

## **CALL FOR EXPRESSION OF INTEREST**

### **BACKGROUND**

The Ministry for the Environment, Land and Sea of the Republic of Italy and the former Ministry of Environmental Protection and Physical Planning of Montenegro signed in November 2004 a Memorandum of Understanding (MoU) on "Cooperation for Environmental Protection", in order to maintain and enhance bilateral cooperation in the field of environment and sustainable development on the basis of equality, reciprocity and mutual benefit.

The successful cooperation between the two mentioned Ministries has been also established in the field of the CDM implementation resulting in an efficient contribution to sustainable development focusing on the assessment and development of the GHG emission reduction projects.

In the scope of this bilateral cooperation, the Ministry for the Environment, Land and Sea of the Republic of Italy and the Ministry of Sustainable Development and Tourism of Montenegro (a successor of the above mentioned Montenegrin Ministry) have jointly identified the North-Eastern part of Montenegro (Berane, Andrijevisa, Rozaje, Plav and Bijelo Polje) as suitable area for Wood Biomass to energy plant pilot project.

Within this framework, a feasibility study was realized, proving the technical and economic feasibility for plant construction, operation and maintenance at the Berane site. A summary of the study, prepared by the CETMA Consortium under the supervision of the Steering Committee, is attached to the present Call (Attachment I).

Therefore, the Steering Committee, established according to the Annex II to the Memorandum of Understanding between the Italian Ministry for the Environment, Land and Sea and the Ministry of Sustainable Development and Tourism of Montenegro, is now issuing a Call for Expression of Interest to select the most competitive company wishing to establish a partnership with the local site owner (Berane Municipality) in order to implement the aforementioned project, providing for that purpose a co-financing allocation of 30.000 € through the donation from the Italian Ministry of Environment, Land and Sea.

### **OBJECTIVE OF THE CALL**

The present Call for Expression of Interest aims at selecting an Italian or Italo-Montenegrin company willing to implement the project "Berane Wood Biomass to Energy Plant". The project is to be realized at the old paper factory location, in the North-East of Berane urban area, in association with the Berane Municipal Government (site owner).

As the first step in carrying out the project, within 6 months from the date of selection the selected company shall present to the local site owner a detailed proposal on the technical and commercial conditions for the project implementation.

As the project is to be developed together with the site owner, the second step of the project realization would entail the creation of a partnership with the Berane Municipality (local site owner).

### **PROCEDURE**

The Call for Expression of Interest will be conducted pursuant to the procedure and the criteria set by the Steering Committee established according to the Annex II to the Memorandum of Understanding between the Italian Ministry for the Environment, Land and Sea and the Ministry of Sustainable Development and Tourism of Montenegro.

Being realized within the framework of a bilateral cooperation agreement between Italy and Montenegro, signed on November 11<sup>th</sup>, 2004, the present Call is issued in accordance with the Article 3, paragraph 1, point 2a, of the Law on Public Procurement of Montenegro (OJ 46/2006):

- applicants are invited to express their interest in implementing the project, while giving sufficient evidence of their technical and professional capacity and financial / economic solidity;
- a technical commission, which will include experts from the Italian Ministry for the Environment, Land and Sea, the Ministry of Sustainable Development and Tourism of Montenegro, Berane Municipality and the CETMA Consortium, shall review the applications received and select the company that best fulfill the conditions set below;
- in order to assist the selected company to produce high quality technical documentation for the realization of the project, the full feasibility study will be made available to the selected company, upon the signature of a confidentiality agreement;
- in 6 months time from the selection, the selected company shall present to the local site owner a detailed proposal on the technical and commercial conditions. Technical documentation, which shall include the Conceptual Project as described in the Law on Spatial Development and Construction of Structures (OJ 51/08, article 79) and its modifications (OJ 40/10), shall be in compliance with the relevant Montenegrin legislation<sup>1</sup> allowing for obtaining all permits and licenses from the local authorities necessary for project realization;
- the conceptual project shall determine at least:
  - position (micro-location),
  - capacity, technical, technological and functional characteristics of the system,
  - technical-technological and organizational elements for the construction and the maintenance,
  - indicative calculation of stability and safety of the structures,
  - design of infrastructure
  - preliminary environmental impact assessment;
- the project implementation is subject to approval of the aforementioned proposal submitted by the interested company which will be evaluated by a technical commission composed of experts from the Italian Ministry for the Environment, Land and Sea, the Ministry of Sustainable Development and Tourism of Montenegro, Berane Municipality and the CETMA Consortium;
- once the best proposal will be selected, an agreement shall be signed between the selected company and Berane Municipality, defining the common implementation of the project and the form of the partnership.

#### **DOCUMENTS REQUIRED FOR THE EXPRESSION OF INTEREST**

Applicants are required to submit the complete documentation listed below in English language (with the exception of official documents, such as certifications and financial statements, which can be enclosed in the language of origin).

In case an incomplete application is submitted, the Steering Committee reserves the right to reject the Expression of Interest.

The Applicants need to submit the following items:

- a) Cover letter (Attachment II);
- b) General information (Attachment III);
- c) Proof of legal existence - recent extract from Italian Professional or Trade Register, or equivalent document (Attachment IV);

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<sup>1</sup> The relevant legislation includes, but is not limited to, the Law on Spatial Development and Construction of Structures; Part VII of the Business Organisation Law; Law on Environmental Impact Assessment, The Energy Law and other laws and secondary legislation and technical regulation in the area related to the project activity.

- d) Declaration on exclusion criteria (Attachment V);
- e) Proof of financial capacity (year-end balance sheets and profit and loss accounts for the past 3 financial years), with summary table for selected indicators over the past 3 years (Attachment VI);
- f) Reference list of key projects carried out by the Applicant (Attachment VII), with specific reference to the construction and operation of biomass power plants;
- g) Resumes (EC format) of the project team members, with summary table (Attachment VIII).

The Commission may request the Applicants to provide clarifications and/or additional information on the documentation submitted.

### **SUBMISSION OF THE EXPRESSION OF INTEREST**

The deadline for the presentation of the Expressions of Interest is 22<sup>nd</sup> of March 2011.

All documents shall be sent to the address below:

Ministry of Sustainable Development and Tourism of Montenegro  
Rimski trg 46, 81000 Podgorica, Montenegro  
Contact person: Jelena Plamenac

And copy to:

Berane Municipality – Berane  
IV Crnogorske 1, 84300 Berane, Montenegro  
Contact person: Mr. Ranko Raicević (City Manager)

Any Expression of Interest received after the deadline shall not be considered.

Each Applicant shall be informed in writing of the outcome of the selection process within 45 days from the expiration of the deadline for the submission.

### **SELECTION CRITERIA**

Applicants shall be assessed based on the following set of criteria:

#### *1. Proof of Registration*

The applicants must prove their enrolment in a professional or trade register in the Republic of Italy. The relevant professional and trade registers in Italy are the “Registro della Camera di Commercio, Industria, Agricoltura e Artigianato”, the “Registro delle Commissioni Provinciali per l’Artigianato” or the “Consiglio Nazionale degli Ordini Professionali”. Recent extracts from such registers should therefore be submitted.

Applicants failing to do so shall be automatically excluded from participation.

#### *2. Technical and Professional Capacity*

The Applicant should possess the technical and professional capacity to realize the project. The technical capacity of the Applicant will be assessed by using indicators such as:

- Key expertise/core business of the Applicant, years of operation, permanent technical staff;
- Previous experience of the Applicant in similar projects, with specific reference to the construction and operation of biomass power plants;
- Professional experience of the Applicant in the Balkan countries;
- Strength of proposed project team (training, professional qualifications, regional experience, years in the business).

#### *3. Financial and Economic Standing*

The financial and economic standing of the Applicant will be assessed based on, amongst others, the following indicators:

- Net equity;
- Net assets;
- Total sales;
- Gross profit.

#### 4. *Ineligibility*

Any applicant shall automatically be excluded from participation if:

- Is bankrupt or is being wound up, whose affairs are being administered by the court, who has entered into an arrangement with creditors, who has suspended business activities or who is in an analogous situation arising from similar procedure under national laws and regulations;
- Is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by the court or for an arrangement with creditors or of any other similar under national laws and regulations;
- Has been convicted of an offence concerning his professional conduct by a judgment which has the force of *res judicata*;
- Has been guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- Has not fulfilled obligations related to the payment of social security contributions in accordance with the Italian legislation;
- Is guilty of serious misrepresentation in supplying or failing to supply the information that may be required under this Call for Expression of Interest.

## ATTACHMENT I

### GENERAL DATA

The Municipality of Berane is located in the North-Eastern part of Montenegro. The city of Berane is located at 42° 50' 52" North, 19° 52' 32" East and 700 m above sea level (a.s.l.). The area for the power plant is approximately 2,000 – 3,000 m<sup>2</sup> and it is located in an area occupied by a dismissed paper factory. This preliminary plant layout includes:

- wood biomass handling;
- thermal oil boiler;
- combustion gases treatment plant;
- ORC module;
- cooling water system.

The medium voltage line available is a 35 kV line at a distance of approximately 1.5 km.

### BIOMASS PRODUCTION, ELECTRICITY GENERATION AND ESTIMATION OF GHG EMISSIONS REDUCTION

Based on the wood chain analysis developed in the feasibility study the following data were used for the power plant sizing:

- wood residues usable for the power plant were estimated equal to 37,000 m<sup>3</sup>/y;
- wood residues average density was assumed equal to 550 kg/m<sup>3</sup>;
- wood residues average low heating value was assumed equal to 3 kWh/kg (2,580 kcal/kg); this value is referred to a higher humidity content (approximately 35-40%).

The installed electric power is estimated in around 1.32 MWe. It should be pointed out that there are large amounts of residues abandoned in many sawmills and that the amount of residues recovered in sawmills will increase in the future and they can be used to produce pellet or, in case of a large amount of residues, to install a new electric generation line for a further electricity production.

Being the subject project eligible as Clean Development Mechanism (CDM) project, its contribution to the GHGs emission reduction plays a key role in improving the revenues of plant operation: according to the official UNFCCC ACM0006 Methodology the emissions reduction deriving from the plant operation was estimated in approximately 15,650 t CO<sub>2eq</sub>/year.

### PRELIMINARY FINANCIAL ANALYSIS

The foreseen capital expenditure (CAPEX) for the project realization is approximately 5,105,000 €. The yearly Operation and Maintenance (O&M) costs were estimated equal to 44,000 €/y. The financial analysis considers the possible revenues originating from one or more of the following sources:

- sale of the electric energy generated by the plant and delivered into the National Power Grid;
- sale of Certified Emission Reductions (CERs) produced by the implementation of the Project within the Kyoto Protocol's flexible mechanisms (CDM).

The impact of CERs upon financial performance was evaluated assuming a CERs price equal to 10 €/t CO<sub>2eq</sub> over the emission crediting period. The UNFCCC regulations foresee the opportunity of obtaining CERs either for 10 years or for 21 years. The assumed duration of CDM for this project was of 10 years.

	Base Case Scenario No. 1 (sale of electricity)	Base Case Scenario No. 2 (sale of electricity and CERs)	
Net Present Value (NPV)	165,000	1,100,000	[€]
Internal Rate of Return (IRR)	8.7	13.1	%
Payback Period	10.2 (2022)	7.8 (2019)	years

ATTACHMENT II: COVER LETTER  
 (to be filled out jointly in case of joint applications)

<Letterhead of Applicant >

**Expression of Interest**  
 I/we, the undersigned,.....(name),  
 being the legal representative of ..... (name of the lead Applicant)  
 or  
 acting in the name of (specify if consortium, temporary association, etc., with the names of all  
 the partners expressing interest jointly),  
 hereby submit the attached Expression of Interest for evaluation by the Selection Commission  
 established by the Steering Committee.

By doing so I/we apply for establish a partnership to implement the “Wood Biomass to energy  
 plant pilot project” project to be realized at the at the old paper factory site located North-East  
 of the Berane in association with the Municipal Government as site owner.

The present Expression of Interest contains the following documents:

Number	Item	Included (yes/no)
<i>Required material</i>		
1.	General information	
2.	Proof of legal existence	
3.	Declaration on exclusion criteria	
4.	Financial statements and financial information summary	
5.	Reference list	
6.	Project team members	
<i>Additional material (please specify)</i>		

I/we hereby certify that the information and the documents provided are true and completely  
 accurate.  
 (In case of joint application without a formal consortium)

In case of a successful application, the Partners bind themselves to establish the proposed  
 consortium or to grant the Lead Applicant full power of legal representation before the  
 signature of the financing contract with the Contract Authority.

Organization (Lead Applicant) :  
 .....  
 Name of legal representative  
 .....  
 Signature  
 .....  
 Date: .....

Organization (Partner 1) :

.....  
Name of legal representative

.....  
Signature

.....  
Date: .....

Organization (Partner 2) :

.....  
Name of legal representative

.....  
Signature

.....  
Date: .....

Organization (Partner 3) :

.....  
Name of legal representative

.....  
Signature

.....  
Date: .....

**ATTACHMENT III: GENERAL INFORMATION**

*(to be filled out separately by each partner in case of joint application)*

<p>Company information:</p> <p>Name:.....</p> <p>Postal address, zip code + city, country: .....</p> <p>Website URL (if any): .....</p> <p>Year of establishment:.....</p> <p>Short description of key expertise / core business: ..... ..... .....</p> <p>Name of key experts from the Company that shall be engaged in the project implementation: ..... ..... ..... .....</p> <p>Contact details:</p> <p>Contact person: Mr. /Mrs ..... Position in the company: .....</p> <p>Telephone / Fax / Email: .....</p> <p>Bank details</p> <p>Account holder .....</p> <p>Account number: .....</p> <p>Bank name and postal address: .....</p> <p>.....</p>
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ATTACHMENT IV - PROOF OF LEGAL EXISTENCE

*(Please attach a recent extract from Italian professional or trade register, or equivalent document of each partner in case of joint application)*

ATTACHMENT V: DECLARATION ON EXCLUSION CRITERIA  
(to be filled out separately by each partner in case of joint application)

Name of the Company: .....

The Undersigned .....(name), being the legal representative of .....(name of the company) hereby acknowledges that .....(name of the Company) shall automatically be excluded from participation if :

- a) is bankrupt or is being wound up, whose affairs are being administered by the court, who has entered into an arrangement with creditors, who has suspended business activities or who is in any analogous situation arising from a similar procedure under national laws and regulations;
- b) is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding-up or administration by the court or for an arrangement with creditors or of any other similar proceedings under national laws or regulations;
- c) has been convicted of an offence concerning his professional conduct by a judgment which has the force of res judicata;
- d) has been guilty of grave professional misconduct proven by any means which the contracting authorities can justify;
- e) has not fulfilled obligations relating to the payment of social security contributions in accordance with the Italian legislation or legal provisions of the country in which he is established;
- f) has not fulfilled obligations relating to the payment of taxes in accordance with the Italian legislation or with the legal provisions of the country where he is established;
- g) is guilty of serious misrepresentation in supplying or failing to supply the information that may be required under this Call for Expression of Interest on the criteria for qualitative selection.

The undersigned as legal representative of .....(name of Company), herewith declares that none of the above exclusion criteria applies to .....(name of Company).

Upon request of the Selection Commission, .....(name of Company), will provide documentation proving that none of the above exclusion criteria applies.

Company:.....

Name of legal representative: .....

Signature .....

Date: .....

ATTACHMENT VI: FINANCIAL INFORMATION SUMMARY  
 (to be filled out separately by each partner in case of joint application)

Name of the Company: .....

Years	2008	2009	2010
Net equity			
Total Assets			
Total sales			
EBIT (Earnings before income taxes)			
Average full-time workforce <i>Of which, technical staff</i>			

Are the annual accounts audited? Yes / No

*Note: Pls. attach year-end complete financial statements (balance sheets and profit and loss accounts) for the past 3 financial years*

**ATTACHMENT VII: REFERENCE LIST**

(with specific reference to the construction and operation of biomass power plants)

*(to be filled out separately by each partner in case of joint application)*

Name of the Company: .....

Project title	Country	Duration (from month/year to month/year)	Funded by	Short description of the project	Role performed (Lead, partner..)	Number of staff involved	Main expertise involved

ATTACHMENT VIII: RESUME OF THE PROJECT TEAM MEMBER  
 (to be filled out separately for each project, and jointly in case of joint application)

Project Title: .....

	Company (if applicable)	Key qualification(s)	Years of relevant experience	Experience in the Balkans (Yes/No)
Team Leader				
Expert I				
Expert II				
Expert III				
Expert IV				
Expert V				
....				
...				

Note: Pls. attach Curriculum Vitae in EC format.

TABLE I: EVALUATION CRITERIA

Total number of points = 100	
Criterion	Max score of points
Strength of the proposed project team	35
Experience of the Applicant/s in similar projects	30
Economic and financial standing of the Applicant/s	15
Proven interest in investing in biomass related project	10
Experience of the Applicant/s in the Balkan countries	10