efficiency in Lithuania by upgrading public street lighting and/or public buildings infrastructure. The eeef estimates that these successfully implemented street lighting and building modernization programmes could save up to 60% of energy. The total budget per City/Client for the consulting service is not to exceed €195K. Please note that the Clients are asked in parallel to these ToRs to submit the detailed proposals to include the description of works.

This document states the requirements to enable the selection and appointment of technical, financial and legal advisors or a consortium of advisors that together possess the necessary technical, financial and legal know-how for the Project. The advisors should provide reports/documents which permit the Client to understand the status/potential impact of the proposed project with respect to its energy consumption and a complete investment plan. The report should focus on how the potential project would improve energy performance and should centralise all project information regarding all energy drivers.

The advisors should present an economic and financial analysis for the proposed investment plan of the Project and should prepare the tender documents for the implementation of this investment plan through an ESCO/PPP model contract. Also, to assist the Public Authority during the evaluation phase of the bidder offers and legal advice until the signing of the ESCO contract.

With this work, the eeef and the Client will ensure that the audited facilities follow energy efficiency best practice, as well as the efficient management of available resources.

The Advisor needs to have experience in dealing with the PPP structures and having experience in working with the public authorities in Lithuania.

## Scope of work

This section outlines the three phases of work to be completed by the appointed Advisor; a) technical audits and validation, b) economic and financial analysis, and c) preparation of the tender documents, assist the Public Authority during the evaluation phase of the bidder offers and legal advice until the signing of the ESCO contract.

The eeef Advisor should organize himself to agree the scope of work in written form with the Client and present to the eeef for sign off. All deviations from the working programme, the scope and the implementation timeline are to be agreed with the Client and discussed with the eeef. The Advisor is required to organize themselves to perform consulting services in 2-3 or even 5 Cities in parallel. According to the contractual obligation with the eeef, the Client will be required to nominate at least one representative for the entire duration of the Project to work on the Project with the Advisor.

### **Phase 1: Scope of energy audits**

Two examples (buildings and street lighting) have been used to demonstrate the requirements for validated energy audits.

#### **A. Scope of energy audits of public buildings**

The work involves the realization of energy audits of public buildings and/or public facilities proposed by the Client.

The completion of the work will follow the following steps and have the scope as reflected below:

##### **1. Energy inventories**

All buildings proposed by the Client and included within the investment program should be subject to inventory. The inventory of buildings should include the following:

- a) Documentary collection of information necessary for the preparation of the inventory,
- b) Photographic annex, where the main details regarding constructive aspects, building facilities and equipment are collected,
- c) Identification of electrical and thermal building supplies and obtain invoices for such supplies of a period of at least one year,
- d) Validate and complete the proposed investment specific energy, primary energy and CO<sub>2</sub>e savings calculations. Once energy data (baseline and post-project estimated consumption) have been calculated and validated in accordance with IPMVP, data points need to be entered into greenstem™<sup>1</sup>.

When the appointed Advisor undertakes field work, they should preferably always be accompanied by the Client's nominated representative for the Project. This staff member should

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<sup>1</sup> greenstem™ is an online energy, primary and carbon reporting platform, the access will be giving to qualified advisors.

be familiar with the buildings in question. The Advisor should propose (in advance) the schedule of site visits and data required for analysis and agree this with the Client.

## **2. Energy audits memorandum**

Below summarises the content of the energy audit memorandum requirements:

- a) Description of the building and energy consuming systems,
- b) Current energy situation (baseline),
- c) Measurements (baseline and post-implementation (estimated) measures),
- d) Improvements in energy consuming systems,
- e) Feasibility of energy savings from lighting,
- f) Feasibility of a solar thermal installation/biomass or any other renewable energy-based heating system,
- g) Feasibility of a cogeneration system installation,

## **B: Scope of Energy Audits of the Street Lighting**

The work involves conducting an energy audit of street lighting.

The completion of the work will follow the next steps and the scope will then be reflected:

### **1. Energy inventories**

The inventory will be conducted in accordance with the following:

- a) Completion of the inventory records (please specify what equipment you will use to conduct the inventory and how will you conduct this),
- b) Paper drawing detail of street lighting networks, with the situation of dashboards, power grids and lighting points, with appropriate include a legend for identification,
- c) Identification of electrical supplies and obtain invoices for such supplies of a period of at least one year,
- d) Validate and complete the proposed investment specific energy, primary energy and CO<sub>2</sub>e savings calculations. Once energy data (baseline and post-project estimated consumption) have been calculated and validated in accordance with IPMVP, data points need to be entered into greenstem<sup>TM2</sup>.

### **2. Energy audits memorandum**

- a) Description of the consuming power installations and primary energy consumption,
- b) Photometric measurements,
- c) Electrical measurements - placement of equipment analysers of triphase networks that will record a complete cycle of street lighting (ignition, stabilisation, regulation and switch off) by control panel or significant sample of them,

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<sup>2</sup> greenstem<sup>TM</sup> is an online energy, primary and carbon reporting platform.

- d) The results of energy parameter measurements in the form of graphs or tables are attached to the audit report,
- e) Diagnosis and analysis. Proposals for improvements/potential primary energy savings with new solutions.

### **Phase 2: Scope of economic and financial analysis of the proposed energy efficiency measures/investment plan**

The economic and financial analysis should confirm and define the conditions for the viability to tender the Project as an ESCO/PPP model and allow the Client to formulate payment conditions/modalities to an ESCO company winning the tender.

In each case, the economic and financial analysis should be presented in the form of an excel workbook. The workbook should include, but not be limited to the following:

- Energy saving improvements: absolute and percentage savings relative to current consumption (baseline) for the total investment. Savings should be listed following the eeef due diligence / greenstem™ requirements. Energy consumption and/savings should be validated by the technical Advisor, calculated following IPMVP principles. Validated consumption values should be entered into greenstem™ to calculate project primary energy and carbon savings,
- Economic/financial model representing during the project's life (to be outlined) the cash flows estimates and projections, detailing: savings per energy type, current energy prices, (changes in) operating costs, interest and capital,
- Financial conditions assumed as the annual payments to the ESCO, sources of funds, the interest rate, payment terms for lenders, etc.

The financial analysis should be fully justified from the view of the economic requirements to require the ESCO to implement the measures, whilst also considering the costs associated with both the PPP contract and the construction/implementation, maintenance and operation of the energy efficiency project, including the tax treatment and tax costs to be borne by the ESCO company.

The economic and financial analysis will include a sensibility analysis to the annual savings and annual payments to the ESCO Company considering changes in the main inputs.

The financial feasibility study, including a detailed risk allocation of the Project, will form the framework for defining the economic and financial requirements and conditions when drafting the tender documents for the PPP/ESCO contract.

### **Phase 3: Scope of tender documents preparation for the implementation through an ESCO/PPP model contract.**

The scope of this phase will be the preparation of a complete set of tender documents for the implementation of the Project through an ESCO/PPP model contract, considering technical, legal and financial/economic requirements and conditions. Also, to assist the Public Authority during the evaluation phase of the bidder offers and legal advice until the signing of the ESCO contract.

The tender documentation will include (but not be limited to) information such as:

- The broader context of the Project,

- An overview of the Project, including the intended allocation of major risks and envisaged responsibilities of each party,
- A list and summary of the major studies that will be made available to bidders concerning the Project,
- The intended procurement process,
- The qualifications that companies can put forward (e.g. parent or subsidiary companies' qualifications),
- The criteria and tests that will be used to evaluate the prequalification statement,
- A timetable,
- Detailed information memorandum about the Project,
- A summary of the key commercial principles, including the obligations of each party and risk allocation,
- Detailed output specifications and the minimum required technical design and technical features,
- A full draft PPP contract (which, in some countries, would be based on mandatory standard contract terms or on required guidelines of some kind),
- Instructions to bidders concerning all the information they must submit and the detailed procedures for submission,
- The evaluation criteria; and,
- Requirements for bid bonds or equivalent security (if required).

**From a legal point of view, the document will analyse and incorporate (but not be limited to) the following:**

- Applicable procurement requirements at Municipal and/or Regional and/or National level,
- Advice on mechanisms to maximize competition while avoiding unrealistic bids and project vulnerability from overly aggressive bidding,
- Information to be provided by the Client,
- Designing tender procedure, assisting the Client in its assessment of different key aspects of the tender procedure, for example, what rules to set in relation to the assessment of bids (scoring regimes, timing of bids and rejecting of excessively low bids) and how to maximize competition without sacrificing quality of bids,
- Drafting of tender and contractual documentation governing the Project during construction/implementation, operation and maintenance phases. The tender documents need to be agreed with the internal legal department and treasury/fiscal department of the Client and signed off by these for publication.

## Advisor Profile and Response to ToRs

This section outlines the Advisor' role regarding human and technical resource.

### Human Resources:

The Advisor shall be responsible for mobilisation of qualified human resources with the proven experience in the scope of works. It is anticipated that the Advisor's team shall include the following key expertise with support as required in other disciplines:

- Two industrial engineers with proven experience in energy audits/renewable energy and energy efficiency related installations
- Financial advisor who can demonstrate experience in economic and financial viability analysis and the structuring of ESCO/PPP contracts,
- Lawyer or financial expert with legal background with specialization in national/local regulatory framework and proven experience in structuring and drafting of ESCO/PPP tender documents and contracts.
- The Advisor needs to have experience in dealing with the PPP structures and having experience with the public authorities of Lithuania and being fluent in Lithuanian and English.

All experts shall have preferably a minimum of 8 years of experience within a similar role to which they are proposed to complete for the eeef. The support team must be composed of at least 7 professionals to meet the deadlines and work.

The advisor team will be requested to respond to these TORs until **December 4, 2019 at 6pm CET** per email to [technical\\_assistance@eeef.eu](mailto:technical_assistance@eeef.eu)

- a) Proposal to include how it will intend to manage the workflow described above and organize the advisor's consortium.
- b) Present a general company presentation, and the relevant project list related to the scope of work included in these TORs and CVs of the related personnel to be involved in the project. Please note that awarding of the contract is done on the basis of the CVs included in the response to these ToRs.
- c) The advisor consortium is expected to present the reports in English. However, the tender documents need to be drafted in the language of the Client (Lithuanian) and also translated into English.
- d) The eeef is not covering any travel costs or accommodation. The Advisor is requested to present an all-inclusive price per Client or for the whole scope of work, the pricing might need to be adapted when all proposals by Clients have been submitted (i.e. being lower or higher per Client)

### Technical Resources:

The Advisor should provide a list of all technical equipment that they propose to use to conduct the energy audits.

The eeef will invite the bidders to discuss their offers in an interview in person or over the phone after the submission date. The final decision to award the contract will be taken by the end of December 2019, so that works could be started in **January 2020**.

## Term of the Technical Assistance Contract, Control and Monitoring

The total scheduled execution time and maximum delivery time is 12 months for each Client<sup>3</sup> until the tender publication of the ESCO contract. After that, the Advisor will assist the Public Authority during the tender phase and commercial close.

For the effective control and monitoring of the work, the following meeting schedule with specified attendees should be adhered to:

- **Kick-off Meeting.**  
A detailed project plan should be presented for approval. This will list the tasks, responsibilities, key dates/milestones and execution time and also confirmed participation by each of the Client.
- **Progress meetings and monthly updates.**  
The meetings/updates should be organised by the Advisor. Meetings/updates should summarise project status, completed tasks, and upcoming tasks to execute. The meeting will be held on the premises of the Client.
- **Final presentation.**  
Presentation of the work to the Client. Once the Client has signed off, the final report(s) also need to be signed off by the eeef.

### Organisational requirements

- The Advisor has to ensure that one person from the Client is collaborating and providing access to documents/infrastructure etc. required to enable them to perform their duties,
- The Advisor agrees the timeline with the Client and achieves their sign off for it,
- All works to be performed on the Client's site should be agreed with the Client and signed off by the Client,
- The Advisor could replace the proposed experts only with prior approval of the Fund
- The Advisor prepares monthly time sheets that include Euro (€) value and presents these to the Client for approval. Approved timesheets should be forwarded to the eeef. The eeef sign off time sheets every month only after these have been signed off by the Client.
- The Advisor reports all project delays and conflicts that arise in above-mentioned points to the eeef.
- The relationship between the eeef and the Advisor is regulated by the contract which is concluded when the bid is awarded.

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<sup>3</sup> The 12 months timeframe starts once a technical assistance contract between the eeef and the Client has been executed. Advisors are expected to complete and deliver Phase 1-3 of the Scope of Work within 12 months i.e. complete all energy audits, complete economic and financial analysis and prepare the tender documents and final reports.