Request for Proposals (RFP) for Consulting Services:

Market Study for Marine Renewable Energy in the Western Indian Ocean (WIO)

Shernas Limited invites your firm to submit a proposal for consulting services to assist in the development of a market study for marine renewable energy in the Western Indian Ocean (WIO). The need for a WIO Market Study stems from a debt financing we are trying to secure (from an entity we wish to not name at this time) and our planned marine research infrastructure investments also with debt financing from the Green Climate Fund (GCF). The WIO is our primary target market for new business and research opportunities and the Market Study will inform our future planning and strategy for engagement.

About Shernas Limited

Shernas’ central mission is to help understand practices and policies to reduce the non-hardware balance of system costs (“soft costs”) of utility-scale renewable energy installations and to empower renewable energy developers and industry to increase development of utility scale-renewable energy installations. Soft costs may be reduced through increased access to information and strategies about utility-based renewable energy program design, siting, permitting, and strategies for environmental and social conflicts mitigation on public and private lands as well as offshore.

We work with interested parties, including industry, consumer groups, and national and county governments to increase opportunities for research, education and training that strengthen scientific capacities in developing countries to understand, communicate and motivate action on critical social impact challenges as well as protecting cultural, environmental, and other natural resources.

Our Vision: A thriving, sustainable Kenyan marine renewable energy sector, serving domestic and export power needs and supporting provision of projects, commercial technologies, and expertise to a WIO market.

Our Mission & Objectives: By aligning industry, academia and governments, ensure that Kenya is a leader in supporting provision of marine renewable energy solutions to a domestic and WIO market. To accomplish this mission, our Company is working to:

- Offer marine hydrokinetic energy device development facilities and thus innovation opportunities that can result in technology commercialization, expertise, and services for world markets.
- Develop competitive intelligence and appropriate strategic relationships.
Based on robust science activities and to reduce soft costs, provide education, outreach, engagement and an understanding of marine renewable energy activities and the economic, environmental, and social benefits they present.

Foster communication and collaboration between industry, academia, government, and the public.

**Background**

The Indian Ocean Commission (IOC) Member States possess heterogeneous economies and very diverse energy sectors. With at least 81% of the primary energy being imported (petroleum and coal); they are highly dependent on fossil fuels.\(^1\) The Comoros and Madagascar import 90% of their commercial energy in the form of fossil fuels while Mauritius depends to 52 per cent on petroleum products for its energy supply. This dependence is even higher for the Seychelles, at 95%.\(^2\)

In the region of the IOC, this situation has a serious impact on the cost of energy (particularly electricity) the balance of payments, the financial situation of the electricity companies, and the budgets of the States.\(^3\) One of the main causes of global warming whose impact is increasingly felt by the countries members of the IOC is the use of fossil fuels. Their economies are vulnerable to climate change and external shocks, such as the increase in the price of imported fuels which affects the economic, social and environmental development of the region.\(^4\)

One of the major issues for the IOC member states is the access to the energy needed to develop their economies, while still respecting and preserving the environment. The region has a large potential for renewable energy, including offshore renewable energy. A regional approach is necessary to reduce costs, accelerate technology and reduce deployment timelines in the IOC’s member states.

A number of initiatives on renewable energy (excluding offshore renewables) are being implemented at different levels in the region. However, in some countries the sector is suffering from a lack of awareness about opportunities, a business environment which is not quite favourable, an inadequate regulatory framework, a lack of technical expertise, and low level and uncoordinated research efforts.

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\(^1\) ENERGIES commissionoceanindien.org/activites/energies/programme-energies/
\(^2\) Ibid
\(^3\) Ibid
\(^4\) Ibid
A 2015 European Commission study\(^5\) posited that Sub-Saharan Africa has huge long term potential for ocean energy market development given that in this region, waves and tides are stronger. The report projected that in general for ocean energy in the coming years, more and more devices will be put in the water for long-term testing. Interviews with some respondents projected that by 2020, the first real power plants should be in the water to provide a first understanding of the real costs until 2025. By 2030 the deployment should be ready.

Cooperation at regional level will constitute a real added value, especially for the sharing of data and information, expertise and the development of tools for the exchange of know-how and technology. This approach could also serve as marketing strategy to attract investment in a sector that has great potential for economic growth, employment and poverty reduction in the IOC region.

**Definition of Marine Renewable Energy**

According to Marine Renewables Canada, – the North American country’s wave, tidal, and river current energy association – marine renewable energy resources include tidal, wave, and river current (hydrokinetic) energy. The Canadian marine renewable energy sector is thus comprised of:

- Ocean science & technology companies: instrumentation (underwater acoustics, imaging, turbidity, communications, navigation, etc.), electrical systems, software modelling, naval architecture,
- Device/generator developers: wave, tidal, and river current energy devices and components
- Power project developers: developing wave, tidal, and river current energy projects in Canada and internationally
- Engineering and environmental consultants
- Manufacturers and fabricators
- Certification, insurance
- Utilities
- Vessels, transportation, port facilities/services
- Research community

\(^5\) Study on Renewable Energy and Research and Innovation Capacity of Sub-Saharan Africa Final Report
State of the Sector in the WIO

According to Marine Renewables Canada, the UK continues to be the global leader in the marine renewable energy sector followed by France. However, the global marine renewable energy sector is taking shape in other parts of Europe, Asia, Chile, the United States, Canada and Australia who have been moving forward with similar and complimentary approaches to development of commercial scale energy solutions as well as exporting knowledge and technology and trade efforts by supply chain actors to the growing global market.

The WIO region comprises of ten countries namely Somalia, Kenya, Tanzania, Mozambique, South Africa, Madagascar, Mauritius, Comoros and Mayotte, Reunion and Seychelles. The WIO has a tropical to sub-tropical climate with water surface temperatures between 20 and 30 degrees Celsius and air temperatures rarely falling below 20 degrees Celsius.

Ocean energy is a new frontier for energy development in coastal and island States. Ocean and sea energy are now opening up for development owing to a more favorable environment. Cape Verde, for example, is engaged in small-scale application of wave energy suitable for lighting remote and isolated areas. The Mauritius Research Council has in March 2017 indicated that ocean-based energy sources could provide significant power supply to the country’s fossil fuels-dependent energy needs and invited offshore wind development firms to express interest in developing offshore wind farms in that country.

In Kenya, VR Holding AB, a Sweden-based company submitted an expression of interest to build a 600-megawatt wind project in the Indian Ocean offshore waters bordering Malindi and Kwale. Although VR Holding AB was denied the go ahead to build a large wind farm of 600 MW in size, they accepted the Kenyan government’s request to initially build a 30 MW demonstration farm with an option to scale up in the coming years. The project is now moving towards the feasibility study stage. It's now clear that the WIO marine renewable energy sector is taking shape.

Scope of Work

- Jurisdictional focus: The WIO Market Study will encompass key jurisdictions within the region including Somalia, Kenya, Tanzania, Mozambique, South Africa, Madagascar, Mauritius, Comoros and Mayotte, Reunion and Seychelles. In parallel with the planned

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7 Ibid.
8 Africa's Blue Economy A Policy Handbook United Nations Economic Commission for Africa
9 Ibid
work to be undertaken by Shernas Limited to map the key sites for offshore wind, wave and tidal renewable energy in Kenya, this study will also investigate the transportation infrastructure required to service these key sites. The successful contractor will thus provide a higher level overview for Kenya including transport requirements to develop these renewable energy resources. To realize optimum delivery of support to this sector, transport networks have to be available that provide unrestricted and efficient access to key sites in Kenya’s offshore waters. Shernas Limited will discuss the scope and objectives of this aspect of the study further with the successful contractor ONLY.

- Technologies/resources: The study will provide insight on the state of the WIO sector, opportunities, and challenges with regards to offshore wind, tidal (in-stream), wave, and river current (hydrokinetic) development.

- Study content: The WIO Market Study will provide information on the following areas:
  - State of the sector in specified WIO jurisdictions
    - Strategies/policies to support marine renewable energy development
    - Resource potential
    - Current sector activity
    - Strengths/capabilities and gaps
  - Opportunities in the WIO marine renewable energy market
    - Project/marine renewable energy resource development
    - Key players (investors, project developers, suppliers, associations, research organizations)
    - Near and long-term opportunities for collaborations, partnerships, etc.
  - Enablers and financial/funding mechanisms to support marine renewable energy in the WIO market
  - Best practices for partnerships, sales, research, etc.
  - A strategy for near and long-term business development in the WIO market
    - What are Shernas Limited’s strengths and potential challenges for each jurisdiction/ how can strengths be capitalized on.
    - Advice on key objectives and goals for engaging in the WIO marine renewable energy market.
    - Proposed approach to engage in WIO markets over the next 1-5 years in order to reach objectives and goals.

Timeline

It is expected that the Final Market Study document will be delivered 90 days after contract signing. Shernas Limited will work with the contractor before or after that date to plan and schedule the presentation and dissemination of the study to the industry.

Milestones & Deliverables

The Contractor will work closely with Shernas Limited authorized personnel through the duration and development of the WIO Market Study project. It is expected that upon
development and delivery of this project, the contractor will meet the following milestones/deliverables:

- Initial meeting with Shernas Limited representatives to discuss requirements of the project and proposed approach.
- Periodic updates to Shernas Limited on the status of the project and any challenges, insights, etc. that should be discussed.
- An interim report mid-way through the project to Shernas Limited on the status of the project and information collected/analyzed to date.
- Draft Report provided to Shernas Limited in order to solicit final feedback.
- Final Report delivered to Shernas Limited.
- Presentation and dissemination of results of study to industry actors and key stakeholders/supporters through a one-day onsite workshop in Nairobi, Kenya.

**Selection Criteria and Requirements**
The successful contractor will be determined based on the following:

- Significant knowledge of the global marine renewable energy sector and its strengths and capabilities;
- An understanding of the offshore renewable energy sector and its operational and infrastructural requirements;
- An ability to work successfully with stakeholders, undertake thorough objective analysis, and produce high quality reports;
- Network of contacts within the marine renewable energy sector throughout the world and key contacts in the WIO market;
- Knowledge of the WIO energy market and specifically, renewable energy and marine renewable energy trends, opportunities, and challenges (export/trade barriers);
- Understanding of the scope and objectives of WIO Market Study;
- Capability and capacity to develop the WIO Market Study;
- Proposed approach, work plan and schedule;
- Cost (in US dollars) determination of best value may not result in the lower cost being accepted.
Mandatory Requirements
The following details must be provided in your proposal:

- Company profile, key staff and resources to complete the work (including résumés and roles of all personnel who will be participating in the project).
- Company track record with similar or related work, similar projects completed and knowledge of marketplace.
- Proposed timeline and associated work plan for completing the project (your methodology for completing the work and your idea of deliverables including the final report which will trigger the final payment).
- References and/or testimonials for similar work completed.
- All costs related to the above requested tasks and deliverables with detailed estimates of costs related to each phase/step (including any travel and/or administration expenses, faxes, mailings, telephone, etc.).

Technical Evaluation
Service providers interested in this opportunity should submit a concise proposal giving their daily rate for undertaking the required tasks. The Technical offer will be evaluated using inter alia the following criteria and percentage distribution: 70% from the total score.

<table>
<thead>
<tr>
<th>Criteria for measuring functionality</th>
<th>Weight</th>
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<tbody>
<tr>
<td>1. Experience in conducting market research studies for offshore renewable energy</td>
<td>40</td>
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<tr>
<td>2. Demonstrated understanding of the offshore renewable energy sector and its operational and infrastructural requirements</td>
<td></td>
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<td>3. Regional experience</td>
<td></td>
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<td>4. Experience working with donors, multilateral development banks or comparable organizations</td>
<td></td>
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<tr>
<td>5. Demonstrated</td>
<td>30</td>
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</tbody>
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2. Understanding and methodology

Personnel qualifications

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<tr>
<th>2. Understanding and methodology</th>
<th>Personnel qualifications</th>
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<tr>
<td>understanding of the required services</td>
<td>8. Academic background of proposed personnel</td>
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<td>6. Effective approach/methodology</td>
<td>9. Qualification and experiences of proposed consultants</td>
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<td>7. Deliverables and timelines</td>
<td>10. Working in offshore renewable energy sector</td>
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<tr>
<td>11. English language skills and additional languages</td>
<td>** Service providers who fail to score a minimum of 70 points out of a possible 100 points on technical criteria will not be eligible for further consideration.</td>
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Each of the criteria will be scored using the scale below:

- 0 - No response or wholly unacceptable;
- 1 - Partially unacceptable: Partially meets Shernas Limited requirements, but with significant weaknesses;
- 2 - Acceptable: Largely meets Shernas Limited requirements but with some weaknesses;
- 3 - Good: Fully meets Shernas Limited requirements;
- 4 - Excellent: Exceeds Shernas Limited requirements and adds value.

** Price Criteria **

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<thead>
<tr>
<th>Price Criteria</th>
<th>Weighting %</th>
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<tr>
<td>Price itemization of services*</td>
<td>10%</td>
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<tr>
<td>Price and value for money</td>
<td>90%</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
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* Project costs should be clearly split by project phase.

The ‘price and value for money’ evaluation will be scored as follows:

The maximum marks available for this part of the Tender will be 5 and will be awarded to the cheapest price submitted by a Tenderer who meets all of the tender requirements. The remaining
Tenderers will receive marks on a pro rata basis from the cheapest to the most expensive price. The total price submitted by the Tenderer will be used for the purpose of this evaluation.

The calculation used is the following:

Score = Lowest Compliant Tender Price/ Price of Tender being scored x 5 (Maximum available marks)

**General Variations to Contract**

It is possible that other unforeseen additional work will arise during the course of this contract. As any of this may give rise to a requirement for a variation in agreed works or a contract extension, the successful consultant would be expected to quantify its charges for any potential additional work. This will also be subject to formal approval by Shernas Limited and the funders prior to any further work being undertaken.

**Performance Evaluation**

Shernas Limited expects to monitor the performance of the selected supplier. Shernas Limited will monitor the delivery of the following milestones:

- Delivery of the draft market study report.
- Delivery of the full market study report including all required supporting documents for Shernas Limited review.
- Presentation of findings to industry stakeholders in Nairobi, Kenya.

**Reporting Requirements and Management**

- Accountability will be to the Director, Energy & Wildlife.
- All activities planned and conducted during the course of the project will be decided in close collaboration with the Director, Energy & Wildlife or delegated Shernas Limited staff members.
- All written deliverables must be submitted in MS Office, MS Excel and/or PDF and/or design package format, as appropriate.

**Contractual Arrangements**

- The contract will be drawn up between Shernas Limited and the service provider including a non-disclosure agreement
- Invoices will be paid on time allocation basis provided planned deliverables are produced in accordance with the contract.
• Invoices must indicate time allocations and the associated deliverables produced.
• Shernas Limited will immediately pay for the satisfactory completion of work but within 30 days of submission of invoices.
• In the case of invoices to Shernas Limited, they must be addressed to the Director, Energy & Wildlife.
• The report, presentation and all intellectual property and copyright of all materials prepared under this commission shall rest with Shernas Limited.

Payment and Invoicing

Payment will be made upon the proponent submitting invoices with supporting documentation in a form satisfactory to Shernas Limited.

Payment Schedule

Payment schedule is as follows:

• 25% upon signing of contract
• 40% upon submission of draft WIO Market Study
• 35% holdback paid upon satisfactory completion of the project.

Closing Date for Proposals

Closing date for submission of proposals: 31\textsuperscript{st} July 2018 at 1600 hrs East African Time.

It is anticipated that the contractor would begin work immediately upon approval to proceed.

Submission of proposals: proposals must be emailed to Eric Mwangi Njoroge (Ericnjoroge@hotmail.com).

For further information, clarifications or questions, please do not hesitate to contact us. Responses to all questions will be shared with all interested offerors and will be anonymized as follows: July 06\textsuperscript{th} 2018 at 12 noon East African Time, and 13\textsuperscript{th} July 2018 at 12 noon East African Time. Our new website to reflect focus in this area is currently being constructed by Afiregister Kenya and soon will be online.

General Terms and Conditions

This RFP does not commit Shernas Limited to award a contract, to pay any costs incurred in preparation of a proposal/quote, or to procure or contract for any services. We reserve the right to cancel in part or in its entirety this RFP, to accept or to reject any or all quotes/proposals.
submitted, to request additional information from any or all proposers, or to negotiate with any
or all proposers;

Shernas Limited will require all bidders to sign a Non-disclosure/Confidentiality Agreement
when offerors submit their bids. Proposals’/quotes’ submission will not be accepted without it
and in such instances will be considered unresponsive and thus self-disqualifying;

Shernas Limited does not bind itself to accept the lowest priced tender;

Shernas Limited reserves the right to engage other companies / consultants if required during the
term of the contract;

Vendor is requested to confirm that the prices will be valid for a period of at least four (4)
months;

Shernas Limited shall be free to:

- To accept the whole, or part only, of any tender;
- To accept none of the proposals tendered;
- To republish this Request for Tenders.

In the event of not accepting any of the proposals received on foot of this Request for Tenders,
Shernas Limited shall be free to make such arrangements as it considers necessary in relation to
the provision of the services; and

Shernas Limited will not be liable for any costs or expenses incurred in the preparation of a
tender.

You are cautioned not to initiate any work prior to receipt of a fully signed contract. There will
be no public opening of the proposals. You will be advised as soon as possible after the selection
has been made, and if we should need any further information from you, we will contact you. We
intend to move promptly, however, your proposal should remain form for at least one hundred
and twenty (120) days.

Should a potential Supplier/Vendor find discrepancies, omissions, or is in doubtful of as to the
true meaning of any part of the RFP document, the potential Supplier/Vendor MUST submit a
WRITTEN request for clarification or interpretation, addressed to Eric Mwangi Njoroge, by
eemail, Ericnjoroge@hotmail.com no later than seven (7) days after publication of the notice of
RFP/RFQ to the public.