

REQUEST FOR PROPOSALS

FOR

Energy Crisis and Regulatory Considerations for the future market model

Publication by ERRA

ERRA Secretariat

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1 Background

The Energy Regulators Regional Association (ERRA) is a voluntary organization comprising 48 independent energy regulatory bodies from the Europe, Asia, Africa, Middle East and the Americas (later referred to as 'ERRA Member Organizations') many of them representing developing countries. The Association was legally registered in Hungary in April 2001 and its Secretariat operates in Budapest.

Our Mission: Support strengthening and improving the regulatory framework.

Our Vision: Being a reference point for practice and knowledge in the constantly evolving regulatory environment.

Our website gives access to information on all public activities of ERRA as well as details on the internal structure, members and their activities (including the Standing Committees framework), upcoming and former events and other undertakings within the Association. We invite you to visit us at: www.erranet.org

One of the core objectives of ERRA is to provide its members with publications, studies and information which can help guide their regulatory policy, enhance evidence-based policy-making and promote sound regulatory instruments based on examples of international best practice.

The energy crisis which has affected Europe over the past two years has led to high energy prices which reached sustained and unprecedented levels. ERRA member organizations reacted with a variety of measures aimed at protecting the impact on end-users through a series of short-term interventions on the tariffs, fiscal measures undertaken in coordination with their respective governments and interventions on the wholesale market.

This Request for Proposals (later referred to as 'RfP') document calls on competent consultants to bid to develop a paper on *Energy Crisis and Regulatory Considerations for the Future Market Model*.

In general terms, the paper shall provide an overview of regulatory measures, complemented with a general energy policy insight in ERRA member countries, to address the energy crisis challenges for markets and final consumers and to provide possible policy recommendations in the context of current discussions around the evolving energy supply and market paradigms, including fundamental considerations for the electricity market design.

The **purpose of the paper** is to benefit all ERRA members (those who are EU members and those who are currently undergoing the energy reform process outside of the EU) by enhancing their understanding of challenges posed by the energy crisis, and the energy sector dynamics that follow it in ERRA regions, by:

1. presenting the regulatory response undertaken to address the crisis in specific market/system conditions (EU, non-EU) as case studies from select representatives from among the member base,
2. reflecting on lessons learned from the measures' implementation and possible policy pathway forward.

The study will be published on the occasion of the 20th ERRA Annual Conference organised on October 9-10, 2023 in Budapest, Hungary. The Consultant will be invited to present the study during the Conference in a form of an individual presentation.

2 Project description and terms of reference

The purpose of the engagement is to deliver a publication in line with the **specific content** described in this chapter of the RfP. The content is not exhaustive and ERRA expects potential bidders may suggest other topics or sub-topics which are relevant to the main message and the purpose of the publication.

The indicative list of chapters, and a short description, is provided below:

- 1. Executive Summary** – providing an overview of the purpose and conclusions of the study
- 2. Introduction** – highlighting the purpose of the report and its scope
- 3. 'How we got here'** – giving first, a short introduction of the energy reform process which started in the 90s and an overview of the wholesale market models applied internationally; then shifting the focus to the EU Energy market design and energy-only markets, assumptions behind energy-only markets and its advantages and setbacks. This chapter should also include challenges faced in emerging markets shifting from long-term PPAs under single-buyer models.
- 4. Energy crisis and regulatory responses** – this chapter will constitute the core of the paper and is intended to provide a description of the energy crisis, together with regulatory counter-measures applied, in a twofold manner:
 - i. describing the impacts and reactions in Europe, particularly on the wholesale market prices and end-use tariffs;
 - ii. describing the nature of energy crisis faced by developing countries and the impacts on and reactions for regulated consumer end tariffs.

In particular, this chapter will review measures undertaken by ERRA Member Organizations and other relevant authorities in select ERRA countries representing both EU (Baltics + CEE + SEE/Balkans) and non-EU area, disaggregated by wholesale market interventions and end-use subsidies as case studies.

The specific coverage for the case studies will be subject to discussion during the inception call for the project, with the purpose of covering a representative number of ERRA regions within EU (e.g., Central Europe, Baltics) and beyond (e.g., Sub-Saharan Africa, Middle East, Southeast Asia).

Note: the delivery of the chapter may be supported by recordings of online interviews conducted by the ERRA Secretariat with select members in Q3 2022

- 5. Regulatory considerations for future market models** – The chapter shall highlight lessons learned and policy considerations for future market models in the context of discussions in Europe but also via identifying best-practice and suggestions for the countries who have recently started or will be developing their markets in future. The policy considerations will reflect on lessons learned for ERRA Member Organizations to use in their electricity market design prospects as both authorities that regulate the energy sector as well as actors that have direct influence over policymaking processes.

2.1. Mode of work and role of ERRA Secretariat

The selected consultant will work closely with ERRA Secretariat for the purpose of delivering the publication. The Consultant may rely on the ERRA Secretariat to facilitate online interviews with the Selected ERRA Member Organizations for the purpose of developing the case studies, in case the information acquired from the interview recordings is insufficient or outdated.

ERRA will also liaise between the Member Organizations and the Consultant for the purpose of obtaining feedback on the initial draft, which may come from members of the ERRA Presidium (executive board), ERRA Secretariat or the individual member organizations included in the study.

2.2. Deliverables and timeline

The Consultant will be expected to provide the following deliverables:

1. **Deliverable 1**: Inception report highlighting the final proposed methodology for implementing the Publication;
2. **Deliverable 2**: First Draft publication;
3. **Deliverable 3**: Second Draft publication
4. **Deliverable 4**: Final version
5. **Deliverable 5**: Presentation during the ERRA 20th Annual Conference.

All five deliverables will be provided as first drafts and final drafts after considering comments collected from the ERRA Secretariat.

The proposed **updated** indicative timeline, relative to the commencement date, which is set to **May 2**, is the following:

	Deliverable	Responsibility	Date
1	Draft Inception report	Consultant	May 12
2	ERRA Comments on inception report	ERRA	May 17
3	Final Inception report	Consultant	May 19
4	1 st Draft Publication	Consultant	Jun 26
5	ERRA comments on publication	ERRA	Jul 10
6	2 nd Draft publication	Consultant	Jul 24
7	ERRA comments on publication	ERRA	Aug 4
8	Final draft publication	Consultant	Aug 18
9	ERRA approves final publication	ERRA	Sep 4
11	Conference draft presentation	Consultant	Sep 18
12	Conference presentation	Consultant	October 9

3 Required expertise and proposals' format

ERRA calls on qualified legal or physical persons to submit proposals for the implementation of the Publication in line with this RfP. Interested parties should submit proposals according to the following instructions:

- Bids should be submitted in two different files, clearly labelled as "Financial Proposal" and "Technical Proposal".
- The Technical Proposal should not exceed 20 pages and should comprise the following sections:
 - Company/person profile;
 - Relevant experience implementing projects in the field of energy regulation preferably in a similar exercise;
 - Proposed implementation approach, an elaboration of how the consultant intends to comply with the requirements of the RfP and with any proposed changes to the RfP (if);
 - CVs of involved experts highlighting the project manager and/or the key expert of the project.
- The Financial Proposals should clearly present non-negotiable gross value (indicating VAT implications if any), in euros in line with the requirements of this RfP. The Financial Proposal shall include expenses related to the development of

the issue paper only. Travel expenses related to the provision of the presentation at the ERRA Investment Conference will be covered by ERRA.

4 Other general information

4.1. Selection process and criteria

The ERRA evaluation team will initially evaluate the technical proposal and then open the financial proposals. The winning bidder will be the one with the highest weighted average score of the technical and financial proposals with weights of 90% (technical) and 10% (financial).

Tenderers shall not make changes to the project experts listed in the Proposal for reasons other than Force Majeure.

The second-best tenderer is informed of the notification of the award to the successful tenderer with the reservation of the possibility to receive a notification of the award in case of inability to sign a contract with the first ranked tenderer.

4.2. Project budget

All prices should be quoted in EUR. ERRA Secretariat allocated a maximum gross budget of EUR 30,000 for the Study and a gross budget of EUR 2,000 for the conference presentation.

4.3. Deadline for the Proposal

Proposals should be submitted as two separate PDF files clearly named as the 'Financial Proposal' and 'Technical Proposal' by ~~April 5, 16:00~~, **April 17, 10:00 a.m. CEST (GMT+2)** to the ERRA Secretariat via e-mail: secretariat@erranet.org.

4.4. ERRA contact address

Should you have any more questions regarding the project please do not hesitate to contact us directly at secretariat@erranet.org. Questions are accepted until ~~March 27~~ **April 10**.