Invitation to Submit Expression of Interest and Proposal

I. INTRODUCTION

1. The Government of Timor-Leste is inviting interested eligible Power Companies to submit Expression of Interest and Proposal for the Construction of Nationwide Electrical Power Grid and Power Plant and its Facilities that will be able to supply a capacity of 150 megawatt (MW) to 200 megawatt (MW).

   This work will include design, supply, installation, testing and commissioning, complete in all respect on payment basis that will be acceptable to the Government.

   For implementation purposes, the Ministry of Infrastructure (MOI) will be the Executing Agency for the Project.

2. The Project is expected to promote sustained social and economic prosperity and growth in Timor-Leste by providing an adequate and reliable power supply. The Project will be financed, through the Capital Budget of the Country.

3. Interested parties must submit their expression Letter of Interest ("LOI") together with its Proposal to the Ministry of Finance (MOF) which states the full name, address, telephone and fax number of the interested party, name of the principal contact, and signed by an authorized representative. The LOI must outline a statement of firm capability to undertake this project, including similar projects undertaken over the past ten years. All LOIs and proposals must be received by the MOF Office with e-mail address at fsoares@mof.gov.tl in Dili, Timor-Leste not later than 5:00 p.m., by 4 July 2008 (the "LOI and Proposal Submission Deadline"). A copy must be simultaneously sent to msmiler@mof.gov.tl. Only interested parties that submit LOI with Proposal by the Submission Deadline shall be allowed for consideration for evaluation of proposal.

4. In order to carry out the project, the Government will engage the services of qualified international Power Plant and Power Grid Construction Company that will carry out the requirements of this project. The detailed works is detailed in the Terms of Reference (TOR) hereto attached as Appendix I.
5. Provided your firm interest in participating in the submission of intent and proposal for the Project, you are hereby invited to submit the technical proposal and financial proposal at the same time, for the works required under the Terms of Reference of the Project. Your technical proposal will be considered by the MOI/MOF on its technical and organizational merits, and in conjunction with the financial proposal, it will be the basis for negotiations and ultimately a contract between the Power Contractor and the Government. It is anticipated that contract negotiations with contractor would commence around 11 July 2008 and the works would commence around 25 July 2008.

6. Your Proposal shall remain valid for a period of 90 days after the last submission date of 4 July 2008. During this period your firm shall maintain the availability of all the technical staff nominated in the Proposal.

The Ministry of Infrastructure/Ministry of Finance is not bound to accept any proposal submitted, and may terminate the procurement process on any grounds it deems appropriate.

The MOI/MOF will make its best effort to complete negotiations within this period. If the negotiation cannot be completed on the said period of time, the MOI/MOF may request your firm to extend the validity period of your proposal.

Your firm has the right to refuse to extend the validity period of your proposal.

II. CONTENTS OF THE PROPOSAL

7. Your technical proposal should demonstrate the firm's knowledge for the project requirements and understanding of the requisite tasks set forth in the scope of work and terms of reference. Provision of the requested information, in full, must be set forth in the following sequence:

a. Information on the work load of your firm at the time the proposal is made.

b. General approach or methodology which you propose for carrying out the works including such detailed information as you deem relevant.

c. Work program including implementation schedule; a network program of principal activities indicating those on the critical path; and a schedule indicating clearly the estimated duration and the probable timing of the project implementation.

d. Comments, if any, regarding the terms of reference designed to improve the requirements in carrying out the works.

e. Proposed association arrangement (if any).
8. Your financial proposal should be prepared on a “cost-plus-fee” basis and should be accompanied by supporting documents to justify the elements involved. The costs shown should include a breakdown of the works to be performed for each Phase. The detailed cost breakdowns for the project should be supported by itemized works that will be performed. The information provided would be treated as confidential by MOI/MOF. More detailed information regarding the preparation of a financial proposal, including other financial details can be supplemented in the submission.

The MOI/MOF retain the right to audit during and after the works, the firm’s accounts time and cost records relevant to the works including such accounts and records as will enable verification of the breakdown of billings submitted and the costs related to the project.

III. TRANSMISSION ARRANGEMENTS

9. In addition to your emailed proposal, your detailed expression Letter of Interest (LOI), and technical and financial proposals should be prepared in English and should be submitted as a hard copy by the 4 July 2008 to:

   Francisco Soares  
   Director, Procurement Service  
   Ministry of Finance  
   Edeficio No. 5, Rês-do-chão, Palacio do Governo  
   Dili, Timor-Leste  
   Tel: (+670) 7230200

An additional hard copy should be sent to:

   Michael Smiler  
   Adviser, Procurement Service  
   Ministry of Finance  
   Edeficio No. 5, Rês-do-chão, Palacio do Governo  
   Dili, Timor-Leste

Enquiries regarding this invitation should be directed to:

   Ines Almeida  
   Tel: (+670) 7230032

It is recommended strongly that you send your proposals to MOF by international courier.

In addition, you should advice by cable the MOF of the dispatch of your proposal including airway bill number.

IV. EVALUATION OF PROPOSAL

10. Your technical proposal will be evaluated, prior to the invitation for negotiation, on the basis of the qualification of the firm, quality and suitability of the approach and methodology.
11. Your Financial proposal will be checked for computational errors and the evaluated total price (ETP) will be determined. The ETP will be converted into US Dollars using the exchange rates stated by the MOF on the date of opening of financial proposal.

12. Following completion of evaluation of technical and financial proposal, final negotiation will be conducted with the Contractor.

V. NEGOTIATIONS

13. Negotiation will be held at the MOF Office at the address indicated in III above, following MOF’s invitation to attend negotiations.

The invited Contractor will, as a pre-requisite for attendance at the negotiation, confirm their availability on the date set for negotiation. Failure in confirming may result in the MOF decision to invite another Contractor.

Representatives conducting negotiation on behalf of the Contractor must have written authority to negotiate technical, financial and other terms and conclude a legally binding agreement.

14. Negotiation of technical proposal will not result in substantial modifications to either the Contractor's technical proposal or the TOR.

15. The financial negotiation will generally fine-tune duration of project implementation inputs, and the details of work items. Unless in exceptional circumstances, the details of work items will not be subject of negotiation.

16. If contract negotiation fails for any reason, the MOF will invite another Contractor.

VI. VISIT OF PROJECT SITE - COSTS

17. Should the contractor decide to assess the extent of the work, any cost on doing so will not be reimbursed. Further, the cost of preparing a proposal and of negotiating a contract, including any relevant travel, is not reimbursable nor can it be included as a direct cost of the project.

Yours sincerely,

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Francisco Soares
Director, Procurement Service
Ministry of Finance

Attachment: 1. Appendix I - Background Information & Terms of Reference
Background Information and Terms of Reference

1. Background Information

1.1 The Government of Timor-Leste is inviting interested eligible Power Companies to submit Expression of Interest and Proposal for the Construction of Nationwide Electrical Power Grid and Power Plant and its Facilities that will able to supply a capacity of 150 megawatt (MW) to 200 megawatt (MW).

This work will include design, supply, installation, testing and commissioning, complete in all respect on payment basis that will be acceptable to the Government.

For implementation purposes, the Ministry of Infrastructure will be the Executing Agency for the Project.

1.2 Democratic Republic of Timor-Leste is one of the new countries in the world that needs development. This is an island country which lies at the east end of the Nusa Tenggara Timur (Lesser Sunda Islands), covering the eastern part of the Timor Island, and Oecussi in north coastal area in the west, as well as some isles. Land area 14,874 square kilometers, population is about 1,000,000. This is a mountainous country with littoral plains and valleys. Most of the land is of tropical rainforest climate, with the annual mean temperature at 26°C, and the mean annual precipitation at 1200-1500 mm. The country is divided into 13 districts. The capital Dili lies in the northeast coast of Timor Island, with population of more than 170 thousand, and it is the country's center of politics, economy, and culture.

Timor-Leste’s mineral resources include gold, manganese, chromium, tin, and copper, while the Timor sea contains rich content of petroleum and natural gas. In addition there are lots of landscape and sea beach tourist resources to be developed.

Total length of highway is 3800 kilometers, with highways connecting all the districts, but a part of the road are open only in the dry season. Dili Port is deepwater port. Dili Airport is an international airport.

Based on the national economic development plan of Timor-Leste, the northern coastal area will be mainly used to develop tourism, and the southern coastal area will be the source development areas for petroleum, natural gas and mineral products. Some of the west areas are mainly used to develop food and agriculture products.

1.3 Presently, all the generators in Timor-Leste are thermal generator sets using diesel fuel. The total national installed capacity for the whole of Timor-Leste is about 40-MW of which the installed capacity in Dili alone is 20-MW, and in all
other places are between 1.0 - 1.5 MW. There is a separate independent 50Hz 20kV local power network in Dili.

At present the power supply in Dili capital is not enough and has been often in a situation of limited power supply with frequent power outage and timing of power supply. It's very popular that the government departments, enterprises, shops and some residential areas are using generators. The other areas can only keep the generators running in the night for illumination, and there are many countryside villages that have no power to use at all. Serious power shortage has become the bottleneck for Timor-Leste to recover and develop its economy.

1.4 To meet the demands for electric power requirements within the recent situation and taking into consideration Timor-Leste’s 10-year economic recovery and development plans, there will be the need to build two thermal power plants with total capacity of 150MW - 200MW, and power transmission line of 110KV for nationwide use. The support transformer substations and trunk transmission lines between the districts, central switching station, and normal switching stations should also be installed for distribution to the whole Country.

2. Project Description and requirements

2.1 Project name and specification:

2.1.1 Heavy oil power plants to be constructed in two strategic places of the Country;

2.1.2 Transmission line network covering the whole country;

2.1.3 Transformer control system supporting the network of the power plants.

2.2 Equipments to be provided shall be well known brands for its durability.

2.3 In the prospectus, the following basic information shall be listed out:

2.3.1 Power Plant

- Name of master unit and related technical data
- Slave units
- Other support facilities
- Workshop plan and design
- Other support building plan and design

2.3.2 Transmission and transformer system

- Point Layout of Power Supply
- Trunk transmission lines
- Transformer substations and switching stations

2.3.3 Maintenance of equipments and technicians training

3. **Qualification for the proposal providers (including designers)**

3.1 Proposal providers and their cooperators shall be capable to bear civil liabilities independently. It must be a corporate body of registered capital of over USD$10 million.

3.2 Proposal providers and their cooperators should at least have 10 years experience in undertaking international bids independently.

3.3 Engineering experiences for the proposal providers and their cooperators should have carried out and constructed normal thermal power plant with total capacity not lower than 500MW, and has an experience in heavy oil generator plant of over 50MW.

3.4 Proposal providers shall be capable to complete their proposals as well as all the equipments and materials contracted for this project, and they shall be capable to sign the contract and carry out the duties in regard to financial, technical engineering, installation, test, maintenance warranty and training of local operators and other technical service capacities.

3.5 The Provider and cooperators (if any) shall be capable to complete the whole project, from design to commissioning, of power plants and transmission lines within one (1) year after the signing of the Contract Agreement.

4. **Financial Proposal - Quotation**

4.1 Detailed quotation list shall be provided in the Financial Proposal based on the requirements set forth in the above Article.

4.2 The quotation shall include all the costs of exploratory survey for design and installation by the proposal provider.

4.3 Quotation shall take sufficient consideration of Timor-Leste’s construction conditions, with all the costs for related transportation and so on be included.

4.4 Quotation shall include all the tariffs from the exporting country for all the necessary items, insurance, and permits.
4.5 All the necessary land will be provided by the Government, the proposal providers shall not include land price.

4.6 All the necessary items needed by the provider to enter Timor-Leste, the Government shall be liable for import permit, tariffs and clearance cost.

4.7 The Provider Company is willing to complete the project as required in the time frame given for this project and is also willing to accept the payments spread-out for a period of three (3) years.

5. **Necessary documentation, materials and requirements for the Proposal**

5.1 The proposal shall include the Providers Company profile / copy of business license / certificates for qualification and experience in electric power construction engineering.

5.2 Letter of commitment signed by legal entity

5.3 Proposal for undertaking this power construction project, including model numbers of the main equipments selected, plane layout of the power plant

5.4 Proposal shall be in English Language, and it shall be sent to the e-mail address given in the Invitation.