

Republic of Liberia
Liberia Electricity Regulatory Commission
Behind Lonestar Cell MTN Headquarters
Tubman Boulevard, Congo Town
Monrovia, Liberia



REQUEST FOR EXPRESSIONS OF INTEREST

Issuance Date: February 28, 2024

CONSULTANCY FIRM TO DEVELOP FINANCIAL MODEL FOR ELECTRICITY TARIFF SETTING

I. Background

The Liberia Electricity Regulatory Commission (LERC) was established as the independent regulator for the electricity industry under the 2015 Electricity Law of Liberia (2015 ELL). LERC oversees the transformation and development of the electricity sector to attract investment, improve availability and adequacy as well as quicken the pace of access to electricity in the liberalized market.

The 2015 ELL gives LERC the power and duty to regulate electricity tariffs. Tariff-setting is crucial to the economic viability of the electricity market, and as such, requires the employment of scientific method in its determination. The Commission has adopted and published its tariff regulation regime along with a methodology that explains the steps involved in the tariff determination process.

The LERC hereby invites firms to submit an Expression of Interest to **Develop a Financial Model for Electricity Tariff Setting**.

II. Objective of the Assignment

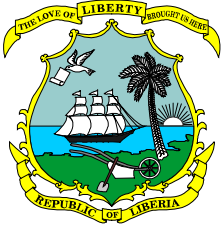
The Consultant/Firm will develop a financial model to strengthen its tariff-setting capacity and ultimately raise the financial viability of the electricity market in Liberia.

This Financial model will be designed to allow the capturing of alternative scenarios of investment, demand, number of connections, KPI indicators, generation costs, transmission, and distribution (T&D) costs commitments under power purchase agreements (PPAs) or other contracts and variables. The model should enable the periodic adjustment of each of the components of the Annual Revenue Requirement to address changes in the main cost drivers and ensure cost recovery. The model shall include the possibility to parametrize different scenarios of managerial, technical, and commercial efficiency, as well as the tariff revision period and the implementation of the tariff changes over a specific period.

III. Duties and Responsibilities

The Firm shall be responsible to:

- 1) Develop a Financial Model, in Excel, that will be used by the LERC to set tariffs.
- 2) Develop a Financial Model that will allow the projection of the following:



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- 2.1 Electricity load demand and demand projections for three years.
 - 2.2 Production Cost per Source of Generation and the Corresponding Energy Produced
 - 2.3 Power Loss Computation and Loss Trajectory
 - 2.4 Capital Expenditure Computation for the Network; Planned and Projected Capital Expenditures
 - 2.5 Operating and Maintenance Expenditure and Projections
 - 2.6 Energy Sale by Customer Category
 - 2.7 Revenues by Customer Category
 - 2.8 Long Term Debt
 - 2.9 Weighted Average Cost of Capital, Cost of Debts and Equity
 - 2.10 Regulatory Asset Base
 - 2.11 Tariff Category and Tariff Structure
 - 2.12 Tariff Determination by Tariff Category Ensuring Full Cost Recovery
- 3) Include a means to measure Key Performance Indicators of a service provider in the Financial Model
 - 4) Prepare a Model that will project revenues by customer categories, profits and losses, cash flows, and Balance Sheets.
 - 5) Any other related activities that may be necessary for the success of the process.

IV Expected Output and Deliverables

The Firm is expected to deliver a Financial Model that shall be used to project all information listed in Section III of this REOI. The Model shall be used exclusively by the LERC for Electricity Tariff Setting.

V Duty Station

The Work shall be done in Monrovia.

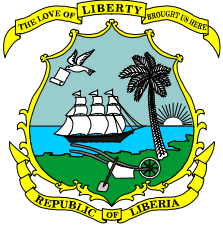
VI. Duration of Assignment

The Assignment shall last for not more than sixty (60) days or Two Months.

VII. Qualifications

A. Firm Qualifications

The Firm shall have the following Qualifications:



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- 1) Experience in the construction of a Financial Model of similar scope in Liberia or West Africa over the past five (5) years. Experience should be demonstrated by providing at least One (1) Financial Model the consultant/firm has constructed. Stated experiences should be backed by official documentation from the client worked for with evidence of satisfactory completion.
- 2) A duly registered business entity and has been engaged in the business of providing consulting services that has not been declared ineligible to participate in any public tender in Liberia or elsewhere.
- 3) Strong capacity and experience in Financial Services and Information and Communication Technology Services.
- 4) Be ready to assume work as soon as possible.

B. Qualification of Key Staff

The Consultant/Firm must have a team comprising of at least: Team Leader, a Financial Expert, an Energy Expert.

The firm should include the qualifications and skills for field staff indicated below; however, the firm's proposal should also include clear descriptions, which comprise the staff's experience and roles in the process along with the detailed CVs of the team. If the firm wishes to substitute any member of the field staff, they must first obtain written permission from the LERC.

Team Leader

The Team Leader is responsible to manage the project. He will lead the project and supervise the experts. He shall be responsible to compile all the inputs and create the final financial model. He shall also be responsible for preparing reports and submitting the Financial Model on time.

The specific responsibilities include:

- 1) Responsible for the timely completion of the project and timely submission of reports.
- 2) Ensure the successful implementation of the entire Financial Model Creation process according to the operational plan.
- 3) Ensure strict compliance with the Terms of Reference.

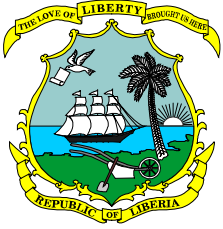
Qualifications: Master's Degree, with at least 3 years of experience in a similar role. Candidates must have strong communication, managerial, and organizational skills.

Financial Expert

Shall be responsible for making all the financial and financial related inputs to the model.

The specific responsibilities include:

- 1) Responsible to make inputs that shall enable the financial model to project revenues, profits and losses, cash flows, balance sheets, weighted average costs, etc.



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2) Work with the Energy Expert to create inputs that will determine Energy Sale and Production Costs.

Qualifications: Master's degree in accounting, Economics, Financial Management, or a related discipline/Professional Financial Certification and at least 3 years' experience in a Financial Expert role. Experience in writing a Financial Manual, working on the creation of a Financial Model, or working on the creation of a Financial Software.

Energy Expert

Shall be responsible for making all Energy related inputs to the Financial Model. The Specific responsibilities shall include:

- 1) Responsible to make inputs that will enable the model to calculate projected power loss
- 2) Review existing Key Performance Indicators and create more Indicators if necessary. Ensure that inputs enable the Model to calculate projected adherence/deviation by Service Providers to/from Key Performance Indicators
- 3) Work with the Financial Expert to create inputs that will determine Energy Sale and Production Costs

Qualifications: Master's degree in engineering, Energy, or other related discipline. At least 5 years' experience in an Energy Expert Role.

VIII. Required Documents to Submit along with Expression of Interest

Interested Firms must submit the following documents along with their Expression of Interest:

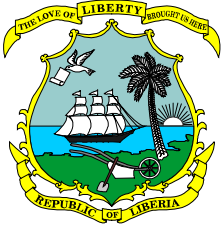
- 1) Business Registration
- 2) Tax Clearance
- 3) Signed CVs of Proposed Key Staff
- 4) Past Performance Records:
 - 4.1 List of at least 3 previous clients (with contact information)
 - 4.2 Nature of task executed.
 - 4.3 certificates of completion(optional)

IX. Shortlisting Criteria and Applicable Guidelines

The Applicable procedure for this recruitment is the **Consultant Qualification Selection** as outlined in **Regulation 40(7) of the Public Procurement and Concessions Amended Regulations, June 2014 of the Republic of Liberia.**

Firms that submit Expressions of Interest shall be evaluated and scored. The highest ranked firm shall be issued a Request for Proposal. For more details on the procedure for evaluation, you may read the afore-mentioned regulation (Selection based on Consultant's Qualifications).

X How to Apply

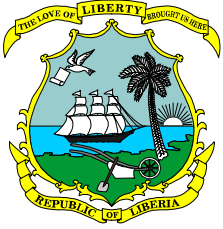


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Interested Firms must deliver their Expression of Interest (with required documents attached), in a sealed envelope, to the Procurement Office, Liberia Electricity Regulatory Commission, Behind Lonestar Cell MTN, Congo Town, Monrovia. Firms must submit one original and three copies of the Expression of Interest. Firms must submit their Expressions of Interest on or before **2PM, Wednesday, March 20, 2024**. The address for clarity and submission is:

Procurement Officer
Liberia Electricity Regulatory Commission
Behind Lonestar Cell MTN
Tubman Boulevard, Congo Town
Cell #: 0777-471-572
Email Address: onyah@lerc.gov.lr



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