

Request for Proposals

RFP-UESP-2020-041

Activity Title: “Support to improving district heating tariff setting framework implemented by NEURC”

Issuance Date: December 02, 2020

Deadline for Receipt of Questions: December 11, 2020 at 14:00

Closing Date and Time: December 30, 2020 at 14:00

Issuance of this RFP does not constitute an award commitment on the Tetra Tech ES, Inc., nor does it commit to pay for any costs incurred in preparation or submission of comments/suggestions of a proposal. Proposals are submitted at the risk of the offerors. All preparation and submission costs are at the offeror’s expense.

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1. INTRODUCTION

The purpose of this RFP is to solicit proposals for **Support to improving district heating tariff setting framework implemented by NEURC** within the Scope of Work (SOW) specified in the Attachment A – Technical Specification within the Energy Security Project implementation funded by the U.S. Agency for International Development (USAID) and implemented by Tetra Tech ES, Inc. (Tetra Tech).

2. OFFEROR'S QUALIFICATIONS

Offeror must provide the following information and references in order to be qualified for the procurement process:

1. Company's information, including official registered title, type of business, address, and contact person information.
2. A short description of the company and of past similar experience in providing the services described in the Attached A -Technical Specification.
3. Overall technical approach to fulfill the specifications defined in Attachment A – Technical Specifications.
4. Certification that company is not owned or controlled in total or in part by any entity of any government.
5. Certification by any subcontractor engaged by the company for this project that the subcontractor is not owned or controlled in total or in part by any entity of any government.
6. The Offeror shall complete and sign the Representation and Certifications found in Attachments C to this document and include them with the Offeror's proposal. Proposals that do not include these certifications will not be considered.
7. A certificate of current cost or pricing data – Attachment D
8. Offerors listed in the Excluded Parties List System will not be considered. The Excluded Parties List can be found at <https://www.sam.gov/SAM/pages/public/searchRecords/searchResults.jsf>

3. SOURCE, ORIGIN AND NATIONALITY RESTRICTIONS

The USAID authorized geographic code for the Energy Security Project is 935. Code 935: Consists of any area or country including the cooperating country, but excluding the “prohibited sources”

Reference: USAID ADS Chapter 310, and all its sub-sections. These documents are available on the Internet.

4. SUBMISSION OF PROPOSALS

All proposals are due on **December 30, 2020** by no later than **14:00** local time in Ukraine. Proposals must be submitted via e-mail at the address **UESPprocurement@tetrattech.com** in the following formats: Adobe Acrobat and Microsoft Word and/or Excel.

All proposals must fully respond to the Technical Specifications enclosed as **Attachment A** and must include quotes in the format provided in the **Attachment B - Table 1 – Detailed Budget**. Proposals received after the above-stated due date and time will not be considered for this procurement.

5. QUESTIONS AND CLARIFICATIONS

All questions or clarifications regarding this RFP must be in writing and submitted, in English, to **UESPprocurement@tetratech.com** on **December 11, 2020** no later than **14:00** local time in Ukraine.

Questions and requests for clarification, and the responses thereto, will be circulated to all RFP recipients.

Only written answers from ESP Procurement Office of Tetra Tech will be considered official and carry weight in the RFP process and subsequent evaluation. Any answers received outside the official channel, whether received verbally or in writing, from employees or representatives of Tetra Tech, or any other party, will not be considered official responses regarding this RFP.

6. PROPOSALS PREPARATION INSTRUCTIONS

All Offerors must follow the instructions set forth herein in order to be qualified for the procurement process. If an Offeror does not follow the instructions set forth herein, the Offeror's proposal may be eliminated from further consideration or the proposal may be downgraded and not receive full credit under the applicable evaluation criteria.

Separate Technical and Cost Proposals must be submitted. All proposals should be submitted in English and be signed by Offerors.

I. TECHNICAL PROPOSAL

The technical proposal (excluding CVs) shall not exceed **11** pages. Proposals will be scored on a 100-point scale. Available points for each evaluation factor are given below. Offerors must address each evaluation factor.

The suggested outline for the technical proposal is stated below:

A. Organization's Information (maximum 2 pages)

- Organization's information, including official registered title, type of business, list of offices if applicable, address, telephone, fax and website.
- Organization's DUNS number.
- Authorized point of Contact with phone number(s) and email address.

B. Company Technical Capability (maximum 2 pages)

Description of organization, including activities/qualifications carried out like the scope of work requested.

C. Technical Approach (maximum 3 pages)

Present a narrative that describes how the Offeror would implement the tasks identified in the scope of work. This narrative must also include:

- A management approach which describes how the Offeror will manage the delivery of the services and how the Offeror will interact with ESP.
- A draft work plan that outlines the proposed activities over the course of the period of performance.
- Proposed performance indicators to measure the impact of the Offeror's planned activities and the progress of the Awardees as a result of the Offeror's assistance.

Information which the Offeror considers proprietary, if any, should be clearly marked “proprietary” next to the relevant part of the text and it will then be treated as such.

D. Proposed Staff (maximum 2 pages, excluding CVs)

Present a narrative that includes the following:

- Team composition (names, specialties/area of expertise, position/role, etc.), with detailed bios, and task assignments to perform the activities described in the SOW.
- Curriculum Vitae (CV) for all labor categories named in the Attachment A. (CVs shall be limited to 3 pages each) that describes their experience and lists the following:
 - Affiliation/Organization
 - Education
 - Years of Professional Experience
 - Relevant Experience to the SOW in this RFP
 - Fluency in English

In addition to presenting the CVs, offerors should complete and include the table below:

Proposed Personnel’s Name, Last Name	Proposed Position Under This Assignment	Qualification	Years of Professional Experience

E. Company Past Performance (maximum 2 pages)

Offerors should provide a summary of relevant studies or other assignments including the Title, Client, Date, and a brief description. The qualifications section is limited to 5 of the most relevant studies or other assignments performed in the last 5 years, presented in the following table format. If the client is confidential, simply list “confidential”.

Project (task) name (title)	Description of the project (task) and services provided	Client name, phone number and email address	Dates of execution

II. FINANCIAL PROPOSAL

a. Detailed Budget

Offeror shall complete the **Table 1 of the Attachment B “Detailed Budget”** in order to allow Tetra Tech ES, Inc. to compare all quotes and make a competitive selection. The budget should be provided in Excel format with unlocked cells and formula.

A price must be provided for each project component to be considered compliant with this request. The price proposal should include the individual line items shown in the template, e.g., fully-burdened daily rates, travel costs, and other direct costs. Offers must show unit prices, quantities, and total price. All items, services, etc. must be clearly labeled and included in the total offered price. The price proposal shall also include a budget narrative that explains the basis for the estimate of every cost element or line item. Supporting information must be provided in sufficient detail to allow for a complete analysis of each cost element or line item. Tetra Tech reserves the right to request additional cost information if the evaluation committee has concerns of the reasonableness, realism, or completeness of an Offeror’s proposed price.

Offeror shall provide unit pricing in **US dollars (USD)**. Prices quoted in this document shall be valid for a 60-day time period, include all taxes and other costs but excluding the VAT tax originated in Ukraine.

b. 1420 Forms for the proposed personnel

For each staff member proposed, the Offeror shall submit a completed and signed USAID 1420 forms.

USAID form 1420 can be downloaded here: <https://www.usaid.gov/forms/aid-1420-17>

c. Proposed Billing Rates Certification

Document on company letterhead certifying the labor rates being proposed are standard rates and have been previously billed to clients for similar work.

d. Representations and Certifications

These documents can be found in Attachments C of this RFP and must be submitted as part of the Cost Proposal.

e. Non-government owned certification

Certification that company is not owned or controlled in total or in part by any entity of any government.

f. Certificate of current cost or pricing data

These documents can be found in Attachments D of this RFP and must be submitted as part of the Cost Proposal.

Under no circumstances may cost information be included in the technical proposal. No cost information or any prices, whether for deliverables or line items, may be included in the technical proposal. Cost information must only be shown in the cost proposal.

7. EVALUATION CRITERIA

Award will be made to the offeror representing the best value in consideration of past performance, qualifications, and price factors. Technical criteria are more important than cost, although prices must be reasonable and will be considered in the evaluation. Offeror are encouraged to provide a discount to their standard commercial rates.

Tetra Tech reserves the right to conduct discussions with selected offeror (s) in order to identify the best value offer. Award of any resulting Subcontract Agreement shall be made by Tetra Tech on a best value basis. Tetra Tech reserves the right to request a test assessment from offerors to assess their qualifications.

The submitted technical information will be scored by an evaluation committee using the following technical evaluation criteria (80 points) and cost proposal (20 points).

Given the specific expertise required to perform the services in question only offers with a technical score of 50 points or more will be considered for evaluation of their cost proposals.

Proposals will be scored on a 100-point scale. Available points for each evaluation factor are given below.

TECHNICAL PROPOSAL (80 POINTS)

Evaluation Criteria for Technical Proposal		Points
I.	Technical Approach	30
II.	Proposed Staff	25
III.	Company Past Performance	25
TOTAL		80

FINANCIAL PROPOSAL (20 POINTS)

The lowest qualified financial proposal will receive the maximum score of 30 points.

The other proposals will be scored inversely proportional to their price and computed as follows:

$$S_f = 30 * F_m / F$$

where

S_f = financial Score of the proposal evaluated

F_m = price of the lowest priced Financial Proposal among those qualified

F = price of the Financial Proposal under consideration

Offeror should submit a Detailed Budget reflecting the cost of completing the scope. Offerors shall complete the Attachment B – Detailed Budget. Labor rates quoted in this document shall be fully-burdened with all indirect costs, taxes and fee, if any. The period of performance is **15 months**.

Tetra Tech reserves the right to conduct discussions with selected offeror(s) in order to identify the best value offer. Award of any resulting Subcontract Agreement shall be made by Tetra Tech on a

best value basis, with evaluation of proposed price as well as proposed services and implementation schedule.

8. TERMS OF PAYMENT

Payment terms for the awarded Subcontract Agreement shall be forty-five (45) days after satisfactory completion and acceptance and of services and deliverables according to the schedule in the Table 2. Payment shall be made by Tetra Tech ES, Inc. via bank wire transfer in **Ukrainian Hryvnias** per National Bank of Ukraine exchange rate on the effective date of the subcontract **or US dollars**.

9. DUNS NUMBER AND SAM.GOV REGISTRATION

Active DUNS number or evidence of process of registering for DUNS number is required at stage of submitting proposal. DUNS Number shall be active and SAM.gov registration completed before finalization of subcontract agreement. All second-tier subcontractors must comply with the requirements outlined in the RFP, including obtaining DUNS and SAM numbers if the proposed second-tier subcontract price is above \$30,000. Only legal entities need DUNS numbers. Information regarding obtaining a DUNS number may be found here:

<https://fedgov.dnb.com/webform>

10. NEGOTIATIONS

Best offer proposals are requested. It is anticipated that a subcontract will be awarded solely on the basis of the original offers received. However, Tetra Tech reserves the right to conduct discussions, negotiations and/or request clarifications prior to awarding a subcontract. Furthermore, Tetra Tech reserves the right to conduct a competitive range and to limit the number of offerors in the competitive range to permit an efficient evaluation environment among the most highly-rated proposals. Highest-rated offerors, as determined by the technical evaluation committee, may be asked to submit their best prices or technical responses during a competitive range.

11. MULTIPLE AWARDS/NO AWARD

Tetra Tech ES, Inc. reserves the right to issue multiple awards. Tetra Tech ES, Inc. also reserves the right to issue no awards.

ATTACHMENT A – TECHNICAL SPECIFICATION

SCOPE OF WORK: Support to improving district heating tariff setting framework implemented by NEURC

PERIOD OF PERFORMANCE: 15 months

PLACE OF PERFORMANCE: Kyiv, Ukraine

1. Background

Energy Security Project is USAID project implemented by Tetra Tech ES, Inc. Energy Security Project works with Ukrainian government, private sector, and civil society leaders to improve Ukraine's energy security, and transform Ukraine's energy sector into a modern, market-oriented, EU-integrated, engine of growth. Energy Security Project's goals include *inter alia* promoting Competitive Energy Markets, facilitating European Integration, strengthening Energy Independence, facilitating Renewable Energy Development, supporting Empowered Sector Regulation, increasing Public Trust and ensuring Environmental and Social Responsibility.

National Energy and Utilities Regulatory Commission is a permanent central executive body with a special status established by the Cabinet of Ministers of Ukraine. The Regulator is a collegial body that carries out state regulation, monitoring and control over the activities of economic entities in the fields of energy and utilities. The Regulator carries out state regulation in order to achieve a balance of interests of consumers, businesses operating in the fields of energy and utilities, and the state, energy security, European integration of electricity and natural gas markets of Ukraine.

Energy Security Project is providing technical assistance to National Energy and Utilities Regulatory Commission under a variety of assistance directions, including technical assistance to improve tariff regulatory framework in the district heating area.

NEURC is implementing cost-plus regulatory framework for its licensees currently and intends to implement Incentive based regulatory framework, phasing out the cost-plus, in due time. The cost-plus regulatory framework requests improvements, and ESP intends supporting NEURC in drafting the needed cost-plus improvements. Incentive based framework, applicable to thermal energy transportation activity, is progressed – major resolutions are adopted since 2017, and preparatory work (establishing a system of benchmarking KPIs) by Regulator needs to be completed before actual establishment of incentive based tariffs for thermal energy transportation starts (before entities are entitled to provide applications/requests to establish incentive based thermal energy transportation tariff). Development of incentive-based tariff framework for generation activity is not yet started.

The efforts of the subcontractor will support NEURC in its tariff framework improvement areas.

2. Objectives

The overall objective of this assignment is to provide support to the National Energy and Utilities Regulatory Commission to improve tariff regulatory framework in the area of district heating and to further the Incentive Based Regulatory framework for district heating activities.

Specifically, the subcontractor is requested to achieve the following objectives:

- 2.1. provide support to improving current DH tariff setting methodology (“cost plus”) and drafting relevant amendments to current regulatory framework.
- 2.2. provide support to improvement and implementation of RAB-based tariff setting for heat transportation activities.
- 2.3. provide support to developing the package on thermal energy generation tariff regulation, which is applicable to both boilers and co-generation facilities, and fairly allocates costs between power and thermal energy, and incentivizes efficient generation/cogeneration.
- 2.4. provide support to application of Incentive based (RAB) tariff framework for thermal energy generation.
- 2.5. provide support to developing of the regulatory rules and procedures to implement Incentive based (RAB) tariff framework for thermal energy generation.
- 2.6. provide analytical and legal support in resolving issue of fuel norms and electricity norms within the current (cost-plus) methodology.
- 2.7. provide support to revising framework for long-term investment planning into DH systems.
- 2.8. provide support to revising Regulation on heat energy consumption.

3. Scope of Work

The subcontractor will provide overall support to NEURC in improving current cost-plus tariff regulatory framework and facilitating implementation of incentive based regulatory framework in the district heating area.

3.2. Cost plus tariff framework. The subcontractor will take into consideration the recommendations developed in the “White Paper on Transforming District Heating in Ukraine: Assessment and Recommendations”, anticipated Report by ESP on “Tariff Setting for District Heating: Key Challenges and Recommendations” and other respective Reports, as appropriate. The subcontractor will draft amendments to the current regulatory framework on tariff making under cost-plus model to implement priority initiatives on cost-plus tariff making framework improvement. The focus areas will include and not be limited to proper allocation of technical losses to relevant business activities, incorporation of costs of long term investment programs into tariff framework, removal of normative calculation approaches if feasible and mitigation of effects caused by the normative calculation. The subcontractor will provide support to process the developed amendments until adoption by NEURC. The processing support will include actions and products needed by the adopting institution, for eg., drafting explanatory notes, organizing and participating in round tables and discussions, acting as a member of working group established by NEURC, if any, developing presentations and other support materials. The subcontractor will organize and

conduct training session for DH entities to apply and implement the amendments on cost-plus regulatory framework, developed and consented with the regulator.

3.3. RAB framework for transportation, improvement. The subcontractor will provide support to improve RAB-based tariff setting for heat transportation activities. Specifically, the subcontractor will support ESP team in comparing RAB-regulation framework for DH transport activities and RAB-regulation for gas and electricity transport activities; in developing recommendations regarding potential to coordinate regulatory model for the DH sector and gas, electricity sectors. Based on recommendations, the subcontractor will propose improvements, if any, for RAB framework for DH in coordination with the relevant frameworks for electricity and gas sectors. The subcontractor will support adoption of draft proposals. The subcontractor will further support ESP team in analysing, revising and promoting adoption of updated methodology for revaluation of assets, if the methodology is further promoted.

3.4. Incentive based (RAB) tariff framework for transportation, implementation. The subcontractor will provide support to implement Incentive-based (RAB) tariff setting for heat transportation activities. Specifically, the practical implementation shall be supported in terms of developing respective clusterization of DH entities engaged in thermal energy transportation and being licensed by NEURC; also, developing a benchmarking system for DH entities engaged in thermal energy transportation and being licensed by NEURC. Approach to clusterization will be suggested by the subcontractor and discussed with NEURC, report on clusterization will be drafted and presented to NEURC. Benchmarking report will be developed by the subcontractor and discussed with NEURC. Relevant regulatory resolutions will be drafted to implement the proposed regulation, and the draft resolutions will be supported by the subcontractor until NEURC adopts them. The subcontractor will organize and conduct training session for DH entities to apply and implement incentive based (RAB) tariff setting framework for thermal energy transportation.

3.5. Cost plus tariff framework for generation, improvement. The subcontractor will provide support to review and improve thermal energy generation tariff making framework under cost plus approach. Specifically, the subcontractor will source inter alia from ESP Report on International practices of thermal energy generation tariff making and propose improvements for the current framework of generation tariff making under cost plus approach. The subcontractor will support drafting relevant regulatory resolutions, on thermal energy tariff establishment. The subcontractor will develop a draft resolution on cost allocation between thermal energy and power, in case of co-production facilities. The subcontractor will provide support to process the developed amendments until adoption by NEURC. The processing support will include actions and products needed by the adopting institution, for eg., drafting explanatory notes, organizing and participating in round tables and discussions, acting as a member of working group established by NEURC, if any, developing presentations and other support materials. The subcontractor will organize and conduct training session for NEURC and its licensees to apply and implement the developed regulations.

3.6. Incentive based (RAB) tariff framework for generation, development. The subcontractor will consider and analyses the best international practices on thermal energy generation regulation and Ukrainian local specifics. The subcontractor will develop recommendations, based on the analysis, regarding opportunities to implement incentive-based (RAB) tariff framework for DH generation. In case the analysis and assessment reveals

the incentive-based (RAB) tariff framework for DH generation is the option to be recommended, the subcontractor will support development of relevant amendments to the Law on Natural Monopolies, and other laws if needed. The subcontractor will support the processing of the draft amendments, as may be needed and requested by ESP. With the adoption of the draft law, and Incentive based (RAB) tariff framework for generation being enabled, the Subcontractor will draft the package of regulatory resolutions which implement the Incentive based (RAB) tariff framework for generation activity. The regulatory package will include, but necessarily be limited, to Methodology on tariff establishment for generation; Methodology of Regulatory Asset Base Establishment; Test tariff calculation for generated thermal energy; Procedure for Tariff establishment, review and adjustment; Forms for Regulatory Reporting for entities who switched to Incentive-based (RAB) framework; other legal-regulatory documents for Incentive-based (RAB) framework implementation, as needed. The subcontractor will provide support to process the developed set of sublaws until adoption by NEURC. The processing support will include actions and products needed by the NEURC, for eg., drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials. The subcontractor will make training sessions as necessary for NEURC, DH generating entities and other stakeholders, if requested, on application of Incentive-based (RAB) framework for generation activity.

3.7. Fuel and electricity norms. The subcontractor will provide analytical and legal support in resolving issue of fuel norms and electricity norms, as amended by Cabinet of Ministers resolution. The subcontractor will analyze consequences of amended norms and will recommend reinstalling the norms or continuing without norms, or other way forward, as analysis and justified recommendations by the subcontractor will suggest. The subcontractor will hold consultations with NEURC regarding the proposed solution, and will develop relevant resolution, if necessary, as well will provide support to its processing until adoption.

3.8. Framework for long-term investment planning into DH systems. The subcontractor will analyze the current framework on long term planning and identify amendments necessary. The subcontractor may source from other Analytical Reports developed by USAID projects earlier. The subcontractor is requested to update the essential list of the shortcomings of the current regulatory framework with the latest developments and recognized problematic issues, which impede effective long term investment programming by DH entities. The subcontractor will draft relevant regulatory resolution(s) enabling DH entities effectively to engage in long term planning and investment programming aiming for optimal system functioning in the long term perspective, and aligning the DH system in question to the Heat Supply Scheme, developed in accordance to the new Methodology. The subcontractor will support processing the regulatory package until adoption.

3.9. Revising Regulation on heat energy consumption. The subcontractor will propose amendments to the current regulation on heat energy consumption. The subcontractor will support processing the draft amendment until adoption.

The subcontractor will engage in ESP activities to support NEURC. The subcontractor will be requested to act in close cooperation with other subcontractors of the ESP, when applicable. The subcontractor will report to ESP District Heating Sector Lead.

4. Deliverables and Due Dates

The successful offeror shall deliver to Tetra Tech the following, in accordance with the schedule set forth below.

Deliverable 2 (SOW3.2).

List of priority amendments to the current regulatory framework under cost-plus

The subcontractor will develop and agree with ESP and NEURC the list of priority amendment to be developed to improve the current regulatory framework under cost-plus model.

Package of regulatory resolutions on improvement of cost-plus regulatory framework to establish DH tariffs

The set of amendments to regulatory resolutions is developed to improve the current cost-plus regulatory framework to establish DH tariffs, to remove normative calculation approaches when feasible and to mitigate effects caused by normative calculations and by historical way of allocation of technical losses to business activities, to incorporate long-term investment programs into tariff setting framework and other amendments provided in the List as per Deliverable 3.

Support to process the package of developed amendments to improve cost-plus regulatory framework

The subcontractor will provide processing support in order the developed package of amendments to the current framework under cost-plus to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials.

Training session on improvements of cost-plus regulatory framework

The subcontractor will organize and conduct training session for DH entities to apply and implement the amendments on cost-plus regulatory framework, developed and consented with the regulator.

Deliverable 3 (SOW3.3).

Analytical Report and Recommendations on differences between RAB framework for DH transport and relevant RAB frameworks for Gas, Electricity

The subcontractor will analyze similarities and differences between the RAB frameworks for three NEURC regulated sectors, relevant activities; recommend whether coordination of the frameworks is beneficial; identify areas of coordination if such an action is recommended.

Draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors

The contractor will develop draft resolutions on on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors and align those drafts resolutions with NEURC experts.

Support to process the draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors

The subcontractor will provide processing support in order the developed draft resolutions on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials.

Deliverable 4 (SOW3.3).

Analytical Note on Asset Revaluation

The subcontractor will develop an analytical note on the current problematical issues of asset revaluation for applying RAB tariff methodology in DH. The deliverable will include recommendation on actions to unlock the current situation. The subcontractor will facilitate deep discussion with NEURC on the analysis an recommendations of the Analytical Note.

Draft Methodology on Asset Revaluation

The subcontractor will draft asset revaluation methodology, if such a methodology is recommended and approved as the way forward.

Support to process the draft Methodology on Asset Revaluation

The subcontractor will provide processing support in order the developed draft methodology to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials.

Deliverable 5 (SOW3.4).

Clusterization report for Incentive-based (RAB) tariff framework implementation in thermal energy transportation

The subcontractor will propose justified clusterisation approach, develop report on clusterization of NEURC licensees engaged in thermal energy transportation.

Benchmarking report for Incentive-based (RAB) framework in DH transportation

The subcontractor will collect data for benchmarking, develop report on benchmarking of NEURC licensees engaged in thermal energy transportation.

Regulatory resolutions developed for Incentive-based (RAB) framework in DH transportation

The subcontractor will develop draft regulatory resolutions on clusterisation and benchmarking rules and procedures, and will support adoption of the resolutions by NEURC.

Support to process the draft resolutions on Incentive-based (RAB) framework in DH transportation

The subcontractor will provide processing support in order the developed draft resolutions to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials

Training session on clusterization and benchmarking

The subcontractor will organize and conduct training session for DH entities to apply and implement Incentive-based (RAB) tariff framework for DH transportation.

Deliverable 6 (SOW3.5).

Regulatory resolution(s) developed for improvement of thermal energy generation tariff making on cost plus approach

The subcontractor will develop draft regulatory resolution(s) amendment on thermal energy generation tariff establishment.

DRegulatory resolution developed for cost allocation when generation facilities produce two products (power and thermal energy cogeneration)

The subcontractor will develop draft regulatory resolution (amendment) on cost allocation in case of cogeneration facilities.

Support to process the draft resolutions on thermal energy generation tariff making and cost allocation in case of cogeneration

The subcontractor will provide processing support in order the developed draft resolutions to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials.

Training session on amended regulation on generation tariff making and adopted regulation on cost allocation in case of CHPs

The subcontractor will organize and conduct training session for NEURC and its licensees on implementation of the developed regulation on generation tariff making and regulation on cost allocation in case of CHPs.

Deliverable 7 (SOW3.6).

Analytical Note on Incentive-based (RAB) framework for generation

The subcontractor will develop analytical and recommendations regarding opportunities to implement incentive-based (RAB) framework for DH generation activities.

Draft amendment to the Law on Natural Monopolies

The subcontractor will develop a draft amendment to the Law on Natural Monopolies, and other laws as needed, if the Analytical Note and recommendations prove opportunities to implement Incentive based (RAB) regulation for DH generation activities in Ukraine.

Support to process the draft law on Natural Monopolies

The subcontractor will provide processing support in order the developed draft law amendment to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials, as needed.

Development of draft regulatory package on Incentive-based (RAB) framework for generation

The subcontractor will draft the package of regulatory resolutions, which include, but necessarily are limited, to Methodology on tariff establishment for generation; Methodology of Regulatory Asset Base Establishment; Test tariff calculation for generated thermal energy; Procedure for Tariff establishment, review and adjustment; Forms for Regulatory Reporting for entities who switched to Incentive-based (RAB) framework; other legal-regulatory documents for Incentive-based (RAB) framework implementation, as needed.

Support to process the draft regulatory package on Incentive-based (RAB) framework for generation

The subcontractor will provide processing support in order the developed draft resolutions to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials, as needed.

Training session on Incentive-based (RAB) regulation implementation in for generation activities

The subcontractor will make training series for NEURC, DH generating entities and other stakeholders, if requested, on application of Incentive-based (RAB) framework for generation activity.

Deliverable 8 (SOW3.7).

Analytical Note on fuel and electricity norms

The subcontractor analyse the consequences of revoked fuel and electricity norms and make recommendations regarding the need of reinstalment or other way forward.

Development of draft resolution on fuel and electricity norms

The subcontractor will develop the draft resolution if recommended accordingly.

Support to process the draft resolution on fuel and electricity norms

The subcontractor will provide processing support in case the draft resolution is developed to be adopted. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials, as needed.

Deliverable 9 (SOW3.8).

Recommendations for the Framework for long-term investment planning into DH systems

The subcontractor will develop Analytical Note on recommended amendments to existing regulatory framework, aiming to remove / overcome obstacles that prevent DH entities to engage into long term investment programming.

Framework for long-term investment planning into DH systems development

The subcontractor will develop draft resolution(s), which will enable DH entities to effectively plan development of the system for long term perspective. The draft resolutions will include long-term programming regulation and amendment of other relevant regulations, as may be needed.

Support to process the draft framework

The subcontractor will provide processing support to the draft regulatory resolutions developed until adoption. The processing support will include drafting explanatory notes, organizing and participating in round tables and discussions, developing presentations and other support materials, as needed.

Deliverable 10 (SOW3.9).

Draft amendment to Regulation on heat energy consumption developed

The subcontractor will develop amendments to the current regulation on heat energy consumption.

Support to process the draft

The subcontractor will support processing the draft amendment until adoption.

All deliverables are provided in electronic format unless the subcontractor is specifically requested to provide a hard copy. Deliverables are to be developed in Ukrainian, however each report must have extensive English summary. Here, the due dates are indicative, and the final dates will be developed in close coordination with NEURC.

Deliverable Number	Deliverable Name	Due Date
Del 2 (SOW3.2)	A. List of priority amendments to the current regulatory framework under cost-plus.	2 weeks after contract award
	B. Package of regulatory resolutions on improvement of cost-plus regulatory framework to establish DH tariffs. Support to processing the cost-plus regulatory framework amendments	3 months after contract award
	C. Training session on improvements of cost-plus regulatory framework	2 weeks when principal consent on draft regulations is granted by NEURC
Del 3 (SOW3.3)	A. Analytical Report and Recommendations on differences between RAB framework for DH transport and relevant RAB frameworks for Gas, Electricity	2 months after contract award
	B. Draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors. Support to process the draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors	3 months after contract award
Del 4 (SOW3.3)	A. Analytical Note on Asset Revaluation	2 months after contract award
	B. Draft Methodology on Asset Revaluation. Support to process the draft Methodology on Asset Revaluation	5 months after contract award
Del 5 (SOW3.4)	A. Clusterization report for Incentive-based (RAB) tariff framework implementation in thermal energy transportation	4 months after contract award
	B. Benchmarking report for Incentive-based (RAB) framework in DH transportation	9 months after contract award
	C. Regulatory resolutions developed for Incentive-based (RAB) framework in DH transportation. Support to process the draft resolutions on Incentive-based (RAB) framework in DH transportation	11 months after contract award

	D. Training session on clusterization and benchmarking	Within 2 weeks when principal consent on draft regulations is granted by NEURC
Del 6 (SOW3.5)	A. Regulatory resolution(s) developed for improvement of thermal energy generation tariff making on cost plus approach. Regulatory resolution developed for cost allocation when generation facilities produce two products (power and thermal energy cogeneration). Support to process the draft resolutions on thermal energy generation tariff making and cost allocation in case of cogeneration	4 months after contract award
	B.) Training session on amended regulation on generation tariff making and adopted regulation on cost allocation in case of CHPs	Within 2 weeks when principal consent on draft regulations is granted by NEURC
Del 7 (SOW3.6)	A. Analytical Note on Incentive-based (RAB) framework for generation	4 months after contract award
	B. Draft amendment to the Law on Natural Monopolies. Support to process the draft law on Natural Monopolies	4 months after contract award
	C. Development of draft regulatory package on Incentive-based (RAB) framework for generation. Support to process the draft regulatory package on Incentive-based (RAB) framework for generation	12 months after contract award
	D. Training session on Incentive-based (RAB) regulation implementation in for generation activities	Within 2 weeks when principal consent on draft regulations is granted by NEURC
Del 8 (SOW3.7)	A. Analytical Note on fuel and electricity norms	3 weeks after contract award
	B. Development of draft resolution on fuel and electricity norms. Support to process the draft resolution on fuel and electricity norms	5 weeks after contract award

Del 9 (SOW3.8)	A. Recommendations for the Framework for long-term investment planning into DH systems	5 months after contract award
	B. Framework for long-term investment planning into DH systems development. Support to process the draft framework	7 months after contract award
Del 10 (SOW3.9)	Draft amendment to Regulation on heat energy consumption developed. Support to process the draft	5 weeks after contract award

ATTACHMENT B – DETAILED BUDGET
PROPOSED DETAILED BUDGET
TABLE 1 – Overall Subcontract Detailed Budget

Cost element	unit cost	Total units	cost
<u>Total Direct Labor</u>			
LABOR (rate; level of effort; total)			
Title,Labor Category - Name, Last Name (Full time / Short Term)	\$0.00	days	\$ -
Title,Labor Category - Name, Last Name (Full time / Short Term)	\$0.00	days	\$ -
Title,Labor Category - Name, Last Name (Full time / Short Term)	\$0.00	days	\$ -
Title,Labor Category - Name, Last Name (Full time / Short Term)	\$0.00	days	\$ -
Subtotal Direct Labor			\$ -
<u>Travel, Transportation & Per Diem</u>			
Airfare	\$0	0 trips	\$ -
Per Diem Meal	\$0	0 days	\$ -
Per Diem Lodging	\$0	0 days	\$ -
Travel Miscellaneous	\$0	0 trips	\$ -
Insurance	\$0	0 people	\$ -
Local Ground Transportation	\$0	0 days	\$ -
Communications	\$0	0 trips	\$ -
Subtotal Travel, Transportation & Per Diem			\$ -
<u>Other Direct Costs/Інші прямі витрати</u>			
Subtotal Other Direct Costs			\$ -
TOTAL ESTIMATED COST			\$ -

**LOE = Level of Efforts, budgeted number of days assigned for the work*

Rate = fully loaded daily rate

Prices quoted must be valid for **60** days, and account for ALL remuneration, per diem, travel, communications, report reproduction and other out-of-pocket expenses, taxes and other costs, but excluding the VAT tax that may be originated in **Ukraine**. On this basis Tetra Tech will issue a **Fixed Price Subcontract**, and payment shall be based upon acceptance of services and deliverables described in the Table 2.

TABLE 2 – Payment schedule

Offeror Deliverable	Expected Due Date	Fixed Price Payment Amount
1. B. Package of regulatory resolutions on improvement of cost-plus regulatory framework to establish DH tariffs. Support to processing the cost-plus regulatory framework amendments	3 months after contract award	10%
2. B. Draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors. Support to process the draft resolution(s) on RAB regulatory framework improvement for DH transportation in order achieve coordination with gas and electricity sectors	3 months after contract award	10%
3. B. Draft Methodology on Asset Revaluation. Support to process the draft Methodology on Asset Revaluation	5 months after contract award	10%
4. C. Regulatory resolutions developed for Incentive-based (RAB) framework in DH transportation. Support to process the draft resolutions on Incentive-based (RAB) framework in DH transportation	11 months after contract award	10%
5. A. Regulatory resolution(s) developed for improvement of thermal energy generation tariff making on cost plus approach. Regulatory resolution developed for cost allocation when generation facilities produce two products (power and thermal energy cogeneration). Support to process the draft resolutions on thermal energy generation tariff making and cost allocation in case of cogeneration	4 months after contract award	10%
6. C. Development of draft regulatory package on Incentive-based (RAB) framework for generation. Support to process the draft regulatory package on Incentive-based (RAB) framework for generation	12 months after contract award	20%
7. B. Development of draft resolution on fuel and electricity norms. Support to process the draft resolution on fuel and electricity norms	5 weeks after contract award	10%
8. B. Framework for long-term investment planning into DH systems development. Support to process the draft framework	7 months after contract award	10%
9. Draft amendment to Regulation on heat energy consumption developed. Support to process the draft	5 weeks after contract award	10%

ATTACHMENT C – REPRESENTATIONS AND CERTIFICATIONS

Offeror Representations and Certifications

1. Organizational Conflict of Interest Representation

The offeror represents, to the best of its knowledge and belief, that this award:

does [] or does not [] involve an organizational conflict of interest.

Please see FAR 52.209-8 for further explanation.

2. Data Universal Numbering System (DUNS) Number (required if cost proposal is more than USD \$30,000)

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(please use one box per number or dash)

3. Source and Nationality of Goods and Commodities

(i) This is to certify that the Offeror is:

- a. an individual who is a citizen or legal resident of _____.
- b. a corporation or partnership organized under the laws of _____.
- c. a controlled foreign corporation of which more than 50% of the total combined voting power of all classes of stock is owned by United States shareholders; or
- d. a joint venture or incorporated association consisting entirely of individuals, partnerships or corporations. If so, please describe separately the citizenship or legal status of the individuals, the legal status of the partnership or corporations, and the percentage (%) of voting power of the corporations.

(ii) This is to certify that the **Source** (the country from which a commodity is to be shipped from) of the Equipment to be supplied under this Order is:

name of country or countries

4. 52.204-24 Representation Regarding Certain Telecommunications and Video Surveillance Services or Equipment (Aug 2020).

The Offeror shall not complete the representation at paragraph (d)(1) of this provision if the Offeror has represented that it “does not provide covered telecommunications equipment or services as a part of its offered products or services to the Government in the performance of any contract, subcontract, or other contractual instrument” in the provision at [52.204-26](#), Covered Telecommunications Equipment or Services—Representation, or in paragraph (v) of the provision at [52.212-3](#), Offeror Representations and Certifications-Commercial Items.

(a) *Definitions.* As used in this provision—

Backhaul, covered telecommunications equipment or services, critical technology, interconnection arrangements, reasonable inquiry, roaming, and substantial or essential component have the



meanings provided in the clause [52.204-25](#), Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment.

(b) Prohibition.

(1) Section 889(a)(1)(A) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2019, from procuring or obtaining, or extending or renewing a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. Nothing in the prohibition shall be construed to—

(i) Prohibit the head of an executive agency from procuring with an entity to provide a service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(ii) Cover telecommunications equipment that cannot route or redirect user data traffic or cannot permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(2) Section 889(a)(1)(B) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2020, from entering into a contract or extending or renewing a contract with an entity that uses any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. This prohibition applies to the use of covered telecommunications equipment or services, regardless of whether that use is in performance of work under a Federal contract. Nothing in the prohibition shall be construed to—

(i) Prohibit the head of an executive agency from procuring with an entity to provide a service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(ii) Cover telecommunications equipment that cannot route or redirect user data traffic or cannot permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(c) Procedures. The Offeror shall review the list of excluded parties in the System for Award Management (SAM) (<https://www.sam.gov>) for entities excluded from receiving federal awards for “covered telecommunications equipment or services”.

(d) Representation. The Offeror represents that—

(1) It will, will not provide covered telecommunications equipment or services to the Government in the performance of any contract, subcontract or other contractual instrument resulting from this solicitation. The Offeror shall provide the additional disclosure information required at paragraph (e)(1) of this section if the Offeror responds “will” in paragraph (d)(1) of this section; and

(2) After conducting a reasonable inquiry, for purposes of this representation, the Offeror represents that—

It does, does not use covered telecommunications equipment or services, or use any equipment, system, or service that uses covered telecommunications equipment or services. The Offeror shall provide the additional disclosure information required at paragraph (e)(2) of this section if the Offeror responds “does” in paragraph (d)(2) of this section.

(e) *Disclosures.*

(1) Disclosure for the representation in paragraph (d)(1) of this provision. If the Offeror has responded “will” in the representation in paragraph (d)(1) of this provision, the Offeror shall provide the following information as part of the offer:

(i) For covered equipment—

(A) The entity that produced the covered telecommunications equipment (include entity name, unique entity identifier, CAGE code, and whether the entity was the original equipment manufacturer (OEM) or a distributor, if known);

(B) A description of all covered telecommunications equipment offered (include brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); and

(C) Explanation of the proposed use of covered telecommunications equipment and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(1) of this provision.

(ii) For covered services—

(A) If the service is related to item maintenance: A description of all covered telecommunications services offered (include on the item being maintained: Brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); or

(B) If not associated with maintenance, the Product Service Code (PSC) of the service being provided; and explanation of the proposed use of covered telecommunications services and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(1) of this provision.

(2) Disclosure for the representation in paragraph (d)(2) of this provision. If the Offeror has responded “does” in the representation in paragraph (d)(2) of this provision, the Offeror shall provide the following information as part of the offer:

(i) For covered equipment—

(A) The entity that produced the covered telecommunications equipment (include entity name, unique entity identifier, CAGE code, and whether the entity was the OEM or a distributor, if known);



(B) A description of all covered telecommunications equipment offered (include brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); and

(C) Explanation of the proposed use of covered telecommunications equipment and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(2) of this provision.

(ii) For covered services—

(A) If the service is related to item maintenance: A description of all covered telecommunications services offered (include on the item being maintained: Brand; model number, such as OEM number, manufacturer part number, or wholesaler number; and item description, as applicable); or

(B) If not associated with maintenance, the PSC of the service being provided; and explanation of the proposed use of covered telecommunications services and any factors relevant to determining if such use would be permissible under the prohibition in paragraph (b)(2) of this provision.

By signing below, the Offeror certifies that the representations and certifications made, and information provided herein, are accurate, current and complete.

Signature: _____ Date: _____

Name of and title of authorized signature: _____



ATTACHMENT D – CERTIFICATE OF CURRENT COST OR PRICING DATA

This is to certify that, to the best of my knowledge and belief, the cost or pricing data (as defined in section 2.101 of the Federal Acquisition Regulation (FAR) and required under FAR subsection 15.403-4) submitted, either actually or by specific identification in writing, to Tetra Tech in support of [Firm/Organization] are accurate, complete, and current as of [DATE]. This certification includes the cost or pricing data supporting any advance agreements and forward pricing rate agreements between the offeror and the Government that are part of the proposal.

Firm: _____

Signature: _____