

Minutes of the Pre-bid meeting on RFP- 2020-068 “Development of benchmarks for the sectors included in the Emission Trading System of Kazakhstan”

Location: Zoom Conference

Date: 21.09.2020

Time 16.00-17.00

Participants:

1. Mark Johnson, Ricardo
2. Francois Sammut, Carbon Limits
3. Lars Handrich, DiW Econ
4. Rocco De Miglio, E4SMA
5. Ivanno Iannelli, E4SMA
6. Vladimir Berdin, International center for sustainable energy development
7. Nadezhda Uledova, International center for sustainable energy development
8. Alina Zaytseva, International center for sustainable energy development
9. Bakhyt Yessekina, Green Academy
10. Ruslan Muratov, Freelance Expert
11. Aida Maksut, SSDC
12. Rustam Otarov, Freelance Expert on Energy Systems

UNDP:

13. Gulmira Sergazina, Project Manager
14. Nelly Perevertova, Procurement Associate
15. Sabyr Assylbekov, Project Specialist
16. Zhanel Karina, Project Specialist
17. Kairat Kuanyshev, Project Assistant

Question	Answer
<p>Francois Sammut</p> <p>Sabyr mentioned that the consultant shall also develop quota allocation rules, is that correct?</p>	<p>Sabyr Assylbekov</p> <p>It is mentioned in Stage 6 of ToR that service provider shall provide draft legal acts for successful introduction of benchmarks. So, this includes other pieces of legislation and not limited to quota allocation rules.</p>
<p>Francois Sammut</p> <p>Data collection is crucial to get good benchmarks. There is a good data that we used in previous works. This data is held by Zhasyl damu. What is the role of Zhasyl damu and the Ministry? Will they be open to share data freely?</p>	<p>Sabyr Assylbekov</p> <p>Zhasyl damu can be one of the potential bidders for this case. UNDP will help service provider in getting necessary data.</p>
<p>Francois Sammut</p> <p>Please confirm that stakeholder consultations can be conducted online if there are difficulties because of COVID-19?</p>	<p>Sabyr Assylbekov</p> <p>Yes, according to ToR. However, if the restrictions on COVID are loosened, we will expect offline meetings.</p>

Question	Answer
<p>Francois Sammut</p> <p>Could you indicate the budget for this task?</p>	<p>Sabyr Assylbekov</p> <p>Unfortunately, no. According to UNDP procurement rules and procedures this information cannot be disclosed.</p>
<p>Francois Sammut</p> <p>In Stage 2 how deep and detailed the modelling shall be?</p>	<p>The modelling exercise will be needed to understand past and future effects of ETS on NDC achievement. This task is not directly related to benchmarks, rather it would be on overall effects of ETS on Paris agreement goals.</p>
<p>Ivanno Ianelli</p> <p>Please, provide some information on previous works done on ETS. We would like to have access to both previous ETS researches and lessons learned on what did not fit in reality.</p>	<p>Gulmira Sergazina</p> <p>There are reports by local and international experts. If we have these reports, we will share them with you.</p>
<p>Bakhyt Yessekina</p> <p>The list of benchmarks was developed in 2017. Do you have information how these benchmarks were used?</p>	<p>Gulmira Sergazina</p> <p>There is an Order of the Minister which adopts 52 benchmarks for several economic sectors. But current allocation is not only based on these benchmarks but also on historical method. According to new Environmental Code the historical approach shall be removed, and allocation will be conducted only using benchmarks.</p>
<p>Bakhyt Yessekina</p> <p>What outcome do you expect from this project? There are many tasks involved and I don't think one year is enough to finish the work.</p>	<p>Gulmira Sergazina</p> <p>Developing benchmarks for future ETS periods is a request of the Ministry.</p>
<p>Bakhyt Yessekina</p> <p>Gulmira, do you plan to include benchmarks to the work conducted by GIZ on Low Carbon Development Strategy development?</p>	<p>Gulmira Sergazina</p> <p>UNDP provides technical and institutional support to the Ministry of Ecology. Within the project we will develop all relevant documents and submit it to the Climate Policy Department. The Ministry will consider the whole pack of documents and the Ministry has to decide how to adopt these new documents.</p>

Question	Answer
<p>Mark Johnson</p> <p>Do you have any view in number of benchmarks that should be developed?</p>	<p>Sabyr Assylbekov</p> <p>This task is under stage 1 of ToR. The service provider shall decide which benchmarks shall be developed. The service provider could decide to exclude some benchmarks, if they are not necessary under the new approach.</p>
<p>Mark Johnson</p> <p>To develop new Quota allocation rules, we will need to collect some data. If we need to define allocation, we need to do new data collection. Do you envisage data collection as part of activity in Stage 6?</p>	<p>Sabyr Assylbekov</p> <p>The Quota allocation rules are in place and the task does not involve developing the Quota allocation plan. The service provider shall develop the rules by which the Ministry will allocate quotas.</p>
<p>Mark Johnson</p> <p>The scale of economic modelling under stage 2, it makes is difficult without having an idea how much effort should be given to that stage compared to others. It could be very extensive work and without that it's hard to understand your expectations</p>	<p>Gulmira Sergazina</p> <p>When the report on current and future ETS on NDC achievement is developed it will be useful if some economic modelling will be used. We are waiting your approaches on how detailed and how deep the modelling shall be to conduct</p>
<p>Mark Johnson</p> <p>The team which does not cooperate with Zhasyl damu has a risk of not having required data to do this work. If there is no data, it's hard to deliver the results. Your comments on that?</p>	<p>Sabyr Assylbekov</p> <p>First, the current benchmarks are based on the level of production in 2013-2015. And Zhasyl damu has that data. From consultations with the Ministry we know that new approach shall be developed. The new approach may not require using production level historical data. Second, even if you require some data that Zhasyl damu has, our beneficiary is the Ministry of Ecology, so we will directly ask the Ministry to provide any required data.</p>
<p>Francois Sammut</p> <p>It will be useful for us to know the following. The level of effort, the budget or the size of the project and what you have in mind for the economic modelling. Because we can make based on what you require but it won't be cheap. It will require a large budget both for benchmarking and stakeholder consultation. If the economic modelling is aimed to satisfy every comment highlighted, then it will be quite a significant piece of work. To make it clear, this is a project with a significant budget, that is what we assume, if we do not have more information. Any information on that will be very useful.</p>	<p>Sabyr Assylbekov</p> <p>We cannot disclose information on project budget.</p>

Question	Answer
<p>Francois Sammut</p> <p>You have 52 benchmarks and you want to update them. There is one option: not to update them and to actually say – well we don't need 52 benchmarks, we need 20, because there are other ways of doing things and some of the benchmarks I know in Kazakhstan – you don't really require an industry specified benchmark, the benchmark for fuel and for heat will be sufficient. But you said that the benchmarks will be reviewed, and the conclusion will be that maybe we do not need that many benchmarks. This is our conclusion.</p>	<p>Sabyr Assylbekov</p> <p>Yes, and that is why we would like to see the modelling. If you say that 20 benchmarks are OK, but then we want to see that this will really contribute to the achievement of the Paris Agreement goals.</p>
<p>Francois Sammut</p> <p>But the two are not actually relate. The number of benchmarks is not so much related to the achievement of goals. We don't say that you do not need allocation for those industries, but you do not need, for example, the allocation for coal mining or other industries that do not have process emissions. Because EU or other countries simply use the benchmarks for fuel</p>	<p>Sabyr Assylbekov</p> <p>Thank you for your comment!</p>
<p>Mark Johnson</p> <p>Are you looking to model the effect of changes to the benchmarks noting that stage 2 mentions modeling ETS modifications? Or are you looking to model much more broadly the effect of ETS and its role it has towards the Paris Agreement? Using an economic model to understand the ETS is a very valid exercise, but the benchmarks themselves are just more distributional issues underneath that won't necessarily have the economic impacts on the level that you use model for. If you want to understand why there are economic impacts of meeting an NDC target through carbon pricing system like ETS, then the modeling will be very suitable. If you want to understand the impacts of different benchmarking approaches, then it is around the distribution of the value of those allowances in different ways between them within sectors. In this case macroeconomic modelling will not be suitable for that because it would not have in it each installation as an actor and more analytical</p>	<p>Gulmira Sergazina</p> <p>Perhaps, we will discuss and provide an answer later.</p> <p>We do not expect complex and resource intensive modelling under this task. The decision on which tools and approaches to use shall be made by Service provider.</p>

Question	Answer
<p>Rustam Otarov</p> <p>This year is a nightmare, also in terms of data. And basically, the project will start the next year and building the model on the basis of this year data will not be correct. Similar thing happened in the first PMR, and there was a lot of criticism. Because of the devaluation of the currency there is an issue with an economic growth. What data should we use?</p>	<p>Sabyr Assylbekov</p> <p>It is the responsibility of service provider to choose the data that you think necessary and the analysis will be done correctly.</p>

Questions received by email:

Question	Answer
<p>Many thanks for organizing the pre-bid meeting yesterday, which was very informative and answered most of the issues we had identified. This is a very interesting project, and we are keen to support you and the Government of Kazakhstan with the benchmark update. We have already identified the best partners to do this, both international and national, and we are busy preparing the proposal. However, based on the feedback from yesterday and our discussions, I would like to highlight again that stage 2 and the economic analysis is a bit of a stumbling block as what is requested is in itself quite a complex and resource intensive task, and we feel a much simpler economic analysis would be more appropriate and relevant in this case. Based on that I look forward to your clarification on these points as proposed.</p> <p>We would also request an extension to the deadline for bidding by at least a week if possible. As mentioned, we have identified what we feel is the best team to deliver this project, but we would benefit very much from more time in order to collect and collate the information which is required in the RfP.</p>	<p>The ToR states that Service provider shall conduct a modelling exercise to assess past and future effects of ETS on NDC achievement. We do not expect it to be complex and resource intensive. The decision on which tools and approaches to use shall be made by Service provider.</p> <p>Deadline extension issue will be closely considered by the date of submission deadline itself and depends on the quantity of offers we receive by that date. Potentially it could be extended for minimum 1 week.</p>
<p>Does positive micro-assessment to simplify competitive procedures for our company? For example, reduce the required documents. In particular, I refer to legal and financial documents, according to points b) and c) of block "A. Qualification Of the service provider" Appendix 2A Of the RFP?</p>	<p>This open competition was announced within the framework of This project is "Assistance in updating NDC" and, accordingly, it is necessary to fulfill all the conditions specified in this competition, i.e. to submit all the required documents. You can indicate that you have a positive micro-assessment in another UNDP project.</p>

Question	Answer
<p>The model contract included in the RFP contains information that UNDP may in some cases enter into a "non-competitive contract". Does a positive micro-assessment entitle our company to this type of contract with UNDP for "developing benchmarks for sectors included in the Kazakhstan emissions trading system"? Of course, if we select a qualified team and prepare a proposal that meets the requirements of the RFP?</p>	<p>The mentioned condition that UNDP may in some cases enter into a "contract without competitive selection" applies when a decision has been made to hire a legal entity/individual through direct contracting to perform services. In this case, this condition does not apply, because an open competition has been announced and all potential suppliers have the same conditions for participation in the competition.</p>
<p>Could you also clarify why economic modeling is necessary in this package of services, since the development of benchmarks does not require economic modeling.</p> <p>Is this modeling only related to "Assessing the past and future impact of the ETS on the possibility of achieving NDC"?</p> <p>The fact is that JSC "Zhasyl Damu" is implementing two projects of the World Bank within which modeling and assessment of the possibility of achieving the NDC by regulating emissions both through the ETS and by introducing a carbon tax is carried out. The benchmarks themselves are related to the ETS, the ETS is important for the implementation of NDC, but the benchmarks themselves are not directly related to NDC.</p> <p>We hope to get the same quick and comprehensive response from you, as the scope of work and financial offer depends on it</p>	<p>Indeed, the benchmarks themselves are not directly related to NDC. However, we wanted to see the effects of ETS on NDC achievement. We do not expect complex and resource intensive modelling under this task. The decision on which tools and approaches to use shall be made by Service provider.</p>
<p>For legal documents - is it ok to submit copies of these documents? Or do you need notarized copies of them?</p>	<p>scanned copies are acceptable</p>
<p>For financial documents – our company was established as a legal entity in the end of 2019, therefore we do not have audited reports. Would it be fine if we submit our balance sheet, income statement for 9 months?</p>	<p>It is ok. Please attach official letter, justifying the reasons, why you cannot provide audited report</p>
<p>Our Finance team also informed us, that preparation of abovementioned documents requires time and they will be ready in 1 week. Can we submit our technical proposal without these financial documents and send them later on?</p>	<p>Yes, you may. Providing this notification in official letter also would be good.</p>

Question	Answer
<p>Many thanks to you and your colleagues for taking time to explain more about this project and to answer questions in the bidder call earlier today. It was really helpful to me to hear your responses.</p> <p>I believe that you were going to consult internally and reply with any more elaboration on the role scope of modelling envisaged. I look forward to receiving that response. As I mentioned on the call, a macro-economic approach can be a powerful way to understand the impacts of a carbon pricing policy overall, in terms of the costs of driving the necessary abatement and pricing carbon within the economy. At a more granular level, the impacts of benchmarks arise from the different level of net carbon cost impact on installations within a sector (say winners and losers vs grandfathering) and on net costs between sectors (reflecting the stringency of their benchmarks). These are commonly assessed using sectoral economic indicators like costs vs GVA or GOS and tend not to involve more complex modelling techniques, because that is not necessary, but use simpler analytical techniques. We are carrying out this simpler sectoral economic assessment for the European Commission supporting its assessment of future allocation/carbon leakage approaches in EU ETS.</p> <p>Could I ask though: would it be possible for you to extend the deadline for this tender? 28th September is very soon and we would greatly appreciate a 1 week extension if that were possible.</p>	<p>Thank you for clarification. We do not expect complex and resource intensive modelling under this task. The decision on which tools and approaches to use shall be made by Service provider.</p>
Please specify-do I need to attach a reference to the CVs of experts, or is it enough to write a phone number and e-mail?	<p>Deadline extension issue will be closely considered by the date of submission deadline itself and depends on the quantity of offers we receive by that date. Potentially it could be extended for minimum 1 week.</p> <p>References are not needed.</p>

Sabyr Assylbekov, Projecr Specialist

Sabyr Assylbekov

21.09.2020

Gulmira Sergazina, Project Manager

Gulmira Sergazina

21.09.2020

Nelly Perevertova, Procurement Associate

Nelly Perevertova

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