

## TERMS OF REFERENCE

### TOOLKIT FOR DEVELOPING POWER PURCHASE AGREEMENTS FOR RENEWABLE ENERGY GRID INTEGRATION FOR TRINIDAD AND TOBAGO

*SUPPORTED BY THE SUSTAINABLE ENERGY CAPACITY BUILDING INITIATIVE (SECBI) OF THE  
DEPARTMENT FOR SUSTAINABLE DEVELOPMENT OF THE ORGANIZATION OF AMERICAN STATES*

#### 1. JUSTIFICATION & BACKGROUND

- 1.1 Energy is critical to nearly every aspect of economic development. This is true for all countries, but is particularly in the Caribbean region, where most energy resources are imported and the high cost of modern energy services impacts all aspects of development.
- 1.2 As such, the Department for Sustainable Development of the Organization of American States (OAS/DSD) is launching a call for quotations for consultant support under the framework of the *Sustainable Energy Capacity Building Initiative* (SECBI), which is implemented under the auspices of the Energy and Climate Partnership of the Americas (ECPA). The *Sustainable Energy Capacity Building Initiative* (SECBI) addresses critical commercialization challenges related to expanding the development and use of sustainable energy alternatives as a means of injecting lower cost and less environmentally harmful energy technologies into the energy portfolio in the Caribbean region.
- 1.1 This Terms of Reference for this consultancy has been prepared in response to a Request of Interest submitted by the Government of Trinidad and Tobago. The services to be provided are relevant to the Caribbean region and respond to a need identified at the OAS-led Regional Workshop titled “Sustainable Energy Project Development: Experience, Strategies and Implementation” that was held on August 19, 2014 in Saint Lucia.
- 1.2 Trinidad and Tobago (T&T) is seeking to effectively develop its renewable energy (RE) resources; however, one of the main barriers is the lack of a supporting legal and regulatory framework for RE power generation. Currently, a standard contract for renewable electricity generators does not exist and in this regard, assistance is being sought for the design of a toolkit for the development of renewable energy power purchase agreements and contracts.
- 1.3 T&T has already developed a Renewable Energy Policy Framework, which is being incorporated into the Draft Energy Policy Green Paper. In the Framework, wind energy has been identified as one of the available RE Resources for power generation in Trinidad and Tobago. The Government is expected to embark on a Wind Resource Assessment Programme (WRAP) to quantify the wind resource potential for T&T and identify possible locations for the installation of wind farms. Following the WRAP, the development of PPAs for wind generated electricity will be a fundamental step not only

for the planning and effective implementation of a successful wind project but also for other prospective RE projects. In addition to developing a standard PPA for large generators, it is also desirable to develop a standardized contract (or simplified PPA model) for small installations. As T&T works to develop its renewable energy resources, having standard renewable energy power purchase agreements and contracts available will help ensure effective contracts are created. The assistance of the OAS in this regard will be of great value.

- 1.4 The RE Policy Framework also identified the Feed-in Tariff (FIT) policy as an option to encourage renewable energy installations. The Government of T&T entered into an agreement with the United Nations Environment Programme (UNEP) to support the development of a proposed FIT policy utilizing as a guide, a prior Report of the UNEP which was intended to assist policy makers and law drafters in designing such FIT policies. Recently, an Inter-Agency Committee was created to review the recommendations in the Report and consider the development of a Feed-in Tariff Policy. This Committee includes stakeholders from the Ministry of Public Utilities, the T&T Electricity Commission, the Regulated Industries Commission, the Ministry of Planning and Sustainable Development and the Ministry of the Environment and Water Resources. These stakeholders will also be involved in executing the project work. If a FIT is developed, standard renewable energy power purchase agreements and contracts will be valuable in guiding the creation of suitable FIT PPAs for renewable energy.

## **2. Objectives**

### **2.1 To provide capacity building for local stakeholders in developing a supportive legislative framework for RE in T&T**

The current legislative framework does not facilitate (without a license), the establishment of independent power producers (IPPs) to generate and transmit electricity to the national grid. Revision of the electricity legislation such as the Trinidad and Tobago Electricity Commission (T&TEC) Act and the Regulated Industries Commission (RIC) Act is necessary to enable renewable energy generators to access the grid at both the distribution and transmission levels. Addressing these legislative issues will create an enabling environment for potential renewable energy investors. The Government is working on establishing a proper legislative framework that would enable renewable energy grid integration and assistance or support from the OAS to engage with relevant stakeholders to review the Legislation and make recommendations for amendments would be valuable. The Capacity Building training is expected to equip local stakeholders with the required knowledge to make amendments to the necessary legislation to support RE grid integration.

### **2.2 To develop a model PPA and deliver an associated PPA training**

Developing a framework or toolkit for power purchase agreements (PPAs) will ensure effective contracts are created for renewable energy generators seeking long term and secure investments. An associated training on the use of the PPA will assist in the construction of suitable contract options under the Feed-in Tariff scheme that the country is exploring, for both large and small renewable energy generators.

### **2.3 To provide training for the development of a monitoring and evaluation plan**

In order to ensure that renewable energy growth and development is sustainable over time, the PPAs will undergo occasional monitoring and evaluation. This training will assist in the following activities:

- Assessing the effectiveness of PPAs;
- Ensuring compliance with the terms and conditions of the PPA over the contract period; and
- Revising and making the necessary amendments to PPAs, taking into account changing market conditions.

### **3. ACTIVITIES**

Supported by the OAS/SECBI Project Manager, the consultant shall, among other duties:

- 3.1. Task A: Prepare a project Inception Report that includes a detailed work plan of the consultancy, including a description of the activities to be carried out and outputs, a timetable of activities and delivery dates.
- 3.2. Task B: To provide capacity building for local stakeholders in developing a supportive legislative framework for RE in T&T
  - 3.2.1. Review existing relevant legislation and frameworks including the Trinidad and Tobago Electricity Commission Act and the Regulated Industries Commission Act and the Renewable Energy Policy Framework.
  - 3.2.2. Identify gaps in the existing legislation
  - 3.2.3. Provide recommendations for legislative amendments
- 3.3. Task C: To develop a model PPA and deliver an associated PPA training
  - 3.3.1. Survey International PPA Models and Standard Contracts
  - 3.3.2. Survey Competitive Tendering Process for RE Projects
  - 3.3.3. Develop Model Agreements/Contracts for small RE Generators
  - 3.3.4. Develop Model PPA for large RE Generators
  - 3.3.5. Deliver training with members of the Feed-in Tariff Policy Committee and other key stakeholders on the application of the model PPAs. The purpose of this training will be to review the key ingredients to a successful PPA and contract negotiations. It will also provide an opportunity to review the model documents with relevant stakeholders and collect feedback.
  - 3.3.6. Based on feedback from workshop, develop final standard model agreements/contracts for small RE Generators and model PPA for large RE Generators.
- 3.4. Task D: To provide training for the development of a monitoring and evaluating PPA Performance
  - 3.4.1. Survey monitoring and evaluation frameworks for PPA performance
  - 3.4.2. Develop a monitoring and evaluation framework that should include, but is not limited to:
    - i. A description of the monitoring and evaluation design methodology or strategy, including the framework to be used to gather the information;
    - ii. A plan for gathering and analyzing information on PPA performance;
    - iii. Identifying initial, intermediate, and final outcomes.

#### 4. OUTPUTS, DELIVERY REQUIREMENTS AND SCHEDULE OF PAYMENTS

- 4.1 The consultant will generate the following outputs:
- i. An Inception Report that includes a detailed work plan (Task A).
  - ii. Report summarizing findings from Task B.
  - iii. Report summarizing findings from the survey of international PPA and standard contract models (Task C).
  - iv. Report summarizing findings from the survey of competitive tendering processes for RE projects (Task C).
  - v. Preparation of two model PPAs, one for small RE generators and one for large RE generators (Task C).
  - vi. Development of a proposed PPA monitoring and evaluation framework for Trinidad and Tobago (Task D).
  - vii. Preparation and delivery of a training for key renewable energy stakeholders on the following topics (See also Tasks C and D):
    - a. Overview of the model PPAs for small and large RE generators
    - b. Application of the model PPAs
    - c. Proposed PPA monitoring and evaluation framework
- 4.2 The consultant shall have the following payment schedule and shall provide the following deliverables:
- i. **10% upon delivery and approval of:** The Inception Report, as specified in Task A, to be completed within the first 30 days after contract signing.
  - ii. **10% upon delivery and approval of:** A draft report summarizing findings from Task B.
  - iii. **20% upon delivery and approval of:** A draft report and model PPAs as specified in Task C.
  - iv. **30% upon delivery and approval of:** A draft report summarizing findings from Task D.
  - v. **30% upon delivery and approval of:** Finals reports for all tasks and the successful delivery of associated RE stakeholder training.

#### 5. CONSULTANT PROFILE

- 5.1 The consultant or firm shall have at least 5 years of experience with renewable energy policy design in the Caribbean region. The consultant will have experience with renewable energy legislative reform, policy gap analysis, RE tendering processes, along with model PPA preparation and evaluation experience. The consultant will be knowledgeable on international best practices and will have experience with delivering trainings to policymakers and regulators on RE topics. This project will be conducted in English and an excellent command of written and spoken English is necessary.

#### 6. PROPOSAL REQUIREMENTS AND SELECTION

- 6.1 The consultant shall be engaged for the period May 01 to November 15, 2015. At least two country missions are envisioned for this consultancy.
- 6.2 The consultant or firm should submit the following:

- 6.2.1 Technical Proposal not to exceed 15 pages that includes a methodology, relevant project experience, and consultant(s) CVs.
  - 6.2.2 Financial Proposal that includes the cost for delivery the consulting services, specified by task.
- 6.3 The deadline for submission for quotations is scheduled for April 24, 2015 of which will be coordinated with the OAS Procurement Department.