



**GET FiT  
ZAMBIA**

# **GET FiT Small Hydro Tender**

## Project Eligibility Criteria

| GET FiT Zambia Secretariat | 15.05.2019

# GET FiT ZAMBIA 100MW Small Hydropower Tender

## 1 Introduction

The 100 MW GET FiT Zambia (GFZ) Small Hydro Tender (the “Tender”) is part of round two (2) of the Government of Republic of Zambia (GRZ) Renewable Energy Feed-in Tariff (REFiT) Strategy, which commenced on 7<sup>th</sup> January 2019 with the launch of the Prequalification process. Prequalified Developers were notified on 1 May 2019 and results published on 6 May 2019. The process and Eligibility Criteria outlined herein is applicable to Developers that have successfully prequalified and who plan on participating in the GET FiT Small Hydro Tender.

All Prequalified Developers that have received a Notice of Successful Application, including those Prequalified Developers that already hold Feasibility Study Rights (FSR) issued by MOE, are expected to apply for FSR for their preferred project site(s) from the Government of Zambia Ministry of Energy (MoE). This is to ensure that all Developers that intend to participate in the GFZ Small Hydro Tender are issued with the new standardised FSR Approval Letter by the MoE. The FSR process will be administered by the MoE and information on the following can be accessed on the MoE [website \(http://www.moe.gov.zm/\)](http://www.moe.gov.zm/):

- The Withdrawal of the Moratorium on Feasibility Study Rights for Small Hydro Projects
- The Feasibility Study Rights Application Form
- The Submission Guidelines and the application process
- The email address ([fsr-gfzhydro@moe.gov.zm](mailto:fsr-gfzhydro@moe.gov.zm)) to which all FSR related questions should be addressed

The GET FiT Zambia Request for Proposal (the “RfP”) phase will be launched in Q1\_2020 and may consist of up to subsequent three (3) rounds. However, currently only two (2) RfP rounds are definitely planned. Project proposals submitted by Bidders will have to comply with the criteria listed in Table 1 to be eligible to participate in the RfP process.

Project Proposals submitted for the RfP will also be required to comply with minimum Technical and Environmental and Social (E&S) Requirements, which will be communicated by Q3 2019.

## 2 Project Eligibility Criteria

The Project Eligibility Criteria outlined in this document relate to the first RfP round (RFP1). Proposals must satisfy the Project Eligibility Criteria to be eligible for both the REFiT and the Viability Gap Funding (VGF) provided by the GET FiT Zambia programme. The REFiTs have been determined by the Energy Regulation Board (ERB) and will be published on the ERB website (<http://www.erb.org.zm/>).

The following key Project Eligibility Criteria will be covered in this communication:

- The tender process structure and initial time of the Request for Proposal (RfP).
- The installed capacity at proposal submission stage, including the maximum number of projects and total megawatts (MW) per developer.
- Eligible Modifications to SHP.

- Eligibility of Cascades.
- Environmental and Social Compliance.

Prequalified Developers that will be participating in the RFP process (“Bidders”) are also encouraged to consider the criteria below when applying for FSR for their Projects Site(s) from the Government of Zambia Ministry of Energy (MoE).

Any questions related to these Eligibility Criteria should be sent to: [hydro@getfit-zambia.org](mailto:hydro@getfit-zambia.org)

### 3 Table 1: Summary of Eligibility Criteria

Item	Description	Eligibility Criteria/Requirements
GET FIT Zambia Tendering Process Structure	<b>Total MW for the GFZ SHP Tender</b>	<ul style="list-style-type: none"> <li>• The Tender aims to support SHPs up to a total aggregated installed capacity of 100 MW.</li> <li>• The final total combined installed capacity supported by GET FIT Zambia shall, in any event, be subject to funding availability.</li> <li>• The first Request for Proposals (RfP1) under the Tender shall be launched in Q1 2020 with a submission deadline of end Q2 2020 and Award in Q4 2020. These timescales are indicative and will be confirmed during Q3 2019.</li> <li>• At least one further RfP (RfP2) will be undertaken with expected launch and submission dates to be announced in 2020.</li> <li>• In any event, the maximum available capacity during any RfP round will be subject to availability of funding.</li> </ul>
	<b>Proposal:</b>	<ul style="list-style-type: none"> <li>• A Proposal for a SHP to be submitted by a Bidder under the GET FIT Zambia Small Hydro Tender Request for Proposal.</li> </ul>
	<b>RFP 1: Up to 50MW</b>	<ul style="list-style-type: none"> <li>• The total combined installed capacity for the RfP1 is up to 50MW.</li> <li>• RfP 1 shall comprise two separate Tender Pools: 'Tender Pool 1' and 'Tender Pool 2'.</li> <li>• Under RfP 1, GFZ will allocate a total combined installed capacity of up to 5 MW for Tender Pool 1 and up to 45 MW for Tender Pool 2.</li> <li>• For RfP1, Bidders will be allowed to submit only one (1) Proposal for Tender 1 and Tender Pool 2 combined.</li> <li>• In case a Bidder received no award under RfP1, Bidders may be allowed to submit two (2) Proposals in RfP2.</li> <li>• The allocation of MW for Tender Pools 1 and 2 may be revised at the discretion of GRZ, represented by KfW, at any time prior, during or after RfP 1.</li> </ul>



Item	Description	Eligibility Criteria/Requirements
<p><b>Definition of Small Hydropower Project (SHP)</b></p>	<p><b>REFIT and GET FiT Eligible Projects between 1MW - 20MW</b></p>	<ul style="list-style-type: none"> <li>• A SHP includes the footprint of all temporary and permanent land required to construct, operate, and maintain the plant, including temporary construction facilities such as offices, yards, access roads, lay-down areas, borrow pits (if appropriate), etc. as well as the permanent works corridor, including all project structures, permanent access routes, operator accommodation, etc.</li> <li>• Except in the case of an Extension Project, the proposed Site shall be located on an undeveloped reach of river (no existing or planned hydropower projects) and comprise a new intake and waterway to divert flows to new, dedicated generating units contained within a new powerhouse.</li> <li>• The new powerhouse shall be either a standalone structure or conjoined with a new or existing powerhouse from a hydraulically independent hydropower project (supplied by water from a different catchment).</li> <li>• The Project shall supply power to the grid via a separate metering point and be subject to a new standalone PPA based on the GFZ Small Hydro PPA standard.</li> <li>• The SHPs comprising a cascade will be regarded as separate Projects for the purposes of GET FiT Zambia RfPs.</li> </ul>
<p><b>Installed Capacity at RFP Stage</b></p>	<p><b>Optimisation of Zambian Resources</b></p>	<ul style="list-style-type: none"> <li>• Bidders will be required to demonstrate that the installed capacity of the proposed SHP has been optimised for the site-specific conditions.</li> <li>• SHPs with demonstrable installed capacities in the 1MW – 20 MW range will be eligible for the REFIT and GET FiT Zambia support, including the competitively bid Viability Gap Funding (VGF) tariff top-up.</li> <li>• Proposals that do not sufficiently substantiate the selected installed capacity or demonstrate optimisation of the available water resource, including deliberate under-sizing to fall within the thresholds of either Tender Pool 1 or Pool 2, as determined by the GET FiT Secretariat, shall be rejected at the sole discretion of GRZ, represented by KfW.</li> <li>• Undersized Projects may, at the discretion of ERB, not be eligible for REFITs.</li> </ul>

Item	Description	Eligibility Criteria/Requirements
<p><b>Modifications</b></p>	<p><b>Extensions to operational SHP</b></p>	<ul style="list-style-type: none"> <li>• Extensions to existing SHPs (“Extension Project(s)”) may be eligible for GET FIT Zambia support at the discretion of GRZ, represented by KfW, provided that other criteria outlined in this document are satisfied.</li> <li>• Extension must be to a SHP as defined by the REFIT Strategy, which is small to medium sized renewable energy projects up to 20MW.</li> <li>• Extension Projects comprise works that result in a substantial increase in plant installed capacity (relative to the original capacity) and comprise an in-depth reconfiguration of the site, such as: <ul style="list-style-type: none"> <li>- the extension of an existing powerhouse through the installation of additional units; and</li> <li>- the construction of an additional intake and waterway OR the major overhaul of an existing intake and waterway to accommodate the increase in design flows and velocities (unless such increases can be accommodated within the serviceability limits of the waterway without modifications).</li> </ul> </li> <li>• The increase in installed capacity is demonstrated by appropriate engineering and environmental and social assessments (either by means of an existing updated or new feasibility assessment).</li> <li>• The extension shall result in an increase in installed capacity of a minimum 1 MW and shall not be greater than 20 MW.</li> <li>• The power output resulting from the additional generating unit(s), shall deliver power via a separate metering point and be subject to a separate PPA.</li> <li>• The REFIT shall only apply to the increased power output resulting from the additional generating unit(s).</li> </ul>
	<p><b>Refurbishments, Rehabilitations &amp; Uprating of existing SHPs</b></p>	<ul style="list-style-type: none"> <li>• Refurbishment, Rehabilitation, or Uprating Projects are NOT eligible for the REFIT or GET FIT Zambia support.</li> <li>• Refurbishment and Rehabilitation projects comprise works that extend the serviceable life of a SHP up to, or beyond, the original design life of the plant, and may yield gains in power output compared to the deteriorated condition of the plant. Such works might include the replacement or in-depth renovation and modernisation of structures and equipment.</li> <li>• Uprating projects comprise works that increase the installed capacity of the generating units without modifying the head. Such works might include major infrastructure upgrades and replanting of the power station.</li> </ul>

Item	Description	Eligibility Criteria/Requirements
<b>Cascades</b>	<b>Requirement for Cascades</b>	<ul style="list-style-type: none"> <li>• In accordance with the requirements outlined in the FSR application process, in the case where two or more new FSR Applications have the potential to materially impact one another, Bidders will be required to submit documentation in their Proposal indicating how water resource utilisation has been or will be optimised, as well as any other considerations with respect to sharing potentially common infrastructure and generally achieving the lowest levelised cost of energy.</li> <li>• Bidders are encouraged to engage in a partnering arrangement in order to develop their respective sites and truly optimise water resource and economic models (provided other criteria in this document are satisfied, such as not exceeding the maximum number of projects or MW per Bidder) and to submit one feasibility study report for the multiple projects.</li> <li>• If Bidders do not enter into a partnering arrangement, they shall coordinate the development of the Projects, submit separate feasibility studies, and submit a further combined report demonstrating how the water resource usage and sharing of common infrastructure between the Projects have been optimised.</li> <li>• The GET FIT Secretariat will review the Proposals and GRZ, represented by KfW, may at its sole discretion determine if Bidders have co-ordinated sufficiently to truly optimise the water resource and project economic models. GRZ, represented by KfW, reserves the right to reject one or more Proposals which do not satisfy the requirements.</li> </ul>
<b>Environmental and Social Compliance</b>	<b>National Regulations, IFC Performance Standards (2012) and KfW Sustainability Guideline (2016)</b>	<ul style="list-style-type: none"> <li>• In addition to the requirements outlined in the FSR application process, SHPs must be in compliance with National Regulations, International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (2012) and the KfW Sustainability Guideline (2016) in all phases of project preparation, development, construction and operation.</li> <li>• A SHP located in a UNESCO World Heritage Sites or Protected Area in management category I or II as defined by IUCN will not be supported under the GET FIT Zambia RfPs. A SHP located outside such an area but having risks of substantial negative impacts on such an area will not be supported under the GET FIT Zambia RfPs. For Projects outside such areas, the GET FIT Secretariat will review Proposals and, at the sole discretion of GRZ, represented by KfW, determine whether the criteria are met.</li> <li>• A SHP located in or resulting in risks of substantial negative impacts on other protected areas, internationally recognised areas (UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance - the Ramsar</li> </ul>



Item	Description	Eligibility Criteria/Requirements
		<p>Convention) or in areas that contain unique archaeological, historical, or other cultural value or cultural heritage features, may also be rejected from the RfPs. The GRZ, represented by KfW will, at its sole discretion, determine whether National Regulations, IFC Performance Standards and KfW Sustainability Guideline have been met in relation to such areas.</p> <ul style="list-style-type: none"> <li>• A SHP located in, or that has the potential to substantially and negatively impact a ‘critical habitat’, as defined by IFC Performance Standard 6, will have to carefully document compliance with this Standard or the Proposal may be rejected from the RfP at the sole discretion of the GRZ, represented by KfW.</li> <li>• A SHP located in, or that has the potential to substantially and negatively impact pristine areas, undeveloped river systems, high human density areas or areas with potential substantial water use conflicts will need to carefully document compliance with applicable Requirements and Standards or the Proposal may be rejected from the RfP at the sole discretion of GRZ, represented by KfW.</li> </ul>

<sup>i</sup> “**citizen-empowered company**” means a company where twenty-five to fifty percent of its equity is owned by citizens and is licensed to undertake business activities in Zambia.

“**citizen-owned company**” means a company where at least fifty-point one percent of its equity is owned by citizens and in which the citizens have significant control of the management of the company, and is licensed to undertake business in Zambia.