PROJECT READINESS FOR ENHANCING SECTOR DEVELOPMENT
Energy Sector

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Energy Projects

Project Readiness tools utilized

Advance procurement

- with aim to be able to award contract shortly after effectiveness

Retroactive financing

- contract signing of EA with contractor prior to effectiveness

PPTA

- prepare to the extent possible project readiness by funding technical support, FM, etc

Effective project management

- capacity building

Challenges of Project Readiness to Energy Sector

Project complexity

- risk allocation
- preference for single point of responsibility to avoid passing of blame, responsibility between designer, contractor and EA

Low EA/IA capacity

- design capacity
    - unable to assume risk of design and/or supervision
- technical construction capacity or manpower/resources to construct
- supervision capacity

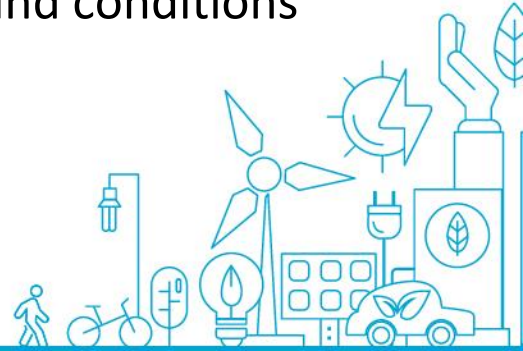
Examples

Transmission and Distribution lines

- low complexity
- design is standard
- methods of construction are standard
- EA either procures
    - goods – and installs T&D lines themselves
    - turnkey, design wont delay procurement
    - separating DESIGN from WORKS makes no sense

Hydropower projects

- high complexity
- huge risks related to ground conditions for foundations
- risk allocation (design vs construction vs management)
- EA not willing to take on design risks, or price escalation due to unknown ground conditions
- almost usually procured as turnkey, single point of responsibility



USE OF PRF in CWEN

Pattan Hydropower – 2.4GW generation capacity

- 122 m high compacted concrete gravity dam
- high and middle level gated spillway
- 5km tailrace tunnel

PAK PRF for $15M to fund

- feasibility study update
- detailed design
    - hydrological model update
    - geotechnical investigation
- preparation of all safeguard documents (including stakeholders engagement plan)
- capacity building for preparation of HP project

Distinct features that enable PRF for this project:

EA has sufficient technical capacity and equipment, but will work under a project technical consultant (PTC)
EA will carry out geotechnical investigation with supervision of PTC
DD will be prepared by PTC, and a panel of experts will review DD
EA assumes ownership and risk of design
PTC ideally to remain supervision consultant for large works contractor with guidance/supervision of panel of experts.

Prepare Summary for Discussion

- What are the major sector-specific challenges associated with project design and implementation you face when strategically planning for quality project investment (incl. those related to integrating global agenda and/or adapting to rapid technological innovations)?
- How has your institution addressed these challenges in the past, at the project processing/readiness stage? How did it ensure that solutions are long term and strengthen the sector overall?
- How would you ensure lessons are learnt across different projects within the sector and what plans are in place to tackle new/emerging ones?