

CALL FOR EXPRESSION OF INTEREST FOR A LEASING A THERMAL POWER
GENERATION ASSET

I. BACKGROUND

Albanian Power Corporation (KESH sh.a.) is a public power utility licensed by Albanian Energy Regulator Authority (ERE) for the production and trade of electricity from the generating assets under its administration. The actual Electricity Market Model of Albania approved by ERE and the Decision of Council of Ministers (DCM) No. 620 date October 22, 2021 for the *“Approval of the Public Supply Obligation (PSO) conditions for the licensed entities of the Albanian Electricity Sector during the Power Supply Emergency Status in order to prevent and withstand the consequences of global energy crisis”* imposes KESH with the obligation to provide all the electricity needed to meet the demand of Universal Service Supplier (FSHU) To meet such obligation, KESH must utilize the electricity produced by its generating assets in combination with exchange and/or deposit agreements and procure the rest in the open market. Meeting the Public Supply Obligation under the conditions of the global energy crisis accompanied by the consequent upsurge of the electricity prices in the regional markets, as well as the production dependency from the hydro meteorological outcome, puts KESH under excessive operational and financial stress. The Government of Albania (GoA) committed to assist KESH in fulfilling the PSO and mitigating the risks coming from the upsurge and unpredictability of the electricity prices in the regional markets, at the lowest cost possible. By the DCM No. 757, date December 12, 2021, for *“Some changes and amendments on the DCM No. 620 date October 22, 2021”*, GoA authorizes KESH, based on the derived necessities and potential opportunities, to address international market for temporarily (1-3 years) hiring of additional thermal electricity generation assets that can be easily deployed and interconnected to the Albanian Electricity Grid, serving the purposes of:

1. Generating of the total amount of electricity needed to fulfil the PSO by keeping the costs below the market price.
2. Providing a reserve generating capacity to guarantee the security of power supply for the Albanian Electricity System.
3. Optimizing the production of electricity from both hydro and thermal resources in order to meet the PSO demand throughout annual time span, even in the dry season when the electricity prices usually rise.
4. Realizing surplus revenues from commercial transactions in deregulated market by exploiting the opportunities of the increased market prices

II. THE REQUEST FOR THE EXPRESSION OF INTEREST

Under the up mentioned circumstances and law obligations, in order to discover the technic and economic opportunities for hiring a thermal electricity generating asset that can easily deployed and interconnected in the electricity transmission grid of Albania, KESH initiated the procedure:

Call for Expression of Interest for a leasing a thermal power generation asset.

By completion of such procedure, KESH expects to contract an international economic entity or group of entities that will present the most favourable acceptable offer, granting KESH sh.a. by lease, on temporary basis (1-3 years) a thermal generating asset interconnected in transmission grid as well as performing under its responsibility the maintenance and operation activities throughout the lease period and in accordance with the production requirements provided by KESH sh.a.

III. TECHNICAL REQUIREMENTS FOR THE GENERATIONG ASSET

In order that the thermal generating asset, offered on lease including the O&M services, to be integrated with the transmission grid of Albania by utilizing the existent interconnection infrastructure that KESH sh.a. have in possession, it needs to fulfil the following technical requirements.

1. Have a power capacity of 110 MW and not more than 130 MW. The total installed capacity must be modular in order to provide a production flexibility without impacting the generation efficiency of the plant
2. The asset must be disponible to lease for a period of 24 (twenty four) months with a termination clause in the last 4 (four) months with a penalty of not more than 25% (twenty five) of the cost of the lease for those last four months.
3. Operate using both LFO and HFO as fuel power source.
4. Have an availability factor of more than 0.85.
5. Be in compliance with the Albanian legal requirements for the environmental pollution.
6. Guarantee the supply of electricity in 220kV/50Hz by respecting the system security parameters
7. Be fit for deployment near Vlora TPP, making use of the plant interconnection infrastructure (Vlora TPP-Babica Substation 220kv power line)
8. A floating plant is preferred to avoid the space occupation and interference with the Vora TPP conservation and rehabilitation activities during the operation time span.
9. The floating asset must meet draft requisite of not more than 3.5 m.
10. Services for the transmission of the power from the location of the plant to Vlora TPP-Babica SS interconnection terminals, located within Vlora TPP premises (not more than 1000m) to be provided by the lessor.

IV. SUBMISSION PROCEDURE

The procedure for the delivery, acceptance and evaluation of the Expressions of Interest, will be performed in accordance with the following rules:

- The expression of interest can be presented by any entity, (a single company or group of companies united in a joint venture for such purpose) that fulfils the conditions and requirements of the procedure. In case of a group of companies, the joint venture agreement must be included in the expression of interest, stating the lead company that will act as the representative of the group. In regard to the acceptance and evaluation the group will be considered to fulfil the criteria when at least one of the members fulfils it.
- The interested entity must deliver the Expression of Interest together with the required documentations to KESH sh.,a not later than 14:00 of 14 January 2022,
- The interested entity may send by email, within the forementioned deadline, a scanned copy of Expression of Interest with all the attached documentation at the address dot@kesh.al. Anyway, the interested parties have the obligation that priory to lease agreement subscription, to provide a hard copy of the Expression of Interest with all the originals or notarized copies, apostille authenticated and translated in Albanian.
- The expressions of interest that will not be provided in hard copy documentation, as per requirements above, shall be considered not qualifiable and void.
- In 2 (two) weeks after the submission deadline, KESH sh.a. will examine and evaluate the presented Expressions of Interest for the compliance with both requirements presented at this Call for Expression of Interest as well as the definitions stated at the article VIII of amended DCM No. 620, date 22.10.2021. The notification about the evaluation of the expression of interest will be published and informed to the participating entities within 5 days from the end of the evaluation process

QUALIFYING, LEGAL AND FINANCIAL CRITERIA The entities expressing the interest to this Call, must prove the fulfilment of the qualification criteria, by delivering the supporting documents as follows:

- Documentation certifying the registration of the company, in the commercial / court registers of the country where the company was established or registered;
- Documentation from the commercial registers of the country where the entity has its headquarters, which displays the value of the company's capital consisting of the value of assets or liquidity and that appears in the extracts of commercial registers and financial statements of the company;
- Certificate that the entity is not under the process of liquidation/liquidation/bankruptcy and its capital/assets are not subject to enforcement proceedings in the countries where its activity runs;

- A document issued by the competent institutions of the respective state, not older than 3 months from the date of submission of the Offer for Expression of Interest, which certifies that the company and the legal representative of the company:
 - are not under the process of bankruptcy;
 - are not under prosecution for criminal violations, for issues related to the activity of electricity production or trading;
 - have not been convicted by a court decision, for criminal offenses related to the activity of electricity production and trading, or other criminal offenses (participation in a criminal organization, corruption, fraud, money laundering, forgery, abuse of office, theft, obstacles to the execution of court decisions and criminal offenses in the field of bankruptcy)
 - have not been convicted, by a final verdict, for activities related to professional activity;

In case the state where the company is registered does not issue one of the state documents, then the company submits a self-declaration under its own responsibility.

Certificate or declaration that the subject has accomplished the obligations related to the payment of taxes, fees and social / health insurance contributions in compliance with the legislation of the respective state;

- Financial statements of the licensed entity for the last year, certified according to the rules of the respective state where the company runs its activity, aiming at assessment of the financial performance of the interested entity; Relevant technical and legal supporting documentation, related to the required technical and activity capacities, through which the possibility of obligations accomplishment that will derive from the thermal generating asset lease agreement, is assessed, as well as, without limitation, similar contracts, operation and maintenance contracts for thermal power plants, etc. In order to highlight the above, the interested entity must submit in writing supported by the accompanied documentation:
 - A company profile expressing interest which describes its capacity to meet KESH requirements
 - A description of the processes, as assessed by the entity, necessary to apply, in order to meet the requirements of KESH for leasing an operational thermal electricity generation plant,
 - Proof of performance for at least 2 (two) cases that is/has provided O&M electrical and mechanical services for electricity thermal generator plants having an total installed capacity, not less than 100 MWh
 - Proof of performance that is/has provided O&M services for electricity thermal generator plants that operate integrated in the electricity system grid
 - Proof of performance for at least 1 (one) case that is/has provided construction or services for electricity substation of not less than 220 kV.
- Demonstrating its capabilities to perform O&M services for the floating power plant, the interested entity must provide a personnel structure and a list of employees with respective positions, duties and responsibilities supported by the CVs with relevant qualifications and experience for the key experts. The structure must cover all the areas of expertise with the proper number of employees needed to carry out all the maintenance and operation activities for the floating plant, considering at least but not being limited to relevant positions like:

- Mechanical Engineers
- Electrical Engineers
- Mechanical Experts experienced for the operation and maintenance of the mechanic components of the plant
- Electrical Experts experienced for the operation and maintenance of the electric components of the plant
- Expert certified for the job health and safety HSE
- In order to demonstrate its managerial and operational capabilities, as well as, environmental and social responsibilities in compliance with the international standards for the required services, the interested entities must provide:
 - An internationally recognized certificate like (NEBOSH, IOSH or equivalent) for the HSE expert
 - ISO 9001:2015 Quality Management Systems Certificate.
 - ISO 45001:2018 Occupational Health and Safety Management Systems Certificate.
 - ISO 14001:2015 Environmental Management Systems Certificate.
 - ISO 27001:2017 Information Security Management Certificate
- Statement and proof that the interested entity has in its possession, or has it under administration owning the rights to give it on lease, a floating electricity thermal generation plant.
- Statement of technical specifications of the thermal plant intended to lease that needs to contain but not limited to the following data:
 - Installed Capacity
 - Generation technology process description
 - Type and specifications for the generating fuel
 - Specific consumption for each generate MWh
 - Availability factor of the plant
 - Gas emissions data for the respective fuel
- Declaration that the interested entity has the technical and operational capabilities and will deliver, for the given rent price, all the incorporating processes for the deployment, interconnection, operation and maintenance of the plant on lease, by carrying out and covering all the costs of the construction works and services needed.
- The interested entity must provide any insurance or guarantee instrument for the offer and the future lease contract.
- Declarations must be accompanied with supporting technical or legal documentations that can prove or support them.

V. CONDITIONS AND ACTIVITIES FOR THE DEPLOYMENT AND OPERATION OF THE LEASED ASSET

KESH sh.a., through its subsidiary TEC Vlora sh.a., has in administration a combined cycle thermal power plant of 97MW (Vlora TPP), that actually is not operational and under conservation.

The plant is located at Soda Forest, north of Vlora City, by the coast and close to the fishing port facility of Triport (less than 1000m).

Vlora TPP is connected in the transmission grid of Albania via Vlora TPP - Babica SS high voltage transmission line (220kv/50Hz) and has at its premises fuel tanks for depositing of liquid fuel

Due to the location and such infrastructure advantages, the required generating asset is considered to be a floating one and be moored within the basin of the Triport enabling a short distance interconnection with the Vlora TPP transmission line terminals (*please refer to the maps and drawings attached*). KESH will provide all the rights of use of the triport bay to the future asset deployment.

The lessor will provide KESH sh.a. a thermal generating asset according to the technical requirements presented in this Call and will perform, under its responsibility, all the activities needed for the:

- Mooring of the vessel and guaranteeing the safety of the plant within the basin.
- Interconnection with the transmission line in compliance with the system security requirements.
- Maintenance of the whole plant in accordance with the manuals and procedures that guarantee the safe and sustainable operation of the plant
- Operation of the plant with respect to the agreed methodology and service specification provided

KESH sh.a. guarantees the lessor that owns the rights of use of the designated space needed for mooring the floating plant.

KESH sh.a. will be responsible for securing the interconnection of the plant in the transmission grid through the Vlora TPP transmission line access point

KESH sh.a. will be responsible for carrying out all the procedures in order to procure and supply the fuel needed for the operation of the plant in accordance with the agreed operation methodology

VI. THE FORM OF EXPRESSION OF INTEREST

The interested entities, responding to this Call, must provide their proposal to KESH sh.a. in a form that, apart of the upenmentioned documents, needs to contain, but not limited to, the following information data and declarations:

- The rent price for the generating asset.
- Technical proposal including:
 - Technical data of the floating power plant
 - The time frame and the description of activities for the functional incorporation of the plant, (mooring and connection in the transmission grid)
 - Description of the activities for the operation and maintenance of the plant.
 - Proposed terms and methodology for the coordination of fuel supply and power generation activities.
- A declaration of agreement with the terms and requirements made present in this Call for Expression of Interest
- A declaration for the validity of the presented offer, until the environmental permission is granted.
- An insurance or other guarantee instrument for the offer at an amount of 100,000 (one hundred thousand) Euro
- A declaration for the future issue of an insurance or other guarantee instrument of the lease contract of at least 10% of the value of the contract.

VII. EVALUATION PROCESS

KESH sh.a. will perform the evaluation of the offers by committing to respect the fundamental principles such as; equal treatment; non-discrimination; confidentiality and transparency.

The Expressions of Interest will be examined by KESH sh.a, according to the documentation provided by the interested entities, on a comparative basis, using professional analysis and judgment, according to the qualification requirements and evaluation criteria.

The evaluation process will be carried out in two stages:

Compliance assessment - At this stage, the documentation of the offers provided will be verified for the compliance with the legal provisions, qualification criteria and will be assessed for the fulfilment of the technical requirements

Selective Assessment - During this stage KESH sh.a., will examine the financial offers and technical proposals, with the scope of carrying out a comparative assessment of the proposals based on the following weighted selective criteria:

Monthly Rent Price for installed capacity.	Maximum points will be given to the lowest price offered. The other offers will get the points in percentage to the lowest offer. <i>Meaning: Offer X Points = Lowest Price offered / Offer X Price * Maximum points</i>	40 points
Fuel to power efficiency of the Plant	Maximum points will be given to the highest efficient plant offered. The other offers will get the points in percentage to the highest offer. <i>Meaning: Offer X Points = Offer X Efficiency / Highest Efficiency offered * Maximum points</i>	20 points
Functional instatement time frame	Maximum points will be given to the shortest instatement time offered. The other offers will get the points in percentage to the shortest time offer. <i>Meaning: Offer X Points = Offer X Time / Shortest Time offered * Maximum points</i>	20 points
Annual Availability Factor of the plant (<i>Annual Factor <=1</i>)	Maximum points will be given to the highest Factor offered. The other offers will get the points in percentage to the highest offer. <i>Meaning: Offer X Points = Offer X Factor / highest Factor offered * Maximum points</i>	20 points

At the end of the evaluation process, KESH sh.a. will inform participating entities with the evaluation results and in case of a financially acceptable proposal will initiate the lease agreement negotiation process with the best proposal lessor.

In order to anticipate the initiation of the lease agreement for the thermal generating asset, both KESH sh.a. and the lessor will commit to take the necessary measures and actions needed to acquire all the environmental licenses and permissions needed for the instatement and operation of the floating power plant near Vlora TPP, in accordance with the provisions of the Albanian legislation.

All the expenses, KESH sh.a. will make during the instatement phase for the licenses and permissions, will be covered by the lessor. Such expenses will be made present to the lessor during the negotiation of the agreement.

Enactment and initiation of the Lease Agreement will be conditioned by:

1. The acquisition of environmental permission and any other necessary licenses or permissions that will be needed to begin the operation of the plant
 2. The necessary approval of the lease agreement by the company bodies .
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