

CRNA RIVER HYDROPOWER PROJECT - INVITATION FOR BIDS

The Government of the Republic of Macedonia, acting through the Ministry of Environment and Physical Planning (the "**Conceding Authority**"), hereby invites bids from prospective bidders for the award of the project for generation of electricity from hydropower plants on Crna River (the "**Project**"). The Project comprises the following elements:

- (i) **Concession for water from Crna River for production of electricity**, including the (a) exclusive right to design, build, operate and maintain HPP "Cebren" (with indicative installed capacity of 333MW), (b) exclusive right to operate and maintain the existing HPP "Tikves" (with installed capacity of 92MW) and, optionally, (c) exclusive right to design, build, operate and maintain HPP "Orlov Kamen", on the conditions specified in the Concession Contract during the period of fifty-two (52) years (the "**Concession**"); and
- (ii) **Establishment of a joint venture with ELEM** on the conditions specified in the Joint Venture Contract and transfer of the Concession to this newly created joint venture. The percentage of shares of ELEM in the share capital of the joint venture shall be determined by the winning Bidder in its Bid. ELEM's contribution to the capital of the joint venture will include the transfer of the existing HPP "Tikves", as well as other contributions.

HPP "Cebren", HPP "Tikves" (after its contribution to the joint venture) and, optionally, HPP Orlov Kamen shall operate as independent electricity producers on the domestic electricity market and on the international electricity market.

The Project will be awarded through a transparent and competitive bidding process, in application of the Law on Concessions and Public Private Partnerships (*Official Gazette of the Republic of Macedonia no. 6/12*) and of the relevant provisions of the Law on Public Procurement (*Official Gazette of the Republic of Macedonia no. 136/07, 130/08, 97/10, 53/11, 185/11, 15/13 and 148/13*) and of the Law on Water (*Official Gazette of the Republic of Macedonia no. 87/08, 6/09, 161/09, 83/10, 51/11 and 44/12*), and in accordance with the Decision n°41-6894/1 dated 16.10.2013 adopted by the Government of Macedonia initiating the Project award procedure.

The Conceding Authority has engaged International Finance Corporation (IFC - the World Bank Group) to act as transaction advisor for the Project.

Prospective bidders are invited to collect the bidding documents containing detailed instructions to bidders and draft Project contracts by sending a request via e-mail to the Conceding Authority with a copy to IFC at the e-mail addresses indicated below. Bidders having requested the bidding documents will be required to sign a confidentiality undertaking.

To obtain the bidding documents, interested bidders are required to make a non-refundable tender fee payment in the amount of 5.000 Euro (payable in denars counter value).

The payment needs to be made into favor of the Ministry of Environment and Physical Planning:

For domestic companies:

Reference:	Tender fee for the Crna River hydropower concession
Treasury account:	100000000063095
Account of the Budget user:	121011520278710
Income code and program:	725939-40
Deponent:	National Bank of the Republic of Macedonia
Tax number:	4030998358508

For foreign companies:

Ministry of Environment and Physical Planning
 National Bank of the Republic of Macedonia
 Bu. Goce Delcev No.8
 1 000 Skopje, Republic of Macedonia
SWIFT BIC: NBRM MK 2X
IBAN: MK07 1007 0100 0017 436

Bids will be prepared in English and will be submitted by **10 AM local Skopje time on 16.04.2014** at the address of the Conceding Authority indicated below. Submission of bids by e-mail is not allowed. Any late bids will be rejected. The submitted bids will be opened, in the presence of authorized bidders' representatives, at the same address, at **11 AM local Skopje time on 16.04.2014**.

Any request for additional information and/or questions concerning the Project or the bidding documents may be submitted by e-mail to the Conceding Authority with a copy to IFC at the e-mail addresses indicated below.

The Project will be awarded to the bidder who proposes the highest target percentage of common shares to AD "ELEM" in the joint venture (which cannot be less than 35%), provided that it meets the qualification criteria and has submitted technically and financially sound information, substantially responsive to the requirements of the bidding documents.

At any stage of the bidding process (in each time within 8 days as from the relevant stage), bidders may file an appeal before the State Appeals Commission on Public Procurement (Bul. Ilinden 63 a, 1000 Skopje) in accordance with the conditions and procedures specified in Chapter X of the Law on Public Procurement (*Official Gazette of the Republic of Macedonia no. 136/07, 130/08, 97/10, 53/11, 185/11, 15/13 and 148/13*).

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