



ADDENDUM 2

Request for Proposals

Issued on: October 3, 2023

Belize Compact Development Team

on behalf of

The Government of Belize

For

**Belize Electricity Tariff Assessment and
Benchmarking Analysis**

Ref: 23-4000 (QCBS)

Addendum N^o. 2

As per Clause 9 of the Section I (Instructions to Consultants) of the Request for Proposals, this Addendum No. 2 modifies respective portions of the **Request for Proposal** issued on **August 31, 2023**, and Addendum No. 1 issued on **September 22, 2023**.

The changes, as indicated below, are effective on the date of issue of Addendum, as stated in the page above.

Except as expressly amended by this Addendum, all other terms and conditions of the Request for Proposal remain unchanged and shall remain in full force and effect in accordance with their terms.

This Addendum comes into effect on the date indicated in the first page above.

Yours sincerely,

Osmond Martinez Ph.D.

Chief Executive Officer

Ministry of Finance, Economic Development and Investment

Belize City, Belize

1. The following sections in **Section V (Terms of Reference)** are hereby modified with red font as follows:

4.2 Benchmark Analysis

The Benchmark Analysis will provide essential background information on the Belize electric sector and a comparison with relevant electric utility service indicators. The Consultant shall advise the PUC on key performance indicators (KPIs) that an efficient utility typically would achieve and propose high-level regulated values that over the full tariff period (FTP) internalizes expected productivity and efficiency gains required of the Licensee.

The Benchmark Analysis will also serve to inform the Tariff Action Plan by identifying those areas within the Belize electric sector that should be improved upon. The Consultant will provide a brief overview of the Belize electric sector, including key infrastructure metrics, sector structure analyses and business and operational evaluation. A minimum requirement for this study is given below.

Review and Assess Previous Tariff Filings

- Review financial history, including revenues and expenses and current tariffs.
- Review and assess previous tariff design studies and filings for Belize.
- Review and assess tariff determination processes.
- Compare existing tariffs structure to other appropriate electric utilities.

Review and Assess Licensee Operations and Expansion Indicators

- Develop comparison of operations, maintenance and administrative cost of licensees
- Analyze existing and future capital improvements projects including an analysis of major project risks.
- Examine proposals for financing for capital improvements and make recommendations related to its uses and limitations relative to maintaining a proper balance of debt coverage and rate stabilization over this five-year period.
- Evaluation of transmission and distribution losses; both physical and commercial. **The evaluation will review available data on physical and commercial losses. The Consultant will make a determination of values for losses to be used in a cost of service analysis. The Consultant will document justification for this determination.**
- Assess allowed rate of return to licensees.
- Review of the Company's proposed rate of return, cost of capital and capital structure.
- review and analysis of core business processes and their resulting KPIs and costs for Customer administration, Distribution operations, Transmission operations, System operations, and Asset management
- Comprehensive analysis of customer usage patterns in order to quantify customer behavior on cost causality.
- Make realistic recommendations for improving identified business processes, including changes to workflows, procedures, skillsets and technology platforms.

Analysis of Business Operations of PUC and Licensees

- Develop documentation of current organization and related business processes, including process maps, flowcharts, and other diagrams as appropriate service territory, customer classes.
- Provide analysis of Power Purchase Agreements and comparison to comparable facilities
- Review previous RFPs and analyze strengths and weaknesses.

- review and analyze business processes and their resulting KPIs and costs for Planning & engineering, Supply chain management, Financial management, HR, and Corporate services
- propose revised KPIs and costs metric (high-level regulated values) for core business processes to be adopted by the PUC in respect of the Licensee over the FTP.
- Estimate the consumption and revenue elasticity of tariff changes.

5. Deliverables

Interim Reports

For each task; Initiation, Benchmark Analysis, Revenue Requirement/COSA and TAP. The Consultant will prepare a draft report. For the Initiation Report, Benchmark Analysis and the Revenue Requirement/COSA tasks, the BCDT will collect and return comments from stakeholders on the draft reports within two weeks. The Consultant will address all comments to the satisfaction of BCDT in the final reports.

Draft Presentations

On completion of the draft TAP, the Consultant will present draft findings of all reports to the PUC. The BCDT will be responsible for returning all comments to the Consultant within two weeks. The Consultant will then finalize the TAP report within three weeks.

The following table shows the required timeline for the submission of the draft version of each deliverable. All deliverables shall be submitted in electronic form in one consolidated PDF file along with copies of the source files in their native file format, including excel files of any data and analysis used to inform the reports. Deliverables will be considered “draft” upon initial receipt. The CDT will provide the Consultant with an email distribution list for the submission of deliverables.

Upon receipt of each draft deliverable, the CDT will consult with the PUC and MPUELE and submit comments to the Consultant in writing. CDT will endeavor to respond with comments within 10 business days. The Consultant shall appropriately address the comments and provide a revised deliverable within 10 business days of receipt of comments. The CDT will then review the revised deliverable to assess if the submitted comments have been adequately addressed and either accept the deliverable or detail in writing what the Consultant should do to properly address the outstanding comments. CDT will endeavor to make this response within 5 business days.

#	Deliverables	Due Date (weeks after Contract Signing)
1	Inception Report	2
2	Benchmark Analysis	8
3	Revenue Requirement / Cost of Service	12
4	Tariff Action Plan	16

2. The following clause in Error! No text of specified style in document. is hereby modified with red font as follows:

GCC 17.3	Payments for the deliverables shall be made according to the following schedule of percentages of the amounts included in the Contract:			
	#	Deliverables	Due Date (weeks after Contract Signing)	% of Contract
	1	Inception Report	2	10%
	2	Benchmark Analysis	8	25%
	3	Revenue Requirement / Cost of Service	12	45%
4	Tariff Action Plan	16	20%	