



REQUEST FOR EXPRESSION OF INTEREST (EOI) FOR PROVISION OF TRANSACTION ADVISORY SERVICES ON THE TRANSFER OF KPLC TRANSMISSION LINE ASSETS TO KETRACO

EXPRESSION OF INTEREST (EOI) NO.: KP1/9A.2/EOI/001/FIN/23-24

Sector: Energy

Country: Kenya

A. BACKGROUND

The Kenya Power and Lighting Company PLC (KPLC) is a majority state owned (50.1% Government and 49.9% Private) Company that is publicly listed at the Nairobi Stock Exchange (NSE). It owns and operates electricity distribution and transmission system in the country and sells electricity to over 9 million customers. The Company's vision is to be Kenya's energy solutions provider of choice by providing quality and reliable service to power people for better lives and enable the country's socio-economic development in a sustainable manner.

Its core mandate and business is distribution and retail of electricity purchased in bulk from licensed generators, i.e., plan for sufficient electricity generation and transmission capacity to meet demand, build and maintain the power distribution and transmission network and retail electricity to its customers.

Towards enhancement of efficiency in the wider energy and restructure of KPLC's balance sheet, a decision has been made to transfer KPLC's Transmission line assets (with provisioning of requisite resources) to Kenya Electricity Transmission Company Limited (KETRACO). KETRACO is a Government utility Company mandated to manage the high voltage electricity transmission lines. The transfer is to be undertaken on commercial basis with full market value assets paid to KPLC. In this arrangement, KPLC & KETRACO will enter into a well-structured O&M Agreement for the operations and maintenance of the transferred transmission line assets with elaborate provisions for mitigations of risks arising upon transfer.

B. THE PROBLEM

The matter at hand is about transfer of transmission line assets (with provisioning of requisite resources) from KPLC to KETRACO. The following tasks are to be undertaken:

- i) KPLC is to transfer transmission line assets to KETRACO at commercial market value.
- ii) KPLC and KETRACO are to enter into an O&M agreement for operations and maintenance of the lines upon transfer where KPLC will maintain and operate the network for a minimum period of 10 years period.

C. OBJECTIVE OF THE ASSIGNMENT

The Consultant is to carry out Professional Valuation, Transaction Advisory/Consultancy services that would assist KPLC obtain market values for transfer of transmission line assets as well as address the wide range of requirements, obtain necessary documentations, manage shareholder and stakeholders and to mitigate

risks arising from such transfer, in line with international best practices and existing laws.

D. SCOPE OF SERVICES

The process will be a participatory, multi-stakeholder process and will involve the consultant working jointly with KPLC and other stakeholders. The Consultant, in consultations with KPLC, will be responsible for carrying out the following activities:

1. Provision of valuation and advisory services including:
 - i. Valuation of:
 - a. Transmission line
 - b. Equipment
 - c. Land, buildings and rights of way.
 - d. Common user services, assignments, rights, intellectual property, hosting and colocation license fees and rentals.
 - e. Goodwill
 - ii. Provision of advisory services on the commercial transactions to be undertaken.
2. Seeking of exemptions and Stakeholder engagements including:
 - a. Processing of statutory and regulatory exemptions, approvals / no objections.
 - b. Providing support and facilitation of stakeholder engagement.
3. Review & Preparation of Agreements
 - a. Review of proposed Operations and Maintenance (O&M) agreement
 - b. Preparation of Principal agreements, i.e., Transfer of Assets agreement
4. Securing and/or registration of associated instruments/documents, including:
 - a. Conveyancing instruments.
 - b. Leases, novation, assignments, subsidiary agreements and transfer of rights.

E. LIST OF ASSETS TO BE TRANSFERRED

Appendix 1 (attached), gives a list, including quantity and location, of assets slated for transfer to KETRACO at market value.

F. THE TRANSACTON ADVISORY TEAM

Expected is a multidisciplinary team of experts who have experience, skills and expertise in, but not limited to: Electrical Engineering, Finance, Legal, Civil/Geotechnical Engineering, Environmental specialists, intangible property specialists, Real Estate and Telecommunication Engineering experts registered by the relevant accredited professional bodies. Detailed CVs and relevant registration body certificates for the team shall be availed.

G. EXPECTED OUTPUTS

- i. Valuation report for all assets covered in the scope
- ii. Advisory master Plan/ matrix plan detailing the activities to be undertaken towards operationalization of the transfer of the Assets. This must be in line with international best practice, existing governing laws, Company policies and Guidelines as well as best practices and experience borrowed from successful case studies, similar transactions around the globe
- iii. Professional Advisory on the matter at hand, including advisory on impending risks, legal and statutory requirements.

- iv. Documentary proof of executed legal/statutory transactions.

H. METHODOLOGY

- i. The consultant will strictly follow the work plan and the time schedule agreed with KPLC in undertaking the contract assignment.
- ii. An appropriate methodology will have to be determined by the consultant in consultations with the KPLC;
- iii. The consultant will undertake collection of all the required data/information from various sources, including Government departments, state agencies, manufacturers, generators, customers and other relevant sources;
- iv. The KPLC shall facilitate in collection of the data/information with required official letters and contact with focal person(s) wherever required.
- v. The consultant will undertake review, assessment and judgment of the data/information in close consultation with the KPLC.
- vi. The consultant will facilitate in presentations and coordination of the stakeholder workshops/consultations organized as per the agreed work schedule;

I. SPECIFIC DELIVERABLES

Specific Deliverables will include:

- i. Inception report to be delivered within four weeks (after award of the contract)
- ii. Periodic Drafts reports of the operationalization Plan:
 - a. First draft – Three months after contract award
 - b. Second draft – Six months after contract award
 - c. Third draft – Nine months after contract award
- iii. Final report– Twelve months after contract award

J. REPORTING

The Consultant will be reporting to the General Manager, Finance as the alternate to the Managing Director and Chief Executive Officer (MD& CEO) as and when need arises. The consultant will be responsible for the accuracy and timely delivery of the required outputs as well as preparing and presenting reports on the progress to the MD & CEO, including the Board of Directors.

K. DURATION OF THE ASSIGNMENT

The assignment is expected to take 12 Months from the date of signing the contract. The selected consultant will be expected to demonstrate how this will be achieved through the work plan and methodology.

L. QUALIFICATION OF CONSULTING FIRM/TRANSACTION ADVISOR AND ITS PROFESSIONAL STAFF

The Consultant/Consulting firm shall provide qualified staff with relevant experience as a valuer and transaction advisor on transmission line assets for power utilities specializing in electric power transmission and distribution. Expected is a Consultant/Consulting firm comprising a multidisciplinary team of experts who have experience, skills and expertise in, but not limited to Electrical Engineering, Finance, Civil/Geotechnical Engineering, Environmental specialists, Property intangible, Real Estate and Telecommunication Engineering experts registered by the relevant accredited professional bodies. Specifically, the Consultant/Consulting firm shall be

expected to work with qualified staff with relevant experience as valuers and transaction advisor in a deal involving transfer of electric transmission line assets of a power utilities specializing in electric power transmission and distribution.

Specifically,

Specialization	Minimum Years of Experience in Specialization
The Firm	The Firm shall have extensive and proven international and/or local experience in utilities of KPLC size with bias in asset and business valuation, business and transaction advisory services among others. The firm must have been in existence for at least ten years. It shall demonstrate its capacity in terms of team composition and experience of both lead and support team capabilities.
Team Leader	Team Leader role in at least 3 different major local and/or international comparable assignments. 15 years relevant work experience with 5 years as the Lead Expert
Team members	5 years relevant work experience

Therefore,

- a) Consultant/Consulting firm should have been in consulting and advisory services either individually or jointly, preferably in the energy sector, for at least 10 years prior to commencement of the assignment.
- b) Consultant/Consulting firm should possess in-depth consulting and advisory experience undertaken in at least three (3) power utilities with at least 6 million customers each.
- c) Consultant/Consulting firm should have successfully implemented Transmission line asset valuation projects for at least two (2) power utilities each with an annual turnover equivalent to at least US\$ 100 million in the last 5 years.
- d) Consultant/Consulting firm shall hold requisite credentials to undertake work in Kenya.

M. ELIGIBILITY

Kenya Power is now seeking through this Expression of Interest (EOI), to shortlist suitably qualified bidders for Provision of Transaction Advisory Services on the Transfer of KPLC Transmission Line Assets to Ketraco:

- a) Suitably qualified local and international firms are eligible to bid
- b) International firms are eligible to bid in a joint venture (JV) with suitably qualified local firms.
- c) Where firms bid in a joint venture (JV), proof of their collaboration in the assignment will be required along with a declaration that each firm is only involved in one bid for this assignment
- d) The local component of the assignment should not be less than 40% of the value of the contract

N. FACILITIES AND COUNTERPART PERSONNEL

The Client shall provide the Consultant with counterpart and liaison staff.

O. ETHICAL CODE AND PROFESSIONALISM

The Consultant shall carry out the above assignment in accordance with the highest standard of ethical competence, integrity and professionalism, having due regard to the nature and purpose of the assignment. The Consultant will at all-times and purpose, regard as strictly confidential all knowledge and information not within the public domain which may be acquired in the course of carrying out this assignment and the information shall not be directly or indirectly disclosed to any person whatsoever, except with the written permission of the Client.

The Consultants will waive all copyrights of documents, data and information prepared as part of this assignment in favor of KPLC.

This invitation for Expression of Interest shall lead to the shortlisting of bidders who meet the above minimum requirements. The shortlisted firms will then be invited through a **Request for Proposal (RFP)** to submit both technical and financial proposals to carry out the assignment.

The submission of an EOI will not constitute a bid, however Kenya Power will solely use the information to complete its shortlisting exercise and thereafter in the preparation of a **Request for Proposal (RFP)** document for the prequalified bidders.

Interested bidders may obtain further information at the address below during office hours, between **09:00 to 12:00** and **14:00 to 16:30 hours (East Africa Time)** or send e-mails to the addresses shown below:

1. Procurement@kplc.co.ke
2. JMuigai@kplc.co.ke
3. JMutai@kplc.co.ke

Completed Expression of Interest (EOI) are to be submitted in electronic format on the KPLC's E-procurement portal in PDF format on or before the due date and time published on the portal. Bidders are required to visit the portal and KPLC's website (www.kplc.co.ke) from time to time for revised closing dates and addendums. Prospective bidders should register for E-Procurement to enable them access the KPLC portal under "New Supplier Registration" found under the Tenders Tab. The Tender is to be submitted **ONLINE** on or before **2nd November 2023** at **10:00 a.m. East Africa Time**.

Bids will be opened electronically at **10:30 a.m. East Africa Time** and Bidders or their representatives are welcome to witness the opening at the **Stima Plaza Auditorium**.

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