

JAVNO PREDUZECE
«ELEKTROPRIVREDA SRBIJE»
Number: 1823/25-14
Belgrade, 06-10-2014

Subject: Amendments to Tender Documents number 2 in accordance with Article 63 paragraph 1 of Public Procurement Law ("Official Gazette of the Republic of Serbia" number 124/12) in an open public procurement procedure for the procurement of consulting services for project of services "The Unbundling process - Transformation of Distribution system operators (DSOs) and Supplier", PP number 48/14/DDEE, for which the Invitation to Tender was published on Public Procurement Portal on 12.08.2014.

Tender Documents in open public procurement procedure number 48/14/DDEE are amended as follows:

1. In Section 5 of Tender Documents TYPE, TECHNICAL CHARACTERISTICS AND SPECIFICATION OF THE PUBLIC PROCUREMENT SUBJECT, part 5.2 Terms of reference 4. Module: IT function and systems transformation, item 4.2 Preparation of implementation study for central CRM is amended as follows:
 - 1.1. in sub-item "Objectives" last two indents are deleted:
 - Financial estimation
 - Approval assurance of the key aspects needed for RFP preparation
 - 1.2. in sub-item "Task descriptions" last indent is deleted:
 - Budget estimation
 - 1.3. in sub-item "Documents and activities" last indent is deleted:
 - Budget calculation based on a realistic estimation of effort and relevant market prices.
2. In Section 5 of Tender Documents TYPE, TECHNICAL CHARACTERISTICS AND SPECIFICATION OF THE PUBLIC PROCUREMENT SUBJECT, part 5.2 Terms of reference 4. Module: IT function and systems transformation, item 4.4 IT Security governance and security policies preparation is deleted.

The amended Section 5 of Tender Documents TYPE, TECHNICAL CHARACTERISTICS AND SPECIFICATION OF THE PUBLIC PROCUREMENT SUBJECT in English version is attached to this letter.



Attachment:

- Amendment to Tender Documents number 2 in Serbian/English

Copy:

- Archive
- Public Procurement Committee

5. TYPE, TECHNICAL CHARACTERISTICS AND SPECIFICATION OF THE PUBLIC PROCUREMENT SUBJECT

5.1. SUBJECT OF THE INVITATION

Subject of the invitation to tender submission are consulting services for project of services “The Unbundling process - Transformation of Distribution system operators (DSOs) and Supplier”.

5.2. TERMS OF REFERENCE:

Terms of Reference for subject public procurement of the services is included in this part of Tender Documents.

“The Unbundling process- Transformation of Distribution system operators (DSOs) and Supplier”.

Services Description and Deliverables

Introduction

In 2013-2014 EPS Group developed a mid-term strategy for the transformation of its electricity distribution, public supply and open market supply business activities in line with the unbundling requirements of the legislation in Serbia. The target operating model decided to be pursued by EPS Group will comprise the following dimensions:

- **One distribution system operator** with its license covering the whole territory of Serbia with core services in-house
- **One public supplier and supplier** serving both customers on the regulated market and on the open market
- **Shared services centralized to PE EPS** and provided by service level agreements to subsidiaries holding licenses for energy activities
- **Technical services centralized to PE EPS** and provided by service level agreements to Distribution System Operator

The target operating model of EPS Group in the area of electricity distribution and supply envisages two mechanisms of relations between PE EPS and its subsidiaries, as follows:

- **Corporate governance** – corporate governance is understood as the complex set of mechanisms through which PE EPS will exercise its rights as the sole shareholder in steering its subsidiaries.
- **Service level agreements (SLAs)** – contracts through which certain services will no longer be executed in-house within each of the subsidiaries, but instead will be centralized to PE EPS and provided on a contractual basis to each of them.

The centralization of Shared services and Technical services from subsidiaries to PE EPS will be accomplished in two modes depending on the particular service, namely fully centralized or center-led. In the fully centralized mode, all resources (employees and assets) engaged in the service will be organizationally and legally transferred to PE EPS with none remaining in the subsidiaries. In the center-led mode, the resources will be split between the center (PE EPS) and the subsidiaries, where the center will steer the ones in the subsidiaries through the available set of corporate governance mechanisms.

The approved transformation concept envisions that each function should undergo through three dimensions of transformation – centralization, standardization and optimization – where the sequencing of transformation dimensions will be customized to the specific functions. The centralization will consolidate individual functions predominantly within a single legal entity, provided to internal and external customers on a shared service basis. The standardization phase will transform individual functions according to process. The optimization will define and implement measure for improvement of the effectiveness of efficiency of individual functions.

Objectives

EPS Group aims to successfully realize the target operating concept for its distribution and supply business lines. The target operating model will be realized through two consecutive status changes:

- Division of the 5 DSOs respectively into DSO core functions and technical services, on the one hand, and support services, on the other hand, where the core DSO functions and technical services will comprise a new legal entity, the one DSO (EPS Distribucija), and the support services will be transferred to PE EPS
- Separation of technical services from the one DSO to PE EPS

The scope of the current tender covers the preparation and support of implementation of the first of the above mentioned phases of transformation.

The intended objectives are to be realized through the following work modules (WM):

WM1: Centralization and standardization of Shared services

The main objectives of the centralization and standardization of Shared services are the following:

- Internal centralization by transferring the Shared services from subordination to branches to subordination to central organizational units within each of the 5 DSOs
- Unification of the organization structures between the 5 DSOs in each respective function of the Shared services, especially organizational separation of customer care from meter management
- Preparation of consolidated organization structures per function for the target state of centralization within PE EPS

- Standardization and process orientation of the organization structures per function after the division of the Shared services to PE EPS
- Unification of key processes per function after the division of the Shared services to PE EPS
- Definition of optimization initiatives to realize economies of scope and economies of scale

WM2: Standardization of DSO Core services and Technical services

The main objectives of the standardization of DSO Core services and Technical services are the following:

- Unification of the central organization structures per function between the DSOs
- Preparation of consolidated organization structures per function for the target state of consolidation within the one DSO
- Unification of the organization structures per function at the branch level after the implementation of the one DSO, especially with a view to the future separation of technical services to PE EPS
- Unification of key processes per function after the implementation of the one DSO
- Definition of optimization initiatives to realize economies of scope and economies of scale

WM3: Status change for division of the 5 DSOs

The main objectives of the status change for division of the 5 DSOs are the following:

- Realization of a status change for the division of the 5 DSOs into one new DSO comprising DSO core services and Technical services, on the one hand, and PE EPS, receiving support services, on the other hand – support for securing approval by Regulator for the transformation, execution of legal steps, financial steps, human resources steps, communication with stakeholders

WM4: IT function and systems transformation

The main objectives of the IT systems transformation are the following:

- Design of the new standardized IT service model after completion of the centralization phase and definition of optimization initiatives
- Evaluation and preparation for unification of IT systems in the area of Shared services, Technical services, Distribution core functions, Public supply and Open market supply

WM5: Implementation support

The main objectives of the implementation support are the following:

- Preparation of Steering committees
- Regular reporting to EPS Group management and project coordination
- Support in preparation of project documentation and execution of project management office
- Risk monitoring and mitigation
- Stakeholder and change management

Requirements

The following goals, requirements and constraints need to be considered during the design and execution of the project:

1. All steps planned and carried out in all work modules need to be based on the approved target operating model and transformation plan
2. All steps incorporated in WM2 need to be planned to be finalized by the end of year 2015 with the successful completion of the respective status change
3. General requirements for all work modules are the following:
 - Minimization of impact on customers
 - Mitigation of any risks toward normal operations and security of supply
 - Full compliance with relevant legislation and government requirements
 - Maximization of revenues and profits of the EPS Group
 - Minimization of cost of implementation and subsequent operations

Other

The following Module tables describe modules and work packages, and corresponding milestones that conclude each module.

Consultant's monthly reporting and final reports must be in the written form. Consultant is expected to provide relevant MS Excel models and the back-up materials as sources for each analysis that pertains and influences the results shown in the consultant's Final Report (what is the source of data used in the analysis, how it is calculated, research publications (if proprietary research please state name and date of the publication, etc.).

The consultant is obliged to provide documents to JP EPS in 3 (three) copies each, in both Serbian and English, and both in hardcopy and softcopy in Microsoft Excel, Microsoft Word or Microsoft PowerPoint format depending on the requirements of JP EPS.

1. Module: Centralization and standardization of Shared Services

1.1	Centralization and standardization of Shared services
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Unification of the organization structures between the 5 DSOs for each of the respective functions and reorganization according to processes, especially separation of customer care from meter management – before the division of the Shared services to PE EPS • Preparation of consolidated organization structures per function for the target state of centralization to PE EPS • Standardization and process orientation of the organization structure per process – after the division of the Shared services to PE EPS • Standardization of key processes per each function – after the division of the Shared services to PE EPS • Preparation of interfaces of centralized services to subsidiaries • Definition of optimization initiatives of centralized services to take advantage of economies of scale and scope <p>Task descriptions</p> <ul style="list-style-type: none"> • Development of new organization structures and supporting documentation, FTE sizing – internal centralization and standardization phase • Development of new organization structures and supporting documentation, FTE sizing – phase of centralization to PE EPS • Development of new organization structures and supporting documentation, FTE sizing – standardization and process orientation within PE EPS • Unification of process maps in terms of steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators • Update/definition of service level agreements • Definition of optimization initiatives per function and quantification of their impact <p>Functions covered by this module</p> <ul style="list-style-type: none"> • Customer care • Finance and accounting • Information and communication technology • Human resource management • Procurement • Facility management • Integrated management systems • Health, safety, quality and environment • PR • Legal and regulatory affairs
Scope	<ul style="list-style-type: none"> • PE EPS • 5 DSOs

	<ul style="list-style-type: none"> • EPS Snabdevanje
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • Organization structures, catalogues of positions, FTE sizing – phase of internal centralization & standardization • Organization structures, catalogues of positions, FTE sizing – phase of centralization to PE EPS • Organization structures, catalogues of positions, FTE sizing – phase of standardization and process orientation within PE EPS • Task descriptions and process maps (steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators) of key processes per function to be performed by redesigned organizational units • Revised SLAs – inputs/outputs, service levels, price setting mechanisms, KPIs, including legal compliance of the SLAs • Optimization initiatives and business cases quantifying costs and benefits, 3-year headcount plans and cost budgets, including impact from optimization initiatives
Role of Consultant	Execution of analysis, workshops, and development of necessary documentation. Presentation of summary findings and recommendations to EPS decision makers and relevant stakeholders.

2. Module: Standardization of DSO Core services and Technical services

2.1	Standardization of Distribution system operator Core services
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Unification of the central organization structures per function between the 5 DSOs – before the implementation of the one DSO • Preparation of consolidated organization structures within the one DSO • Unification of the organization structures per function at the branch level, especially with a view to the future separation of technical services to PE EPS – after the implementation of the one DSO • Unification of key processes by function – after the implementation of the one DSO • Definition of optimization initiatives of centralized services to take advantage of economies of scale and scope <p>Task descriptions</p> <ul style="list-style-type: none"> • Development of new organization structures and supporting documentation, FTE sizing – phase of unification of central units within the 5 DSOs • Development of new organization structures and supporting documentation, FTE sizing – phase of preparation for consolidation within the one DSO • Development of new organization structures and supporting documentation, FTE sizing – phase of unification at the branch level after the implementation of the one DSO

	<ul style="list-style-type: none"> • Unification of processes in terms of steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators • Definition of optimization initiatives per function and quantification of their impact <p>DSO Core services covered by this module across the 5 distribution system operators</p> <ul style="list-style-type: none"> • Asset management • Construction management • Network provisioning • Network control • Non-technical losses
Scope	5 DSOs
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of unification of central units within the 5 DSOs • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of preparation for consolidation within the one DSO • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of unification at the branch level after the implementation of the one DSO • Task descriptions and process maps (steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators) of key processes per function to be performed by redesigned organizational units • Optimization initiatives and business cases quantifying costs and benefits, 3-year headcount plans and cost budgets, including impact from optimization initiatives
Role of Consultant	Execution of analysis, workshops, and development of necessary documentation. Presentation of summary findings and recommendations to EPS decision makers and relevant stakeholders.

2.2	Standardization of Technical services
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Unification of the central organization structures per function between the 5 DSOs – before the implementation of the one DSO • Preparation of consolidated organization structures within the one DSO • Unification of the organization structures per function at the branch level, especially with a view to the future separation of technical services to PE EPS – after the implementation of the one DSO • Unification of key processes by function – after the implementation of the one DSO • Definition of optimization initiatives of centralized services to take advantage of economies of scale and scope <p>Task descriptions</p>

	<ul style="list-style-type: none"> • Development of new organization structures and supporting documentation, FTE sizing – phase of unification of central units within the 5 DSOs • Development of new organization structures and supporting documentation, FTE sizing – phase of preparation for consolidation within the one DSO • Development of new organization structures and supporting documentation, FTE sizing – phase of unification at the branch level after the implementation of the one DSO • Unification of processes in terms of steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators • Definition of optimization initiatives per function and quantification of their impact <p>Functions covered by this module</p> <ul style="list-style-type: none"> • Network operation and maintenance • Meter device and meter data management • Logistics and warehousing.
Scope	5 DSOs
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of unification of central units within the 5 DSOs • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of preparation for consolidation within the one DSO • Organization structures, catalogues of positions, FTE sizing related to DSO Core services – phase of unification at the branch level after the implementation of the one DSO • Task descriptions and process maps (steps, responsibilities, inputs/outputs, interfaces to information systems, timeframes, key performance indicators) of key processes per function to be performed by redesigned organizational units • Optimization initiatives and business cases quantifying costs and benefits, 3-year headcount plans and cost budgets, including impact from optimization initiatives
Role of Consultant	Execution of analysis, workshops, and development of necessary documentation. Presentation of summary findings and recommendations to EPS decision makers and relevant stakeholders.

3. Module: Status change for the division of the 5 DSOs

3.1	Support to realization of a status change for the division of DSO functions and Technical services to one DSO, respectively support services to PE EPS
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Regulatory and government approval support for division of the 5 DSOs into one DSO and support services centralized to PE EPS • Legal, financial and HR steps support for realization of the status change • Communication support towards external and internal stakeholders <p>Task descriptions</p> <ul style="list-style-type: none"> • Preparation of supporting materials for communication with Regulator and Government • Support in preparation of financial documentation for the status change • Support in the analysis of HR documentation and executing of HR steps in relation to the status change • Preparation of legal analyses and required documentation for the execution of the status change, support in the legal preparation, announcement and completion of the status change • Support in preparation of materials for communication to internal and external stakeholders (statutory bodies, Trade Unions, Government, Regulator) <p>Functions covered by this module</p> <ul style="list-style-type: none"> • Customer care • Finance and accounting • Information and communication technology • Human resource management • Procurement • Facility management • Integrated management systems • Health, safety, quality and environment • PR • Legal and regulatory affairs • Asset management • Construction management • Network provisioning • Network control • Non-technical losses • Network operation and maintenance • Meter device and meter data management • Logistics and warehousing.
Scope	<ul style="list-style-type: none"> • PE EPS • 5 DSOs • EPS Snabdevanje
Deliverables	Documents and activities

	<ul style="list-style-type: none"> • Materials for communication with Regulator for approval of the planned status change • Legal analyses and legal documentation for the preparation, announcement and completion of the status change • Financial analyses and financial documentation for the preparation and execution of the status change, including but not limited to separation balance sheets, analysis of third-party contracts to be migrated, adaptation of annual business plans • Necessary HR analyses and HR documentation for the preparation and execution of the status change, including list of employees to be transferred, transfer matrix between legacy and new positions, respective job requirements and remuneration schemes, job descriptions • Necessary materials for communication to internal and external stakeholders
Role of Consultant	Execution of analysis, workshops, and development of necessary documentation. Presentation of summary findings and recommendations to EPS decision makers and relevant stakeholders.

4. Module: IT function and systems transformation

4.1	Preparation of detailed IT service model
Objective and task description	<p>Objectives</p> <ul style="list-style-type: none"> • Development of new IT service model for centralized IT organization and supporting documentation • Communication support towards external and internal stakeholders • Definition of optimized implementation approach <p>Task descriptions</p> <ul style="list-style-type: none"> • Design and preparation of a detailed IT organization service model included service catalogue and service portfolio management, connect to new organization structure • Design of IT Service Management processes and integration to new organization structure by best practices • Preparation of detailed IT governance models included enterprise standards • Recommendation in IT methodology area (Enterprise architecture, PPM etc.) <p>Functions covered by this module</p> <ul style="list-style-type: none"> • Information and communication technology
Scope	<ul style="list-style-type: none"> • EPS HQ
Deliverables	<p>Documents and activities:</p> <ul style="list-style-type: none"> • IT service model • IT service management processes • IT governance concept model (templates of standards, methodologies, IT Project management concept) • Enterprise architecture model • Implementation approach and roadmap to reach target model

Role of Consultant	Execution of the analysis, development of project objectives, presentation of the findings and recommendations to EPS decision makers
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4.2	Preparation of implementation study for central CRM
Objective and task description	<p>Objectives</p> <ul style="list-style-type: none"> • Revision of the assumptions, business scope and business requirements • Definition of target architecture of the system and integration map • Development of the master plan and project guidelines <p>Task descriptions</p> <ul style="list-style-type: none"> • Confirmation of key assumptions related to regulatory, market and internal EPS scenario • Confirmation of business process scope (business objectives and critical requirements related to customer operations for B2B and B2C) • Definition of target architecture related to Sales, Billing and Customer Care processes • Definition of the implementation strategy and key drivers • Analysis of the detailed design and implementation strategy <p>Processes covered by the study</p> <ul style="list-style-type: none"> • Sales • Billing • Customer Care
Scope	<ul style="list-style-type: none"> • PE EPS • EPS Snabdevanje
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • High level project master plan • Process scope • Functional gaps/requirements • Requested IT integration approach • User capacity requirements • Reporting needs
Role of Consultant	Execution and supervision of the analyses, Development and documentation of project deliverables. Review and consolidation of the core implementation study, presentation of the findings and recommendations to EPS decision makers

4.3	Preparation of transformation model for DSOs technical IT systems
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Analysis of relevant DSOs technical systems and system interfaces to other company systems • Preparation of recommendations for optimization of technical systems for each DSO core functions • Preparation transformation path and implementation approach • Estimation of implementation costs

	<p>Task descriptions</p> <ul style="list-style-type: none"> • Detailed analysis of DSOs technical systems • Analysis of system interfaces and operation risks • Design of central dispatching model • Design of centralized data warehouse of technical systems data • Identification of IT requirements to systems • Definition of the implementation strategy and key drivers • Proposal of transformation path • Implementation roadmap <p>DSO Core services covered by this module across the 5 distribution system operators</p> <ul style="list-style-type: none"> • Asset management • Construction management • Network provisioning • Network control • Non-technical losses across the 5 distribution system operators. <p>Technical services covered by this module</p> <ul style="list-style-type: none"> • Network operation and maintenance • Meter device and meter data management
Scope	<ul style="list-style-type: none"> • PE EPS • 5 DSOs
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • Analysis of DSOs technical systems • Map of system interfaces • List of operation risks • Central dispatching model • Centralized data warehouse of technical system data • IT requirements • Implementation strategy and key drivers • Transformation plan
Role of Consultant	Execution of analysis, workshops, and development of necessary documentation. Presentation of summary findings and recommendations to EPS decision makers and relevant stakeholders.

5. Module: Implementation support

5.1	Implementation support
Objectives and task descriptions	<p>Objectives</p> <ul style="list-style-type: none"> • Operational implementation of the target operational model of EPS Group in the area of electricity distribution and supply <p>Task descriptions</p> <ul style="list-style-type: none"> • Daily PMO of execution of all work streams • Organization of Steering committees and other coordination meetings • Regular reporting to EPS Group management and project coordination • Tasks definition and execution supervision

	<ul style="list-style-type: none"> • Facilitation of conflicts resolutions • Issues escalation • Risk monitoring and mitigation • Stakeholder and change management including relevant strategies, tactics, and presentations to key stakeholders • Implementation support of IT systems, enterprise architecture and infrastructure • Regulatory management including presentations and assistance in negotiations with the Regulator
Scope	<ul style="list-style-type: none"> • PE EPS • 5 DSOs • EPS Snabdevanje
Deliverables	<p>Documents and activities</p> <ul style="list-style-type: none"> • Execution of the analysis • Development and documentation of project deliverables, leading of EPS teams to support deliverables development • Execution of the overall Project management office • Assistance in execution of stakeholder management
Role of Consultant	<p>Execution of analysis, workshops, and development of necessary documentation. Execution of the overall PMO. Provide regular reporting and if needed ad hoc support in the day-to-day implementation.</p>