

Terms of Reference for Appointment of Individual Consultant (Financial Analyst) for BERC

Background

Power Cell, Power Division is implementing Bangladesh Power Sector Reforms (Phase-2) project under RERED-II financed by World Bank. Under this project scope has been created to provide consultancy support for Bangladesh Energy Regulatory Commission (BERC).

Bangladesh Energy Regulatory Commission is established as an independent and impartial Commission for the energy sector under the Bangladesh Energy Regulatory Commission Act, 2003. BERC is expedient to make provisions for the establishment of an independent and impartial regulatory Commission to create an atmosphere conducive to private investment in the generation, transmission and distribution of electricity and transportation, storage, supply and marketing of gas resources and petroleum products, to ensure transparency in the management, operation and tariff determination in these sectors; to protect consumer's interest and to promote the creation of a competitive market.

Now an Individual Consultant (Financial Analyst) is required by BERC to support in achieving expertise in analyzing the audit reports of different utilities for setting tariff by BERC. Consultant (Financial Analyst) will be engaged under the Rural Electrification and Renewable Energy Development-II (RERED-II) project financed by the World Bank.

Scope of Work

The Financial Analyst will work as directed by the Commission to provide services in respect of analyzing the auditor's report and financial statement, management audit report and tariff application of the electricity and gas utilities and produce a summary of the proposals for tariff activities. The scope of work is as follows but not limited to:

- Analyze critically the auditor's report and financial statement and management audit report of power generation, wholesale/bulk, transmission, distribution (retail), and gas transmission and distribution licensee (s) in accordance with BAS/standard accounting practices and relevant regulations specifically-
 - ✓ Fixed assets, its additions, adjustments and retirements;
 - ✓ Depreciation/ Accumulated depreciation;
 - ✓ Accounts receivables and its recovery;
 - ✓ Inventory and its management;
 - ✓ Working capital management;
 - ✓ Common equity and other equity (s);
 - ✓ Long term and short term debt;
 - ✓ Bank deposits and interest income;
 - ✓ Various fund such as depreciation fund, consumer security deposit fund, general provident fund, contributing provident fund, gratuity and pension fund, etc;
 - ✓ Energy sales revenue, other operating and non-operating revenue;
 - ✓ Operation and maintenance expenses;

- ✓ Investment to others; and
 - ✓ Others related issues.
- Detailed financial analysis of tariff proposal of the power generation, wholesale / bulk, transmission, distribution (retail), and gas transmission and distribution licensee (s) in accordance with relevant tariff regulations specifically-
 - ✓ Analyze the components of rate base and suggestion of appropriate rate base;
 - ✓ Analyze capital expenditure proposals with respect to parameters such as cost optimization; cost reduction measures, depreciation/amortization etc.;
 - ✓ Analyze factor considering for determining the rate of return on rate base and suggestion in regarding reasonable rate of return for electric and gas utilities;
 - ✓ Analyze critically operating expenses (operation and maintenance, depreciation and tax expenses) proposal with respect to parameters such as just and reasonable, cost optimization, cost rationalization, cost reduction measures etc.;
 - ✓ To carry out comparison of proposed operating expenses (and its sub-head) with the historical expenses viz a viz similar other utilities such expenses;
 - ✓ Analyze critically the sales revenues and other operating and non operating revenues proposals and their appropriateness;
 - ✓ Analyze energy (electricity/gas) purchase and sale quantity and system loss/gain trend;
 - ✓ Others financial issues.
 - Analyze the ratio of energy cost component in the cost of goods sold/total cost of different types of electricity and gas consumers specially industry, commercial, fertilizer, CNG and captive;
 - Analyze the impact on the different consumers due to tariff changes in the electricity and gas sector;
 - Prepare primary findings and provide recommendations on tariff proposal for the Commission before public hearing;
 - Attend the tariff related public hearing and record the financial issues raised by the stakeholders and prepare comments and suggestions on it;
 - Submit final report incorporating analysis/findings, suggestions and observations to the Commission; and
 - Any Ad-hoc job required by the Commission

Qualification requirement of the Consultant (Financial Analyst)

The required experience of proposed key staff is mentioned below:

- MBA (Finance) or CA or PGDBM/PGDBA (Finance) from a recognized Institute with a degree in Commerce/Economics from a recognized University;
- Minimum 12 (Twelve) years experience in similar Job or financial analysis in Energy sector;
- Experience in government sector will be preferred;

- Experience in power and gas sector financing, including a good command of key issues relating to sector economics, market structure, regulations;
- Excellent communication skills both oral and written in English;
- Proven ability to interact and communicate effectively with senior staffs and clients;
- Ability to work flexible on a range of assignments and prioritize a variety of complex evolving tasks.

Duration of Appointment

12 (twelve) months from the date of signing of the contract. It may be further extended as per requirement of the Commission.

Facilitation and Reporting

The contract will be signed between the Consultant (Financial Analyst) and Power Cell and the Consultant (Financial Analyst) will work in BERC. Commission will assign and supervise work performance and recommend the payment of the Consultant (Financial Analyst) along with invoice, log sheets, etc. to the Power Cell.

Logistics Support for the Financial Analyst

BERC will provide office accommodation. Consultant (Financial Analyst) will use his/her own computer, transport etc.

Evaluation Criteria

The evaluation of the consultants will be done according to the categories mentioned below:

- Educational qualification
- Overall work experience
- Relevant work experience