



Jerusalem, 21 Cheshvan 5773

6 November 2012

**Re: Request for Proposals for Consulting Services for costing and pricing (tariff) of regulated transmission services, transmission system operator services, distribution services, metering system for the end-users services, supply services provided by an integrated company and by a distribution company (RFP No. 14/2012)**

On behalf of the Public Utilities Authority – Electricity (Hereinafter: "**the Contracting Authority**" or "the PUA"), I hereby request bids for the provision of consultation services for the examination of the matter mentioned in the subject above, as follows:

1. **Introduction**

Public Utility Authority-Electricity (PUA) has undertaken to investigate the current costing and pricing (tariff) of some regulated services provided by two **Essential Service Providers ("ESP")**:

Transmission services, transmission system operator services, distribution services, metering for end-users services and supply services provided by the Israel Electric Corporation ("IEC"). The company is a vertically integrated company engaged in production, transmission, distribution, and supply of electricity; distribution, metering for end users and supply services provided by Jerusalem District Electricity Co. Ltd (JDECO). The company is engaged in retail selling of "Medium Voltage" electricity bought from IEC in bulk.

The review will examine the cost structure of the **ESPs** and will recommend





recognized cost and tariff models and an adjustment mechanism for the aforementioned services provided by the **ESPs**. The PUA is interested in engaging the services of a consultant to perform the above investigation of costing and pricing.

The consultant will be asked to propose monitoring principles and methods of data collection and recommend a system for the implementation of the cost and tariff models and adjustment mechanism, including a data reporting system from the ESPs to the PUA.

## 2. **Review of The Electricity Market Structure and PUA Regulation**

Although liberalization and privatization of the electricity sector in Israel have been on the political agenda for years, the electricity sector remains dominated by one supplier, the Israel Electric Corp. (IEC), a vertically integrated state-owned monopoly. In the near future the market share of IPP's are expected to increase substantially, but IEC will still be the dominant player in the market.

The electricity sector is regulated mainly according to the Electricity Sector Law ("ESL") of 1996. The law founded the body responsible for regulating the electricity market - the Public Utility Authority – Electricity (PUA). The PUA is in charge of setting electricity tariffs, defining and ensuring compliance with standards for quality of service, and licensing all types of players in the market.

To date, the PUA regulates the tariffs of IEC and JDECO, electricity provided by IPP to IEC and the Demand Response (DR) Programs managed by IEC as the system operator.

The current tariff is based on economically efficient principles and on the ESL, specifically regulation of recognized costs of services by employing the "Rate Base" method and efficiency factor (to reflect cost efficiency and economy of scale). The regulated tariff's regime is based on "Price Cap Regulation" and the tariffs are subject to change according to an "Adjustment Mechanism". Among other things, it was determined that the recognized cost basis of tariffs will be reviewed at the end of each "Test Period". The tariff structure is based on TOU (Time of Use), derived from the recognized cost equation and marginal costs.





The principles of economically efficient regulation are reflected in the ESL. According to the ESL, prices set by the PUA have to reflect the cost of each individual service, including an appropriate rate of return. Cross subsidization of services is forbidden and any rate reduction for a service funded by the state budget will be deducted from the recognized cost of the relevant tariff (ESL 1996: paragraph 31). Accordingly, the PUA understood this as specifically forbidding any types of social or well-being considerations when setting electricity prices unless a specific amendment is added to the ESL. Thus, although prices are set by the state, they are market oriented.

The PUA first initiated a tariff mechanism of regulated prices for electricity services provided by IEC in September 1997 and again in July 2002. These initiatives were based on principles similar to the current tariff. In February 2010, the PUA formed a new tariff mechanism for IEC's generation segment only. In the last two years the PUA has been engaged in collecting data on the IEC's transmission and distribution segments but no tariff mechanism has been set so far. The PUA is seeking a consultant to examine the cost structure of services supplied by IEC and suggest appropriate models of recognized cost and tariff and the adjustment mechanism for implementing them.

In 2004, the PUA first initiated a tariff mechanism of regulated prices for electricity services provided by JDECO. Since then, the mechanism of the basic tariff has remained untouched. The PUA is seeking a consultant to examine the cost structure of JDECO and suggest appropriate models of recognized costs and tariffs as well as an adjustment mechanism for the aforementioned services provided by the company.

### 3. **Details of the Requested Work**

The Consultant is required to examine the current costing and pricing of some regulated services provided by two ESP's, including the following:





3.1. Derive up-to-date robust cost information on the following Essential Service Providers ("ESP") :Israel Electric Corporation Limited (IEC) and Jerusalem District Electricity Co. Ltd (JDECO).

Detailed information about the involved companies appears in the corporate business description of IEC in **appendix A** and the corporate business description of JDECO can be found in **appendix B**.

3.2. Analyze the cost structures of the following segments of IEC:

3.2.1. Transmission grid - high voltage lines (161 KV and 400 KV), switching stations and substations for high-voltage electricity that carry electricity to the Distribution grid and to high-voltage end users;

3.2.2. Transmission system operator (TSO) – dispatch and balancing activities, load management and other ancillary services provided by the TSO;

3.2.3. Distribution grid - distribution lines and transformer stations that carry electricity to end users;

3.2.4. Metering system for end users – Meters and measurement devices including possibility of deployment, reading, and data base per type of voltage level for the producers and consumers.

3.2.5. Supply – supply services per type of voltage level, including billing and customer services.

3.3. Analyze the cost structures of the following segments of JEDCO:

3.3.1. Distribution grid - distribution lines and transformer stations systems that carry electricity to end users.

3.3.2. Metering system for end users – Meters and measurement devices, reading, data base per type for the consumers.

3.3.3. Supply – supply services, including billing and customer services.





- 3.4. Cost structures analysis of the relevant elements described in 3.2 and 3.3 should refer to quantities and the price of production factors used in the production of assets of different capacity or size and to operation and maintenance (O&M) of the relevant element. The cost analysis of the production factor – labor - in each segment of the ESP should refer separately to wages, pensions and other post-employment benefits.
- 3.5. Techno-economic review of development programs relating to the facilities described in clauses 3.2 and 3.3. which considers, among other things, the planned new power stations and their geographic deployment, voltage level and technology. Special treatment is required regarding the cost effect integration of renewable energy (solar, wind, etc.) and cogeneration that has recently become active. The review will be the basis for recommendations for possible changes to programs that may increase the efficiency and performance of the facilities.
- 3.6. Cost structure analysis of the distribution segment should be conducted separately for each district of IEC (IEC currently has 5 geographical districts).
- 3.7. Make recommendations for the **cost structure of electricity consumption rates** for each element in each segment described in clauses 3.2 and 3.3., based on the cost structure analysis as presented above; and recommendations for updating the cost mechanism which may include, *inter alia*, a glide path with an index-X factor, or other methods.
- 3.8. Make recommendations for **the grid connection cost structure to charge producers and consumers**, differentiated by TOU and voltage level based on the cost structure analysis as presented above; and recommendations for updating the cost



mechanism which may include, *inter alia*, a glide path with an index-X factor, or other methods.

- 3.9. Analyze the network losses for each element in the transmission and distribution networks and assess the contribution of each type of power station and installation in different major locations. Based on the analysis, make recommendations regarding normative network losses for each element in the Transmission network and in the Distribution network and propose a loss index factor per type of power installation and location.
- 3.10. Suggest a "shadow-price" model for each element in the transmission and distribution networks in each segment by "Time of Use" (TOU).
- 3.11. Make recommendations for **tariff structure of electricity consumption** for each segment described in clauses 3.2 and 3.3., based on recommendations about cost structure, normative network losses and the "shadow-price" models, as presented in 3.7, 3.9, 3.10, and make recommendations for the April 2012 tariff base for all relevant segments and updated tariff mechanisms.
- 3.12. Make recommendations for **grid connection** tariffs for **producers and consumers** based on the recommendations presented in 3.8 and recommendations for tariff mechanism updates.
- 3.13. The suggested cost structure and tariff structure of all segments should be guided by a vision of creating competitive structures for both the production and supply segments of the electricity industry.



3.14. The Consultants will have to use their international comparative experience and support their work with relevant examples from other countries.

3.15. It should be clarified that the Successful Bidder shall be required to address any additional issue related to the requested examination, within reason (including changes to agreements if they occur).

#### 4. Analysis methods

4.1. **Bottom-Up Model** - The consultant will be asked to build a bottom-up model for setting normative costs and a recommended tariff for each segment of the ESP's services described in 3.1. based on data inputs provided by the ESPs and on the consultant's own expertise and knowledge in network engineering, costing and pricing, and essential parameters and general policy of PUA regarding the tariff structure for each segment (such as preferring to employ "price cap" tariff).

Constructing such a model will involve, *inter alia*:

4.1.1. Providing recommendations on methodological issues;

4.1.2. Constructing and documenting a bottom-up cost model, including a model algorithm and defining methods of updating the cost model over the years;

4.1.3. Collecting, analyzing and preparing the most reliable information received from ESPs to implement the model, as well as methods of data collection, reporting, and monitoring that will be needed for future implementation of the model;

4.1.4. Analyzing the cost structure of similar companies and contrasting it with the cost structure of IEC and JEDCO. The analysis should make the necessary adjustments for different countries such as: average labor costs in economy, average labor costs in industry, income per capita and





Purchasing Power Parity (PPP). The original data on which normative costs are based should be reported. Addition research shall be conducted as required, including assumptions and parameter values that do not rely upon data from the ESPs. Data sources that may be used as complementary information to implement the model should also be specified;

- 4.1.5. Cost forecasting model, if necessary, to be included in the bottom-up model, applying a time series analysis.
- 4.1.6. Deriving recommended pricing results for "IEC" and for "JDECO" networks and their supply activities, using sensitivity and scenario analysis of the implemented cost model when necessary; and defining methods for updating pricing results based on the updated cost model, cost forecasting model and appropriate values of the X - efficiency factor (price mechanism).
- 4.2. **Top-Down model** – The IEC and JDECO will be given the opportunity to construct their own top-down models using their own accounting systems as a starting point. If they do so, it is likely that the consultants will be asked to carry out a detailed assessment of such models. Such assessments will identify the strengths and weaknesses of the top-down models by comparing and contrasting them with the bottom-up model.
- 4.3. **Reconciliation of the models** - When both the bottom-up and top-down models have been refined, it is likely that the consultants will also be asked to reconcile the models. This will require identification and quantification of the main sources of the differences between the models' results and presenting advice on the preferable approach for deriving the most appropriate cost-based results.

In the absence of information on developed, top-down cost-based models the consultants will be asked to make comparisons with available accounting





data. The purpose of such work is to verify the accuracy and robustness of the consultants' results.

4.4. **Hearing** - It is likely that the consultant's final model will be subject to an ESP hearing process, in which case the consultant will be expected to work with the PUA to respond to issues that arise during the hearings. In addition, if points arise during the hearing, that requires changes to the model, either based on data issues or on methodological or other issues, the consultant will be required to modify the model accordingly.

Additionally, if the PUA is required, at a later stage, to intervene in setting tariffs for network services and marketing services supplied by the ESPs, the consultant will be required to work with the PUA to provide solutions to issues that arise during the ensuing hearings.

5. **Financial effect**

Evaluate the effect of implementation of the suggested costing and pricing models on the ESP's financial statement.

6. **Incentive to increase efficiency**

Suggest methods of inducing EPSs to improve their performance and efficiency. The proposed method should aim towards creating a competitive structure for the electricity industry in both its production and supply segments.

7. **Additional work** - Advice on other relevant issues that will be paid for separately from the requested work.

8. **Reporting**

The consultants' report shall include the following:



- 8.1. All jobs described in sections 3-6.
- 8.2. Algorithms for the models introduced in the study.
- 8.3. Detailed documentation of data, data sources and assumptions used to define normative cost of services and the recommended tariff, including relevant benchmarks for costs and tariffs in relevant countries and companies.
- 8.4. Databases and suggested models will be delivered in electronic form.

#### 9. **Manner of Performance of Services and Timetables**

- 9.1. The work shall be carried out by one of the Bidders, who shall be selected by the Contracting Authority to perform the services (hereinafter: "**the Successful Bidder**"), with the accompaniment and guidance of the Chairman of the PUA and Head of Economics Division /or a person appointed by them (hereinafter: "**PUA guider**").
- 9.2. The work plan and contents, distribution of the work and allocation of inputs required from the Successful Bidder, as well as timetables, shall be approved by the **PUA guider**, and coordinated with the Successful Bidder.
- 9.3. Within three weeks of signing the agreement, the Successful Bidder and his leading staff members will meet the professional staff at the PUA's office. The purpose of the meeting is to introduce the staff and discuss the work plan.
- 9.4. Within two weeks of the first meeting, an abstract of the report to be drafted on the subject shall be submitted for approval to the **PUA guider**, after





making changes and adjustments to its contents per the PUA guider's instructions.

9.5. Six months after the abstract is approved, a first draft of the report (hereinafter: "draft "A"") shall be submitted, in accordance with the requirements of the PUA guider. It is hereby clarified that the first six months may be divided differently based on mutual agreement between the bidder and the PUA.

9.6. Four weeks after draft "A" is submitted, the Successful Bidder will present the draft of the report in the PUA's office and meet the professional staff. During the week following the meeting, the Successful Bidder shall make changes and adjustments to the contents of the report and to the manner of its submission, as per the instructions of the PUA guider (hereinafter: "draft "B"").

9.7. The PUA plans to send written comments, draft "B", to several parties including the ESPs. The PUA will send the written comments to the Successful Bidder, and approximately two months after the submission of draft "B", the Successful Bidder will be required to come to the PUA's office for a period of up to three days to receive comments on draft "B" from several relevant parties, including the ESPs. The Successful Bidder will respond to the comments, and make changes and adjustments to the contents of draft "B" as necessary (hereinafter: "draft "C"").

9.8. The PUA will conduct a formal hearing on Draft "C" at the PUA board. The Successful Bidder will be required to be present at the board's hearing meeting. The Successful Bidder will be notified of the date of hearing.

9.9. Three weeks after the hearing, the Successful Bidder will deliver an updated version of draft "C" to the PUA guider.





9.10. The final report shall be submitted two weeks after the PUA guider's comments are received.

9.11. For the avoidance of doubt, the following four trips to Israel shall be required over the course of the consultation:

9.11.1. Within three weeks of the date that the agreement is signed;

9.11.2. Four weeks after the submission of draft "A";

9.11.3. Two months after the submission of draft "B";

9.11.4. During the formal hearing on Draft "C".

9.11.5. Trips 1 and 4 will require the Consultant to send all senior staff members to Israel as specified in paragraph 14.4. Trips 2 and 3 will require the presence of the staff's senior economist and senior engineer. The above requirements are the minimal ones.

It is up to the bidder to include additional professional employees in each trip.

## 10. Terms of Provision of Services by the Successful Bidder

10.1. The services shall be provided by the Successful Bidder as per the needs of the Contracting Authority and to its satisfaction. The Successful Bidder, or any person acting on its behalf, may not transfer or assign their rights under this bid, in whole or in part, to a third party, unless they receive prior written consent from the Contracting Authority or any person acting on its behalf.

10.2. The Successful Bidder and any person acting on its behalf undertake to provide the services with expertise, professionalism and skill, in accordance with the professional standards and the accepted rules of professional ethics.





10.3. It is hereby clarified that any material and information collected by the Successful Bidder over the course of his work shall be unconditionally placed at the disposal of the Contracting Authority or any person acting on its behalf.

10.4. The Successful Bidder shall begin to provide the services on the date of signing of the contractual agreement by the authorized signatories on behalf of the Contracting Authority.

10.5. The Successful Bidder is required to be available at any time during the contract period for questions, clarifications and requests by phone, mail, etc.

## 11. Scope and Duration of the Contract

11.1. The period of the contract is one year, beginning on the date that the contractual agreement is signed with the Successful Bidder (hereinafter: "**the Period of the Contract**"), but not before the job has been completed.

11.2. The Contracting Authority may terminate the contract by submitting 30 days prior written notice, for any reason whatsoever and at its sole discretion.

## 12. The Bid Form

12.1. Bidders for this procedure shall submit a global and uniform price quotation in USD. The price quotation shall include all of the components required for provision of the services. Those services are defined in and subject to the attached Contract, including its attachments; the price for the





services includes all travel costs to and from Israel and considerations, including per diem for the consultant's staff.

12.2. Price quotations shall be submitted using Appendix C, in a separate, closed envelope, with no identifying information. The following (or similar) shall be written on the envelope: **"Price quotation per the Request for Proposals for Consulting Services concerning costing and pricing (tariff) of regulated transmission services, transmission system operator services, distribution services, metering system for end users services and supply services "**.

12.3. The PUA - Electricity reserves the right to require the Successful Bidder to complete all or part of the work defined in this application and to instruct the Bidder to update the price quotation accordingly.

### 13. Threshold Conditions

As a threshold condition for the submission of a bid, the Bidder must attach all of the following documents:

13.1. Certification from a licensed clerk, accountant or tax advisor, which attests that the Bidder administers its accounting records in accordance with the law or that it is exempt from such administration, and that it customarily reports its income and all taxable transactions in accordance with the State's tax laws.

13.2. An affidavit, signed in the presence of an attorney, attesting to the absence of convictions against the Bidder or its controlling party.

13.3. An affidavit, signed in the presence of an attorney, stating that neither the Bidder nor any Interested Party therein are residents or citizens of Syria,





Lebanon, Iran, Iraq and any other country which may be added to this list by the Government from time to time (“Hostile State”).

13.4. The Bidder must show relevant extensive international experience in carrying out similar consultations for regulators in the electricity market. The Bidder shall include in the bid at least two projects of similar nature and scope that he has completed in the past. The projects should be presented in detail and include contact information for clients of the relevant projects. The projects described should relate to work done during the last five years. PUA may contact previous clients in the course of evaluating the proposal.

13.5. The bidder shall provide a methodological description of the consultation project.

13.6. The proposed staff - the consultant's project staff member should include senior experts in the following field: economics, engineering and accounting (with experience in economics). The Bidder shall name all senior members of the staff who will be assigned to consultation on the project and attach each of their CVs, in addition to a description of the projects they have carried out which are relevant to the study. Likewise, the Consultant will designate a project supervisor.

13.7. Any bid not submitted in accordance with the provisions of this section shall be rejected outright. The Contracting Authority reserves the right to correct technical shortcomings in the bid in order to adjust it to the requirements of the tender or to request clarifications (but is not obligated to do so).

#### 14. **Additional Details that the Bidder Must Attach to its Application**

14.1. The Bidder must show relevant extensive international experience in carrying out similar consultations for regulators in the electricity market. The





Bidder shall include in the bid at least two projects of similar nature and scope that he has completed in the past. The projects should be presented in detail and include contact information for clients of the relevant projects. The projects described should relate to work done during the last five years. PUA may contact previous clients in the course of evaluating the proposal.

- 14.2. The structure of the bidder's organization, including positions of the team members in the organization.
- 14.3. A signed contractual agreement using the attached template, signed with initials on each individual page and by an authorized signatory on behalf of the bidder's organization with a full signature and a stamp in the designated space at the end of the agreement.
- 14.4. Bank confirmation of the details of the account to which the payments shall be transferred.
- 14.5. Furnishing of certificates, valid as of the date of the submission of bids in accordance with this procedure: a licensed dealer certificate or the appropriate corporation registration certificates, as the case may be. If the bidder is a corporation, its participation in this procedure depends on its ability to furnish certification of its registration as a corporation under the law of the state, and of an attorney-certified affidavit listing its authorized signatories and stating their names and their authority to bind the corporation by their signature. In this section "corporation" means a juristic person competent in respect of obligation, rights and legal acts.
- 14.6. All of the certifications and documents are required as proof of meeting the aforesaid threshold conditions.

**15. Process of Selecting the Successful Bidder and Criteria in this Procedure:**





The applications shall be examined by the PUA who may be assisted, for this purpose, by consultants and experts as it deems appropriate.

For the purpose of examining the applications, the PUA shall appoint a subcommittee on behalf of the tenders committee, to open the bids and analyze the applications submitted within the framework of the request. The subcommittee shall examine the applications and validity of the data that they include and recommend scores for the applications to the tenders committee, in accordance with the criteria set out in this section.

The procedure of selecting the Successful Bidder pursuant to this request shall be carried out in the following three stages:

**At the first stage** – all of the bids received by the final date defined for submission of offers shall be examined as to whether they meet the threshold conditions set out in section 13 above. Only an application that meets all of the required threshold conditions shall be examined at the next stage.

**At the second stage** – which includes 80% out of 100% of the bids, the quality of the bids shall be examined, in accordance with the weights and requirements defined in section 15.1 below.

**At the third stage** – which includes 20% out of 100% of the bids after scores were assigned during the second stage, the price quotation envelopes shall be opened and examined. All of the stages shall be weighted together and the bid with the highest final score shall win the first place.

**15.1. The Second Stage – Examination of the Quality of the Bids – 80%:**

15.1.1. A bidder who meets the threshold conditions shall be examined in the second stage. The quality of the bid and the bidder's experience, skill,





and professional quality shall be considered in a manner most advantageous to the owner of the procedure of requests for proposals.

15.1.2. Examination of the quality parameters shall be carried out according to the following table:

Quality Parameter	Weight
1. <b>Methodology:</b> <u>The bidder shall describe the methodology of the consultation project.</u> PUA shall weigh the proposed methodology in order to evaluate, inter alia, the bidder's ability to properly perform the work at hand and to meet the PUA's expectations;	30%
2. <b>Relevant professional experience of the proposed staff</b>	25%
3. <b>Two similar projects:</b> The Bidder must show relevant extensive international experience in carrying out similar consultations for regulators in the electricity market. The Bidder shall include in the bid at least two projects of similar nature and scope that he has completed in the past. The projects should be presented in detail and include contact information for clients of the relevant projects. The projects described should relate to work done during the last five years. PUA may contact previous clients in the course of evaluating the proposal;	20%
4. <b>The firm's relevant professional experience:</b> PUA will weigh, inter alia, the degree and breadth of relevant experience as reflected in a detailed list of publications and professional quality of the projects submitted to former clients, including information obtained by inquiries with former clients;	10%
5. <b>The consultant's representation in Israel:</b> The bidder shall indicate in the bid if his company has representation in Israel`	5%
6. <b>Overall Impression:</b> PUA will weigh, inter alia, any background material on the firm and its work that the bidder chooses to provide.	10%





15.2. **The Third Stage – Price quotations – 20%**

After assigning scores to the bids in the second and third stages, the price quotations shall be opened, and the price quotations of the various bidders shall be examined.

The most inexpensive weighted price quotation shall be awarded the maximum score, and the other price quotations shall be awarded points in a relative manner, in descending order.

For the avoidance of doubt it should be clarified that the Contracting Authority reserves the right to contact an additional bidder (who is ranked in the second place), according to its ranking at the fourth stage as aforesaid, for the purpose of provision of services as aforesaid.

16. **Conflicts of Interests/Confidentiality/Proprietorship**

16.1. The Successful Bidder shall declare and undertake that to the best of its knowledge, it does not have, as of the date of signing the contract between the parties, and shall not have, during the Period of the Contract between the parties and for one year from the end of the Period of the Contract, any conflict of interests of any kind whatsoever. Without derogating from the generality of the above, during the Period of the Contract, the Successful Bidder shall not represent any person for whom the Successful Bidder's work with the Contracting Authority may be relevant, and shall not act on behalf of such persons.

16.2. The Successful Bidder shall be required to sign an unqualified undertaking of confidentiality protection, and to undertake that all of the discussions in which it will take part, as well as all of the findings and data concerning the service provided by it and the products of its work, shall be



kept confidential throughout the Period of the Contract and thereafter, unless the bidder has received the Contracting Authority's prior written approval for the disclosure of such findings or data.

16.3. Any document prepared by the bidder as part of the provision of services shall be solely the property of the State, and the bidder or any person acting on its behalf shall have no claim or suit regarding this matter. Furthermore, the Successful Bidder or any person acting on its behalf shall not make use of information that comes to their knowledge as part of the services.

16.4. The Successful Bidder shall not use any information that comes to its knowledge during the Period of the Contract, except for the purpose of fulfilling its duties.

16.5. The Successful Bidder shall undertake that it shall not present to any person, other than a representative of the Contracting Authority, the results of the said work, during the Period of the Contract and thereafter, including any document prepared by it as part of the provision of services, unless he has received the Contracting Authority's prior written approval for such presentation.

## 17. Expenses of Participation in the Procedure

17.1. The bidder shall be the sole bearer of the expenses of its participation in the procedure, and shall not be entitled to any reimbursement from the PUA for such expenses.

## 18. Applicable Law and Jurisdiction

18.1. The Court with the appropriate material jurisdiction in Jerusalem shall have sole jurisdiction on any matter pertaining to this invitation for bids.





18.2. This invitation for bids shall have effect, be interpreted according to and be governed solely by the laws of the State of Israel. Accordingly, if the bidder has any doubt as to whether it is required to provide a specific piece of information, it is recommended that the consultant either query the PUA or seek local counsel.

### **19. Questions and Clarifications**

19.1. Questions and requests for clarifications regarding this invitation may be submitted to PUA, exclusively via Mr. Menachem Kamish of the Economic Division (menachem@pua.gov.il), no later than 17:00 (Jerusalem local time) on November 23th, 2012.

19.2. The PUA will provide a response to questions and requests for clarifications submitted in accordance with section 18.1 above, no later than November 26th, 2012. PUA's response, which will be provided to all potential bidders, will include all questions and requests for clarifications submitted by all other potential bidders.

### **20. General Terms**

20.1. The party placing the order may, at its sole discretion, select more than one bid, and it may also split the winning bid between two bidders as needed and request additional bids.

20.2. The Contracting Authority may, at any time during the Period of the Contract, contact the bidder ranked immediately after the Successful Bidder/s, and offer it the opportunity of providing the services for the remaining Period of the Contract under this request, if circumstances arise in which it becomes evident that the Successful Bidder/s in this tender is/are not able to meet the requirements specified in this request.



- 20.3. The Contracting Authority may contact all or any of the bidders in order to obtain clarifications of or supplements to their bids.
- 20.4. The Contracting Authority may at any time give notice that shall be published in writing, to bring forward or defer the final date for submission of bids and may also change the dates and other conditions relating to this request for proposals, at its absolute discretion.
- 20.5. The Contracting Authority does not undertake to choose any bid, including the lowest one and it may contact additional bidders at any time that it deems appropriate, or decide not to sign a contract at all, for budgetary reasons or others.
- 20.6. Nothing in the foregoing shall derogate from the rights of the Contracting Authority and/or of the tenders committee under the Mandatory Tenders Law, 5753-1993, or the regulations made pursuant thereto.

## 21. **Manner of Submission of the Bids**

### 21.1. Bids must be submitted **in two separate envelopes**:

21.1.1. The first envelope (“**the proposal envelope**”) must contain the bidders' written proposal, together with all supplementary material relating to the bidders' proposal, **except** for the attached bid form. **The proposal envelope must not contain any information regarding your fees or costs for the Consultation.**

21.1.2. The attached bid form must be signed and sealed in a separate envelope (“**the bid envelope**”). The bidder's quote must be submitted using the attached Bid Form.

### 21.2. **Failure to submit the bid as directed above may result in the bid being disqualified!**





21.3. Both envelopes must be labeled "RFP No 14/2012 for **Consulting Services concerning costing and pricing (tariff) of regulated transmission services, transmission system operator services, distribution services, metering system for end users services, supply services**". They should include the name of the bidder's firm and be placed, in person, in the bid box located in the Budget and Purchasing Division Dept. of PUA, 1 Hasoreg Road, Jerusalem (1st floor). **Bids must be submitted no later than 17:00 (Jerusalem local time) on December 4rd, 2012. No bids will be accepted after that time.** Delivery may be coordinated by calling Ms Taya Iluse +972-2-6217101.

21.4. Each envelope should contain three copies of the proposal with its supplementary material or the bid form, respectively. (One original, signed copy of each is required).

21.5. For the avoidance of doubt, a bid that arrives after the final date and time for submission of bids shall not be considered and shall be disqualified outright.

