**TERMS OF REFERENCE FOR DRAFTING LEGISLATION IN ESTABLISHING PRICING POLICIES FOR REGULATED UTILITY SERVICES AND DRAFTING METHODOLOGY IN ACCORDANCE WITH THE LAW ON UTILITY SERVICES ("OFFICIAL GAZETTE OF MONTENEGRO", 055/16 OF 17 August 2016)**

**Background information on the project**

Montenegro had no regulatory authority for water supply and wastewater services in the area of wastewater and water supply. Since August 2016, in accordance with Article 3 of the Law on Utility Services ("Official Gazette of Montenegro", 055/16 of 17 August 2016) regulated utility services have included: public water supply and municipal wastewater management. The aim of regulation of utility services is to ensure that: the operations of providers of regulated utility services is based on the principles of objectivity, transparency and non-discrimination; the utility services are provided to users at fair prices; the promotion of competition in regulated utility activities; sustainable operations of the providers of regulated utility activities; balancing the interests of users and providers of regulated utility activities.

So far there has been no specific pricing methodology in the field of water supply and waste water and each municipality had their own way of determining prices.

Elements for pricing of regulated activities (water supply and waste water) are prescribed under Article 53 of the Law on Municipal Services ("Official Gazette of Montenegro", 055/16 of 17 August 2016).

According to the present Law, the Regulatory Authority (Energy Regulatory Agency) shall issue a regulation establishment prices for the provision of regulated utility services, and in the pricing process it approves the proposed price for the provision of regulated utility services. This regulation has not yet been elaborated.

In order to provide support in establishing a sustainable regulation in the field of regulated utility services, the Ministry of Sustainable Development and Tourism, in the framework of the DWP (Danube Water Programme), in cooperation with "IAWD" (The Technical Secretariat of the International Association of Water Supply Companies in the Danube River Catchment Area), received support to implement the project relating to the development of legislation to establish the regulation of water supply and waste water, elaboration of the founding documents of the Agency and the preparation and implementation of plans and training programs. The project is designed so that the support provided through expert support (selected expert) and the transfer of experience from other countries through organized workshops, the Ministry of Sustainable Development and Tourism is obliged to provide internal participation through in kind form (in their work), by establishing a working group which will consist of representatives of the Ministry of Sustainable Development and Tourism, Energy Regulatory Agency, and other institutions that can contribute.

**Objective(s) of the assignment**

Defining the methodology and elements for pricing of public utility services for regulated public utility services in a manner that will ensure covering the cost of providing services, and sustainable operation of public utility companies that provide these services.

**Scope of Work**

Based on the experiences of other countries and the analysis of the functioning of water supply and sewerage enterprises in Montenegro (at the same time taking into account their specificities), it is necessary to draft a regulation on detailed elements of the methodology for determining the prices of public utility services (water supply and waste water) at the local and regional level (regional water supply). Should it be assessed, based on the analysis of the Law on Utility Services ("Official Gazette of Montenegro", 055/16 of 17 August 2016), in the section referring to the price, that it does not provide a sufficient framework and that amendments to the present Law are necessary, the expert will make a proposal for amendments and draft the amendments (this part is done only if it is determined that amendments to the Law are needed regarding prices).

**Expected Outcomes**

Final draft of the regulation on detailed elements of the methodology for determining the cost of utility services (water supply and waste water) at the local and regional level (regional water supply);

1. Workshop to present the experience of the world's best practices in pricing policy from the aspect of application in Montenegro and the introduction of EU regulations concerning the areas of regulated utility services (water supply and waste water) and work results of the expert under the tasks from these Terms of Reference.

Qualification requirements and basis for evaluation (evaluation criteria)-

**Qualifications and skills**

Education at least: Faculty of Engineering, Faculty of Economics or Faculty of Law and other relevant profession

* Good command of spoken and written English, knowledge of Montenegrin is an asset
* Computer literacy in office applications

General professional experience

* Minimum 12 years of general professional experience in the sector of water supply and wastewater and in the area of pricing.

Specific professional experience

Minimum 7 years of general professional experience in the pricing policy in the water supply sector

Credentials required certifying experience:

**PROPOSAL REQUIREMENTS**

1. CV of the consultant
2. Proposed approach of the consultancy
3. Relevant experience
4. Proposed budget

**SELECTION CRITERIA**

A.Credentials required to certify experience

B. Proven expertise

C. Service

D. References

E. Price

**Duration of the assignment and estimated time input**

10 days in total (to be carried out within 2 months from the signing of the Contract)

**Language reporting**

All materials must be prepared in English and Montenegrin language

**Reporting requirements**

Within five days of signing the Contract, the Consultant shall submit a proposed schedule for the implementation of activities to the Ministry of Sustainable Development and Tourism for approval;

* After the presentation and submission of the draft documents and tasks mentioned in item 3 and item 4 of these Terms of Reference, the expert shall incorporate in them reasonable comments from the Ministry of Sustainable Development and Tourism within 15 days of receiving them.

**GENERAL INFORMATION**

**Deadline for the Proposal:** May 12, 2017 to the Ministry of Sustainable Development and Tourism

**Budget:** The maximum available budget for the project is gross EUR 6,500 including accommodation and transport.

**Contact for Further information:**

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