

Terms of Reference (TOR)  
for  
Rationalize and update the Power Purchase Agreements (PPA) and Implementation Agreements  
(IA) of IPPs (Contract Package No.: S- 114)

**1. Introduction**

The demand of electricity is increasing rapidly in Bangladesh. There is a need to expand the electrification programme. The government of Bangladesh (GOB) recognizes that the pace of power development has to be accelerated in order to achieve overall economic development targets of the country and avoid looming power shortages. Power is the prime mover. Any big push of the economy would need accelerated power development.

**2. Background**

The likelihood of securing such a substantial volume of investment for power generation alone through the public sector is not possible. Besides, competing demands on government resources and declining levels of external assistance from multilateral/bilateral donor agencies further constrain the potential for public investment in the power sector. Recognizing these trends, GOB amended its industrial policy to enable private investment in the power sector. GOB also adopted the recommendations contained in the report on Power Sector Reforms, prepared by a high level Inter-Ministerial Working Group, for restructuring the power sector and promoting private sector participation in the generation of electricity in order to attain higher economic efficiency. The Government is strongly committed to attract private investment for installing new power generation capacity on a build-own-operate (BOO) basis. Accordingly, GOB has adopted "Private Sector Power Generation Policy 1996" to promote power generation in private sector. Proposals of Independent Power Producers' (IPP) projects are evaluated, negotiated, contracts award and various agreements are made by the utilities and the Power Division, Ministry of Power, Energy and Mineral Resources. Not only Financing Agreements, the projects need Security Agreements such as, Implementation Agreement (IA), Power Purchase Agreement (PPA) and Fuel Supply Agreement (FSA) etc. These are prepared for private power projects to eliminate the need for protracted negotiations between GOB and Sponsors. However, in the past few years, to attract sponsors & entrepreneurs in power generation projects, some changes have been made in the standard PPA and IA on case to case basis.

Another major challenge for the sector is to control the Grid frequency which has become a major concern for the sector. Government is trying to find ways and means to keep the Grid frequency stable. BPDB requires to ensure through PPA that the power plants will run in harmony with a stable grid. But, there are not adequate provisions in current versions of the PPA/IA with IPPs to comply with requirement to run the power plants under a stable grid. Therefore, the standard PPA and IA need to be reviewed and updated. And appropriate provisions of the standard PPA and IA need to be incorporated such that the IPPs follow the standard grid code.

Under such circumstances, it has become essential to appoint a consultancy firm to review the exiting Power Purchase Agreements (PPA) and Implementation Agreements (IA) of IPPs to rationalize and update for a stable grid condition.

Power Cell on behalf of GoB will appoint a consultancy firm to carry out the task.

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### **3. Objective**

The transaction documents (PPA, IA) need to be updated in order to accommodate the logical changes and for the better controlled and stabilized grid frequency.

### **4. Scope of Service**

The scope of services for reviewing the PPA & IA includes but not limited to the following:

- Review the existing PPA & IA.
- Identify the changes made in the past.
- Identify the deviation in the PPAs & IAs with respect to standard PPA & IA.
  
- Identify the rationale of deviation and the impact due to these deviations in the PPAs & IAs.
- Specify the required amendment for rationalizing and updating the PPA & IA for IPPs.
- Incorporating necessary provisions in the PPA/IAs to ensure a stable grid.
- Prepare revised PPA and IA.
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### **5. Time Period:**

3 (three) months from the date of signing of the Contract.

### **6. Reports:**

- (1) Inception Report: Consultant will submit an Inception Report within 1 week from signing of the Contract, stating their jobs understanding, concept on the requirements of the assignment, readiness and strategy for undertaking the project.
- (2) Interim Report: Consultants will submit Interim Report within 1.5 months from the date of Contract signing.
- (3) Draft PPA and IA: Consultants shall submit Draft PPA & IA within 2.5 months from the date of Contract signing.
- (4) Stakeholders Workshop: Consultants shall arrange a Stakeholders Workshop on Draft PPA/IA.
- (5) Final PPA and IA: Consultant will submit the Final revised PPA and IA incorporating the comments of the Workshop within 3 months from the date of signing of the Contract.

### **7. Facilitation and Reporting:**

Power Cell will ensure access to the available pertinent information to the assignment. The Consultant will work in close association with the Power Cell and all generation, transmission and distribution entities. A coordination mechanism will be in place to review progress, provide guidance and advice. The designated personnel of the utility will interact with the consultants, provide relevant data, arrange discussions and assist as required. Consultant will work under the guidance of the Power Cell.

### **8. Key Staff Requirement:**

The preferred experiences of proposed key staffs are mentioned below:

- (1) **Team Leader:** At least Master degree in Electrical/Mechanical /Power Engineering with 10 years working experience in Power Purchase Agreements (PPA) & Implementation



- Agreement (IA) with minimum 20 years experience in power sector. Preferably, the Team Leader should have regional experience in Electricity Market.
- (2) **Generation Expert:** At least graduation in Electrical/Mechanical Engineering with minimum 15 years experience in power generation. Should have experience in power plants operation & maintenance, energy balance etc.
  - (3) **Transmission Expert:** At least graduation in Electrical Engineering with minimum 15 years experience in transmission planning, design, operation & maintenance.
  - (4) **Legal Expert:** At least graduation in Law with minimum 15 years working experience in power sector with 10 years working experience in Power Purchase Agreements (PPA) & Implementation Agreement (IA).
  - (5) **Power Economist:** At least Master degree in Economics, power economics or engineering economics with minimum 15 years professional experience in tariff analysis, cost structure, cost optimization in power sector. Experience in public sector utility is preferred.

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