



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
VALUE LOCALIZATION SERIES • حلقات توطين القيمة

Introduction to the Competitive Procurement Process for the Renewable Energy Program

Salman Bin Seidan

April 2013

مدينة الملك عبد الله للطاقة
الذرية والمتجددة K.A.CARE

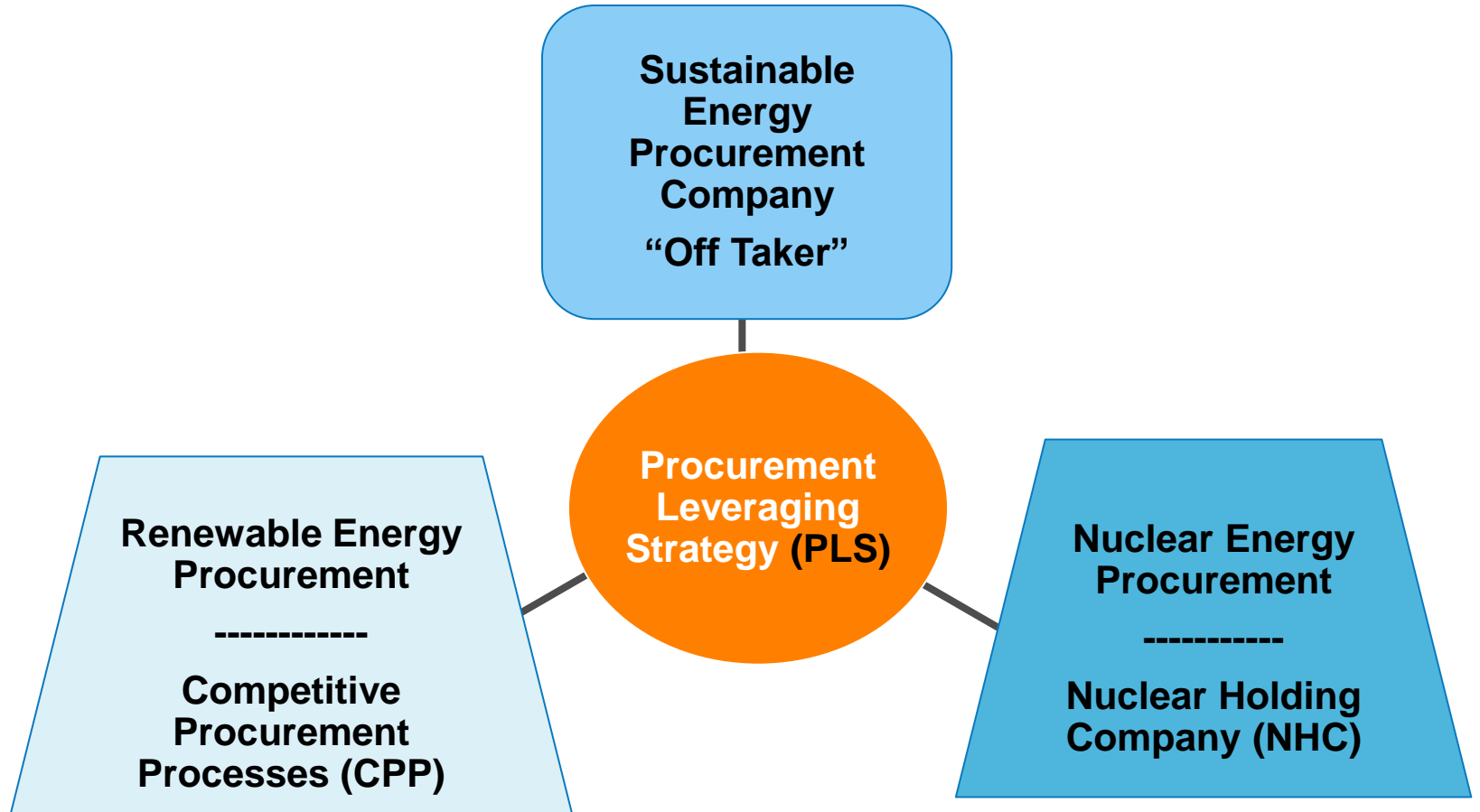




Sustainable Energy Procurement



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES





Mechanisms for Achieving Sustainability



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
سلسلة توطيّن القيمة • VALUE LOCALIZATION SERIES

- Establishing an **Integrated Economic Framework** for Atomic & Renewable Energy
- Applying global best practices in a transparent, collaborative manner
- Enabling sustainable growth for this economic sector through:
 - Achieving **economic viability**
 - Enhancing the industrial and technical support to **localize** this sector in the Kingdom
 - Supporting **research, development** and **innovation**
 - **Job creation** and developing **Saudi nationals skills**



Contents of White Paper



1. Procurement Program Background and Framework

- About K.A.CARE
- Eligible RE Technologies
- Indicative Timeline
- Scale of the program

2. Proposal Submission Terms:

- Submission Process
- Form of Proponents
- Proposal Security
- Grid Connection

3. Proposal Evaluation

- Evaluation Stages (requirements completion, technical and financial evaluation)
- Evaluation Committee

4. Local Content Incentives/ Requirements

5. Details about the Power Purchase Agreement



Competitive Procurement Structure



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES

Indicative structure

Eligible technologies

Solar , Onshore Wind, Geothermal, and Waste to Energy (WTE)

Eligible project size

Minimum: 5 MW

Technology-specific targets

Flexible
Based on percentage of target energy mix

Frequency and duration of procurements

12 to 18 months between procurement rounds;
duration of procurement 6-10 months

Payment mechanism

Power Purchase Agreement (PPA)
Energy only

Payment term

20 years

Bid evaluation framework

Price and Non-Price Factors ((financial capability, development status, experience, local content etc.)



Local Content (1/2)



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
سلسلة توطيّن القيمة • VALUE LOCALIZATION SERIES

- The inclusion of local content and the development of the nascent sustainable energy value chain is paramount to the K.A.CARE mandate.
- The RFP and the PPA will contain specific rules and procedures for determining the local content of a proposal
- The local content provisions will focus on costs incurred by developers prior to Commercial Operation Date .
- This includes but is not limited to equipment purchase costs, construction labor, engineering, and other professional services.
- Only goods or services purchased from a permanent establishment located in the Kingdom of Saudi Arabia will receive credit towards allowable local expense
- Facilities which provide limited value add, such as local assembly, will only be eligible for partial credit
- K.A.CARE will be responsible for maintaining a list of approved local suppliers



Local Content (2/2)



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES

- Developers that integrate local content into their projects will benefit from strong incentives through the rated criteria
- RFP Evaluation Criteria :
 - Up to 100 points will be awarded to each proposal as follows:
 - Financial Capability and Plan – X Points
 - Experience – X Points
 - Development Status – X Points
 - **Local Content – X**
- Developers required to provide regular updates on the status of its local content plan within six months of Commercial Operation Date ,they will be required to submit a complete report outlining the level of allowable local expenses achieved, audited by an independent 3rd party auditing firm.
- Failure to achieve the level of allowable local expenses included in the proposal will result in liquidated damages



Job localization/Saudization



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES

- Developers will be **required to comply with all local laws and minimum thresholds for job localization**; updates will include a **progress towards job localization goals in excess of statutory minimums**
- K.A.CARE would track Saudization levels of contract holders and benchmark developers by technology
- All developers to submit a job localization plan Including a compliance report **stating total employees, total Saudi employees, total wages paid, and total wages paid to Saudis**
- Developers will be benchmarked by technology for extent of job localization achieved, calculated as the sum of the % of wages paid to Saudis and the % of jobs held by Saudis



Indicative Procurement Timeline



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES

Introductory Procurement Round

20 February, 2013	C+ 1 month	C+ 2 months	C+ 3 months	C+ 9 months	C+12 months	...
<ul style="list-style-type: none"> • Issued draft White Paper • (published on CPP Portal) • Commenced online registration for Proponents 	<ul style="list-style-type: none"> • Issue draft RFP • Issue draft PPA • Conduct technical work shops in KSA and abroad 	Issue: <ul style="list-style-type: none"> • Formal EOI • SOO • RFQ • Identify qualified Proponents 	Issue: <ul style="list-style-type: none"> • Final RFP • Final PPA To qualified Proponents only	<ul style="list-style-type: none"> • Proposal submission deadline 	<ul style="list-style-type: none"> • Bids evaluation • Award winners & PPA signing 	<ul style="list-style-type: none"> • Pre-paration for next procurement round

Procurement Rounds Scale

Introductory Round: procurement of (500-800 MW)	✓ Solar and Wind Energy
1st Round : procurement of (2-3 GW)	✓ All RE Targeted technologies
2nd Round : procurement of (3-4 GW)	✓ All RE Targeted technologies



CPP Core Values



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلفاء توطين القيمة • VALUE LOCALIZATION SERIES

Fair Competition

- Issue all the information to all proponents at the same time

Transparency

- Clear explanation of the implementation processes and timeline

Single Point of Contact

- Through the CPP online portal

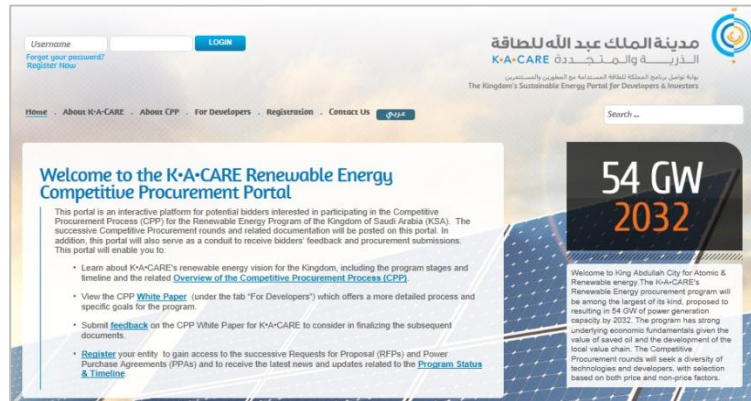


Unified Communication Channel



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
صلفك نوظفن القففة • VALUE LOCALIZATION SERIES

Developers & Investor's Portal



Website: www.kacare.gov.sa/cpp

K.A.CARE Official Website



Website: www.kacare.gov.sa



ندوة الطاقة السعودية المستدامة
SAUDI SUSTAINABLE ENERGY SYMPOSIUM
حلقات توطيّن القيمة • VALUE LOCALIZATION SERIES

Thank you!