

**ANNEX II: TERMS OF REFERENCE – TECHNICAL
SPECIFICATIONS**

Table of Contents

1. BACKGROUND INFORMATION	3
1.1 <i>General background</i>	3
1.2 <i>Tender specific background</i>	4
1.3 <i>Legal Framework</i>	5
1.3.1 <i>European Legal Framework</i>	5
1.3.2 <i>National Legal Framework</i>	9
2. OBJECTIVE, PURPOSE AND EXPECTED RESULTS	11
2.1 <i>Overall objective</i>	11
2.2 <i>Expected results</i>	12
3. ASSUMPTIONS AND RISKS	12
3.1 <i>Assumptions the implementation of the Contract</i>	12
3.2 <i>Risks</i>	12
4. CONTRACT SCOPE	12
4.1 <i>Indicative Work Orders</i>	13
4.2 <i>Project Management</i>	15
4.2.1 <i>Organisational structure</i>	15
4.2.2 <i>Facilities to be provided by the Contracting Authority</i>	16
5. LOCATION AND DURATION OF CONTRACT SCOPE IMPLEMENTATION	16
5.1 <i>Location of Framework Agreement Scope Implementation</i>	16
5.2 <i>Duration of Framework Agreement Scope implementation</i>	16
6. REQUIREMENTS	16
6.1 <i>Office accommodation</i>	16
6.2 <i>Facilities to be provided by the Contractor</i>	17
7. Reports	17

1. BACKGROUND INFORMATION

The Cyprus Energy Regulatory Authority (CERA) calls for Tenders *for the provision of services for the harmonization of the legislative framework and provision of regulatory (financial, legal, technical) support for the development of cross-border electrical interconnection in the Republic of Cyprus.*

1.1 General background

To achieve its climate and energy goals, Europe needs to improve cross-border electrical interconnections. Connecting Europe's electricity systems will allow the EU to boost its security of electricity supply and to integrate more renewables into energy markets.

When a power plant fails or during extreme weather conditions, EU countries need to be able to rely on their neighbours to import the electricity they need. Without infrastructure it is impossible to buy and sell electricity across borders. Connecting isolated electricity systems is therefore essential for security of supply.

Reliable connections with neighbouring countries also lower the risk of electricity blackouts, reduce the need to build new power plants, and make it easier to manage variable renewable power sources like solar and wind. For example, surplus renewable energy produced in one country could be used in another country where demand for electricity is high, via new interconnections.

The EU has set an interconnection target of at least 15% by 2030 to encourage EU countries to interconnect their installed electricity production capacity. This means that each country should have in place electricity cables that allow at least 15% of the electricity produced on its territory to be transported across its borders to neighbouring countries. In 2021, 16 countries reported being on track to reach that target by 2030, or have already reached the target, but more interconnections are needed in some regions. The previous interconnection target of 10% by 2020 stemmed from a call of the European Council in October 2014, but was raised to 15% by 2030 following the Regulation on the Governance of the Energy Union (2018/1999).

The 15% cross-border capacity ratio corresponds to the import capacity over EU countries' installed generation capacity. The 15% for 2030 interconnection target has been complemented by a number of urgency indicators because of the significant increase of installed capacity in the EU (mostly due to new variable wind and solar capacities with much lower load factors compared to other generation sources), while new interconnection capacities have not increased in the same proportions. Consequently, the analysis of the level of interconnectivity should also consider, besides the 15% interconnection target, indicators of the urgency of action based on price differential in the wholesale market and nominal transmission capacity of interconnectors in relation to peak load and to installed renewable generation capacity. The Regulation also stipulates that each new interconnector is subject to a socioeconomic and environmental cost-benefit analysis and implemented only if the potential benefits outweigh the costs.

The main characteristics of the energy system in the Republic of Cyprus (RoC) are its small size, its heavy dependence on fossil fuels and its isolation from other European and regional energy systems. The Cyprus Energy Regulatory Authority (CERA), considering the EU targets, the new electricity market arrangements in Cyprus as well as the challenging tasks related to the fact that Cyprus energy system will benefit by being part of the EU internal energy market, investigates all the necessary regulatory provisions for enabling electrical cross-border interconnection.

CERA is the National Energy Regulatory Authority of the RoC established according to European Directive (EU) 2019/944 and European Directive (EU) 2009/73. CERA is legally distinct and functionally independent of any other public or private entity. Its mandate is to regulate and supervise the Cyprus Energy Market.

CERA has the following tasks and responsibilities:

- Establish a fully operational electricity market and the emerging natural gas market,
- Supervise energy markets operation to facilitate sound competition,
- Safeguard the continuity, quality, security of energy supply,
- Regulate the tariffs of electricity and natural gas activities,
- Protect the interests of the final energy consumers,
- Act as a Consultant to the Minister of Energy, Commerce and Industry on energy related issues,
- Act as the Dispute Resolution Authority related to the energy markets in the RoC,
- Promote the use of Renewable Energy Sources,
- Promote the development of regional energy markets within the European Union,
- Promote Research and Development in the energy sector,
- Evaluate candidate PCIs on its territory, assess PCIs Investment Request and in liaison with relevant NRA define the cross-border cost allocation,
- Promote collaboration with ACER and CEER for an internal EU energy market that would contribute to EU's sustainability and climate goals.

In order to fulfil its mandate, CERA has been given the power to issue, amend and revoke Licenses related to the electricity and gas market; to issue final and binding decisions for licensed electricity and natural gas stakeholders, such as electricity producers, transmission system operators (TSOs), distribution system operators, owners of electricity facilities, operator of natural gas facilities, electricity suppliers and natural gas supplier, owners and operators of interconnection lines. Furthermore, CERA among other issues sets the electricity and gas tariff methodologies, approves TSOs investment plans and oversees their implementation, carries out investigations on the operation of the electricity and natural gas market and imposes effective proportionate and dissuasive sanctions.

1.2 Tender specific background

The urgent completion of a fully functioning and interconnected internal energy market is crucial to the objectives of maintaining security of energy supply, increasing competitiveness and ensuring that all consumers can purchase energy at affordable prices. A well-functioning internal market in electricity should provide producers with appropriate incentives for investing in new power generation, including in electricity from renewable energy sources, paying special attention to the most isolated States and regions in the energy market. A well-functioning market should also provide consumers with adequate measures to promote more efficient use of energy, which presupposes a secure supply of energy.

Security of energy supply is an essential element of public security and is therefore inherently connected to the efficient functioning of the internal market in electricity and the integration of the isolated electricity markets of countries. Functioning electricity markets and, in particular, the networks and other assets

associated with electricity supply are essential to public security, to economic competitiveness and to the well-being of the citizens.

Towards the realisation of the aforementioned ambitions, the RoC is currently assessing a project that will pave the way for cross-border energy trading: the Project of Common Interest (PCI) called “EuroAsia Interconnector”. The EuroAsia interconnector is a Project of Common Interest (PCI) under the 5th Union List comprising a 1,200 km undersea cable from Israel to Crete via Cyprus. As a second phase, once the link to Crete is completed, an electricity link between Cyprus and Israel will be constructed. The first phase of the project, received a €657 million EU grant under the Connecting Europe Facility (CEF). This is the second highest grant ever under CEF, after the award made to the Baltic synchronisation. The project has also been awarded a €100 million grant from the EU’s Recovery and Resilience Facility. The interconnector is a multi-terminal high-voltage, direct current scheme which will connect the transmission networks of Greece, Cyprus and Israel, and will comprise three converter stations with sea-electrodes, interconnected by cables. At full deployment, the 500 kV interconnector will allow the transfer of 2000 MW. Its total offshore length is 1208 km (310 km Cyprus to Israel, 898 km Cyprus to Crete), while its onshore length is 25 km.

The implementation of such electricity interconnections will provide the infrastructure which is required so that the energy isolation would be lifted and at the same time Cyprus would become a hub for electricity transmission to and from Europe and to third countries. Besides, these projects would allow higher penetration of RES into the energy system.

Apart from this interconnection other electricity interconnections with neighbouring countries have been investigated and several discussions have been carried out with respective NRAs and Ministries.

In this scope, CERA has decided to procure for Consultancy Services for Harmonization of the Legislation as well as the provision of Regulatory and technical support for the establishment of cross-border electrical interconnection in the Republic of Cyprus.

1.3 Legal Framework

1.3.1 European Legal Framework

Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure

The so called TEN-E Regulation lays down rules for the timely development and interoperability of cross-border energy infrastructure networks in order to achieve the EU’s energy policy objectives. Its key objective is the timely implementation of the PCIs which interconnect the energy markets across Europe. The TEN-E Regulation sets out criteria for establishing the PCIs necessary to implement priority corridors and areas in the categories of electricity, gas, oil, smart grids, and carbon dioxide networks.

Projects of common interest shall meet the following general criteria:

1. the project is necessary for at least one of the energy infrastructure priority corridors and areas;
2. the potential overall benefits of the project, assessed according to the respective specific criteria in paragraph 2, outweigh its costs, including in the longer term; and
3. the project meets any of the following criteria:

- i. involves at least two Member States by directly crossing the border of two or more Member States;
- ii. is located on the territory of one Member State and has a significant cross-border impact as set out in Annex IV;
- iii. crosses the border of at least one Member State and a European Economic Area country.

Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity

This Directive establishes common rules for the generation, transmission, distribution, energy storage and supply of electricity, together with consumer protection provisions, with a view to creating truly integrated competitive, consumer- centred, flexible, fair and transparent electricity markets in the Union.

Member States should ensure that no undue barriers exist within the internal market for electricity as regards market entry, operation and exit. At the same time, it should be clarified that that obligation is without prejudice to the competence that Member States retain in relation to third countries. That clarification should not be interpreted as enabling a Member State to exercise the exclusive competence of the Union. It should also be clarified that market participants from third countries who operate within the internal market are to comply with the applicable Union and national law in the same manner as other market participants.

Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity

This Regulation aims to:

1. set the basis for an efficient achievement of the objectives of the Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased efficiency, higher share of renewable energy sources, security of supply, flexibility, sustainability, decarbonisation and innovation;
2. set fundamental principles for well-functioning, integrated electricity markets, which allow all resource providers and electricity customers non-discriminatory market access, empower consumers, ensure competitiveness on the global market as well as demand response, energy storage and energy efficiency, and facilitate aggregation of distributed demand and supply, and enable market and sectoral integration and market-based remuneration of electricity generated from renewable sources;
3. set fair rules for cross-border exchanges in electricity, thus enhancing competition within the internal market for electricity, taking into account the particular characteristics of national and regional markets, including the establishment of a compensation mechanism for cross-border flows of electricity, the setting of harmonised principles on cross-border transmission charges and the allocation of available capacities of interconnections between national transmission systems;
4. facilitate the emergence of a well-functioning and transparent wholesale market, contributing to a high level of security of electricity supply, and provide for mechanisms to harmonise the rules for cross-border exchanges in electricity.

Member States, the Energy Community Contracting Parties and other third countries which apply this Regulation or are part of the synchronous area of Continental Europe should closely cooperate on all matters concerning the development of an integrated electricity trading region and should take no

measures that endanger the further integration of electricity markets or security of supply of Member States and Energy Community Contracting Parties.

Regulation (EU) No 2022/869 of the European Parliament and of the Council of 30 May 2022 on guidelines for trans-European energy infrastructure amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944, and repealing Regulation (EU) No 347/2013

This Regulation lays down guidelines for the timely development and interoperability of the priority corridors and areas of trans-European energy infrastructure (energy infrastructure priority corridors and areas) that contribute to ensuring climate change mitigation, in particular achieving the Union's 2030 targets for energy and climate and its climate neutrality objective by 2050 at the latest, and to ensuring interconnections, energy security, market and system integration and competition that benefits all Member States, as well as affordability of energy prices.

In particular, this Regulation:

- provides for the identification of projects on the Union list of projects of common interest and of projects of mutual interest established pursuant to Article 3 of the Regulation (Union list);
- facilitates the timely implementation of projects on the Union list by streamlining, coordinating more closely and accelerating permit granting processes, and by enhancing transparency and public participation;
- provides rules for the cross-border allocation of costs and risk-related incentives for projects on the Union list;
- determines the conditions for eligibility of projects on the Union list for Union financial assistance.

Network codes (NCs) and guidelines

The NCs address the major barriers impeding the cross-border flow of electricity and gas, transforming a mere patchwork of national energy markets into a single European energy market. The NCs guide the integrated operation of cross-border energy networks to allow for increasing competitiveness, more cost-efficient integration of renewables and a secure supply of energy at prices that are affordable for the European consumers. Currently, there are eight network codes and guidelines that have been published in the Official Journal of the European Union as Commission Regulations.

1. Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators.

This Regulation establishes a network code which lays down the requirements for grid connection of power-generating facilities, namely synchronous power-generating modules, power park modules and offshore power park modules, to the interconnected system. It, therefore, helps to ensure fair conditions of competition in the internal electricity market, to ensure system security and the integration of renewable electricity sources, and to facilitate Union-wide trade in electricity.

2. Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation.

This Regulation lays down detailed rules on cross-zonal capacity allocation in the forward markets, on the establishment of a common methodology to determine long-term cross-zonal capacity, on the establishment of a single allocation platform at European level offering long-term transmission

rights, and on the possibility to return long-term transmission rights for subsequent forward capacity allocation or transfer long-term transmission rights between market participants.

3. Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management.

This Regulation lays down detailed guidelines on cross-zonal capacity allocation and congestion management in the day-ahead and intraday markets, including the requirements for the establishment of common methodologies for determining the volumes of capacity simultaneously available between bidding zones, criteria to assess efficiency and a review process for defining bidding zones.

4. Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing.

This Regulation lays down a detailed guideline on electricity balancing including the establishment of common principles for the procurement and the settlement of frequency containment reserves, frequency restoration reserves and replacement reserves and a common methodology for the activation of frequency restoration reserves and replacement reserves.

5. Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection.

This Regulation establishes a network code which lays down the requirements for grid connection of: (a) transmission-connected demand facilities; (b) transmission-connected distribution facilities; (c) distribution systems, including closed distribution systems; (d) demand units, used by a demand facility or a closed distribution system to provide demand response services to relevant system operators and relevant TSOs.

This Regulation, therefore, helps to ensure fair conditions of competition in the internal electricity market, to ensure system security and the integration of renewable electricity sources, and to facilitate Union-wide trade in electricity.

This Regulation also lays down the obligations for ensuring that system operators make appropriate use of the demand facilities' and distribution systems' capabilities in a transparent and non-discriminatory manner to provide a level playing field throughout the Union.

6. Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules.

This Regulation establishes a network code which lays down the requirements for grid connections of high-voltage direct current (HVDC) systems and DC-connected power park modules. It, therefore, helps to ensure fair conditions of competition in the internal electricity market, to ensure system security and the integration of renewable electricity sources, and to facilitate Union-wide trade in electricity.

This Regulation also lays down the obligations for ensuring that system operators make appropriate use of HVDC systems and DC-connected power park modules capabilities in a transparent and non-discriminatory manner to provide a level playing field throughout the Union.

7. Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration.

For the purposes of safeguarding operational security, preventing the propagation or deterioration of an incident to avoid a widespread disturbance and the blackout state as well to allow for the efficient and rapid restoration of the electricity system from the emergency or blackout states, this Regulation establishes a network code which lays down the requirements on: (a) the management by TSOs of the emergency, blackout and restoration states; (b) the coordination of system operation across the Union in the emergency, blackout and restoration states; (c) the simulations and tests to guarantee a reliable, efficient and fast restoration of the interconnected transmission systems to the normal state from the emergency or blackout states; (d) the tools and facilities needed to guarantee a reliable, efficient and fast restoration of the interconnected transmission systems to the normal state from the emergency or blackout states.

8. Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation.

For the purpose of safeguarding operational security, frequency quality and the efficient use of the interconnected system and resources, this Regulation lays down detailed guidelines on: (a) requirements and principles concerning operational security; (b) rules and responsibilities for the coordination and data exchange between TSOs, between TSOs and DSOs, and between TSOs or DSOs and SGUs, in operational planning and in close to real-time operation; (c) rules for training and certification of system operator employees; (d) requirements on outage coordination; (e) requirements for scheduling between the TSOs' control areas; and (f) rules aiming at the establishment of a Union framework for load-frequency control and reserves.

1.3.2 National Legal Framework

Law Regulating the Electricity Market of 2021 to 2023 (L.130(I)/2021)

In accordance with Article 108 of the Law:

CERA, by its Regulatory Decision, may demand from the Transmission System Operator, the Interconnection Line Owner and the Interconnection Line Operator, to include the terms as well as the development program of the Interconnection Line in the Interconnected System Protocols, as CERA deems necessary.

In the event that, in CERA's view, the Interconnected System Protocols need to be amended, CERA, by its Regulatory Decision, accordingly, requires that the TSO, the Interconnection Line Owner and the Interconnection Line Operator to comply with the Interconnected System Protocols according to the amendments indicated by CERA.

CERA ensures that the Interconnected System Protocols include terms and conditions which:

1. enable the Interconnection Line Operator to exercise its responsibilities fully and efficiently,
2. enable the TSO to exercise its powers fully and effectively,
3. ensure that the TSO facilitates the Interconnection Line Operator in the exercise of its responsibilities,
4. ensure that the Interconnection Line Owner facilitates that the Interconnection Line Operator can exercise his responsibilities,

5. ensure that the Interconnection Line Owner of his duties can exercise his responsibilities,
6. define common operational requirements and security principles,
7. define common operational design principles of the interconnected system,
8. define common load-frequency control procedures and control structures,
9. ensure the conditions for maintaining operational security throughout the European Union,
10. ensure the conditions for maintaining a quality frequency level of all synchronized areas throughout the European Union,
11. promote coordination of system operation and operational planning,
12. ensure and enhance the transparency and reliability of information about the operation of the transmission network, and
13. enhance the efficient operation and development of the electricity transmission system and the electricity sector in the European Union.

Trading & Settlement Rules of Cyprus

According to **L.130(I)/2021** , Trading and Settlement Rules (TSR):

- Govern the mechanisms, prices and other terms and conditions that apply in cases where licensees buy or sell electricity based on arrangements made by the TSOC.
- Ensure that licensees, who are required to participate in the purchase and the sale of electricity, under these arrangements, will not be subject to discrimination.
- Promote efficiency and economy and facilitate competition in the purchase and sale of electricity under these arrangements.
- Provide non-compliance charges which the TSOC, in its capacity as the Electricity Market Operator, imposes on any of the participants in the electricity market in case of failure to comply with any obligation provided in the TSRs.
- Are fully harmonized with the provisions of Regulation (EU) 2019/943, where applicable.

The TSRs are adhered by all final customers that directly or aggregately participate in the electricity market, licensees or persons that have been granted exemptions, based on the provisions of Article 27 to the extent that this is required by their licences or exemptions.

By Decision 72/2022, dated 18 March 2022, CERA decided to publish TSR 2.2.0 that will be in effect on 30 September 2024.

Currently the TSR do not include provisions related to cross border interconnections. Provisions related to cross border issues will need to be identified and included in a revised version of the TSR.

Transmission Rules of Cyprus

According to **L.130(I)/2021**, Transmission Rules (TR):

- Govern the technical requirements and restrictions applied by licence holders whenever they want to connect to the transmission system or use the transmission system or for the transmission of electricity.
- Ensure that the technical terms applicable to licence holders who wish to connect or use the transmission system do not discriminate against licence holders.

- Promote efficiency, reliability and economy in the use and development of the transmission system.
- They are fully harmonized with the provisions of Regulation (EU) 2019/943, where applicable.

The provisions of the TRs shall be adhered to by final customers to the extent required by the terms of their connection with the transmission network and by all licence holders or by persons to whom exemptions have been granted, to the extent required by their licences or exemptions, respectively.

Provisions related to cross border issues will need to be identified and included in a revised version of the TR.

Distribution Rules of Cyprus

According to **L.130(I)/2021**, Distribution Rules (DR):

- Govern the technical requirements and restrictions applied by licence holders whenever they want to connect to the distribution system or use the distribution system or for the distribution of electricity.
- Ensure that the technical terms applicable to licence holders who wish to connect or use the distribution system do not discriminate against licence holders.
- Promote efficiency, reliability and economy in the use and development of the distribution system.
- They are fully harmonized with the provisions of Regulation (EU) 2019/943, where applicable.

The provisions of the DRs shall be adhered to by final customers to the extent required by the terms of their connection with the distribution network and by all licence holders or by persons to whom exemptions have been granted, to the extent required by their licences or exemptions, respectively.

Provisions related to cross border issues will need to be identified (if any) and included in a revised version of the DR.

2. OBJECTIVE, PURPOSE AND EXPECTED RESULTS

2.1 Overall objective

The overall objective is the provision of services for the harmonization of the legislative framework and provision of regulatory (financial, legal, technical) support for the development of cross-border electrical interconnection in the Republic of Cyprus.

Among other things, it includes consultancy services on supporting CERA in revising the National Legislation, formulating Regulatory Decisions, amending the Trading & Settlement Rules as well as the Transmission and Distribution Rules of Cyprus in order to be fully harmonised with the European and regional framework on cross-border electricity trading for PCIs, provide guidance for the implementation of the TEN-E Regulation and any other regulatory (financial, legal, technical) support required by CERA for the realisation of the projects, such as “EuroAsia Interconnection”, while supporting CERA in evaluating under study or future electricity interconnector projects (e.g. Interconnection between Cyprus and Egypt, other phases of PCI ‘Euroasia Interconnector’). This also covers any issues raised regarding the economic feasibility, the cost-benefit analysis as well as the business model aspect of the projects.

Detailed information about the specific subject that the Contractor will be asked to process will be given in the respective individual Work Order issued by CERA.

2.2 Expected results

The expected results/deliverables include among others, studying of documents, conducting reviews, preparing studies and reports and providing recommendations to CERA concerning the harmonization of the legislative framework and provision of regulatory (financial, legal, technical) support for the development of cross-border electrical interconnection in the Republic of Cyprus.

The Contractor must respond to CERA's needs for support in matters related to the harmonization of the legislative framework and provision of regulatory (financial, legal, technical) support for the development of cross-border electrical interconnection in the Republic of Cyprus, with specific deliverables and within the time frame specified in each Call-Off Arrangement. Therefore, the timely submission, by the Contractor, of deliverables must be properly structured fully documented, with specific reliable bibliographic references.

3. ASSUMPTIONS AND RISKS

3.1 Assumptions the implementation of the Contract

In order to implement the Contract, the Project Team should collectively have experience and knowledge on energy infrastructure projects, EU internal energy market, transmission power systems and in trans-European energy network policy.

In addition to the above, the Contractor shall be aware and take into account the characteristics of the Cypriot energy system (i.e. small size, isolated system, high dependence on fossil fuels, developments concerning electricity interconnections, the new Net Pool electricity market arrangements and relevant developments etc.) and the recent National Plan on Energy and Climate of the RoC submitted to the European Commission.

3.2 Risks

The major risk associated with the above-mentioned assumptions is for the Contractor not to understand the characteristics of the Cypriot energy system or the establishment of cross-border electrical interconnection, thus providing general guidelines that could not benefit the RoC in establishing relevant National Strategies and proper legal and regulatory framework **or** providing guidelines that could not be applied in the RoC **or** providing guidelines that are not related to CERA's activities.

4. CONTRACT SCOPE

The scope of the contract is the delivery of Consultancy Services for the **Harmonization of Legislation and provision of Regulatory (financial, legal, technical) support for the establishment of cross-border electrical interconnection in the RoC**, through the Individual Work Orders that will be assigned to the Contractor.

In this context, the deliverables (reports, proposals, recommendations) should take into account:

- The results that will derive from the deliverables that will be conducted during the Framework Agreement, through the individual Call-Off Arrangements.
- Current relevant publicly available documents from ACER / CEER / European Commission.

- The Laws Regulating the Electricity Market of 2021 to 2023 (N.130(I)/2021).
- The Transmission Rules.
- The Distribution Rules.
- The Trade and Settlement Rules.
- The role, duties and responsibilities of CERA.
- The European and National Legal Framework referred in paragraph 1.3.

The Contractor is expected to study documents, prepare studies and reports, conduct reviews, participate in meetings where required (either in person or via teleconferences), provide recommendations to CERA within the scope of its powers to ensure that they are fully implemented the provisions of the current legal and regulatory framework governing the creation of cross-border electrical interconnection in the Republic of Cyprus.

Detailed information about the specific subject that the Contractor will be asked to handle, the document(s) that should be studied and/or the report that should be prepared or anything that CERA needs in the context of support in matters related to creation of a cross-border electrical interconnection in the Republic of Cyprus, will be contained in the respective Work Order that CERA will submit through the individual Call-Off Arrangement, in accordance with the terms of the Tender Documents.

4.1 Indicative Work Orders

Indicatively, based on the issues that CERA is expected to manage in the coming period, a non-binding and non-exhaustive list of Work Orders is listed in Table 1 below.

Table 1. Indicative Work Orders

No.	Indicative Work Orders
1	Support of CERA in the harmonization of legislation to facilitate the creation of cross-border electrical interconnection – Preparation of a report on the harmonization the National Legislation, the Trading & Settlement Rules as well as the Transmission and Distribution Rules of Cyprus and best practices to facilitate the creation of cross-border electrical interconnection and trading at the European level.
2	Support of CERA in the harmonization of legislation to facilitate the creation of cross-border electrical interconnection – Preparation of a report on the requirements of the European legislation on cross-border electrical interconnection.
3	Support of CERA in the harmonization of legislation to facilitate the creation of cross-border electrical interconnection – Preparation and issuance of a Regulatory Decision, by which CERA may require from the Transmission System Operator of Cyprus (TSOC), the Interconnection Line Owner and the Interconnection Line Operator, to include the conditions and development program of the Interconnection Line, in the Interconnected System Protocols, as CERA deems necessary.
4	Support of CERA in the harmonization of legislation to facilitate the creation of cross-border

	electrical interconnection – Preparation and issuance of a Regulatory Decision, by which CERA may require from the TSOC, the Interconnection Line Owner and the Interconnection Line Operator, to comply the Interconnected System Protocols according to the modifications indicated by CERA.
5	Regulatory and technical support of CERA in the study of the submitted Interconnected System Protocol between the Owner of the Interconnection Line and the TSOC.
6	Regulatory and technical support of CERA in the study of the submitted Interconnected System Protocol between the Owner of the Interconnection Line and the Operator of the Interconnection Line.
7	Regulatory and technical support of CERA in the study of the submitted Interconnected System Protocol between the Operator of the Interconnection Line and the TSOC.
8	Regulatory and technical support of CERA in the study of the submitted Interconnected System Protocol between the Operator of the Interconnection Line and the neighbouring TSOs.
9	Regulatory and technical support of CERA in the study of the submitted Interconnected System Protocol between the TSOC and the neighbouring TSOs.
10	Support of CERA in the certification process of the Interconnection Line Operator.
11	Support of CERA in the study and evaluation of the financial data submitted by the Owner and the Operator of the Interconnection Line in the framework of the application of the Methodology for the Adjustment of the Permitted Revenues and Tariffs of the Regulated Activities of Ownership and Operation of the Interconnection Line,
12	Support of CERA in the monitoring and supervision of compliance with the license conditions of the Owner and the Operator of the Interconnection Line.
13	Support of CERA in the evaluation of the documents concerning the evaluation of the Cyprus-Egypt electrical interconnection.
14	Support of CERA in setting arrangements in case the interconnection project does not proceed to completion.
15	Support of CERA in verifying compliance with the provisions of the Cross-Border Cost Sharing Agreement between Cyprus and another Member State / Third Country.
16	Support CERA for the assessment of an investment request submitted by Project Promoters of PCIs or PMIs
17	Support CERA on fulfilling its obligations under the TEN-E Regulation
18	Support CERA in revising incentives that have been granted in PCIs which incur higher risks for the development, construction, operation or maintenance
19	Support CERA in revising the Methodology for the Adjustment of the Permitted Revenues and Tariffs of the Regulated Activities of Ownership and Operation of the Interconnection Line
20	Translation of the requested documents/deliverables in Greek (if needed).

4.2 Project Management

4.2.1 Organisational structure

Organisational structure of the Contracting Authority

The Contracting Authority will appoint a **Project Manager** for the supervision and coordination of the overall progress in the implementation of the Framework Agreement Scope and of the relevant activities, sets priorities, provides guidance, and evaluates and approves all the delivered documents.

The Contracting Authority shall provide the personnel necessary to manage and resolve issues related to the management of the Framework Agreement and the individual Call-Off Arrangements.

The **Contracting Authority Project Manager** shall be responsible for overall coordination of the implementation of the Framework Agreement Scope and for submission of all official contract documents for approval. The Project Manager shall be the contact person for all communications with the **Contractor's Project Leader** to be appointed by the Contractor.

Organisational structure of the Contractor

The Contractor shall be responsible for the performance of all phases of the Framework Agreement Scope, until final acceptance by the Contracting Authority. As such, the Contractor shall appoint a Project Team, with at least **three (3)** Key Experts having the minimum qualifications indicated in paragraph 6.4 of Part A of the Tender Documents.

The Project Team should be led by the Key Expert 1 (**Project Leader**) who has expertise on energy infrastructure projects related to electricity, and shall be supported by the Contractor's Project Team which should be assembled by the Key Expert 2 and Key Expert 3 and any additional experts that the Contractor deems necessary for the successful implementation of the Contract Scope. The cost of supporting personnel must be considered when defining the financial offer or the fee rates for the experts (according to the Contract type).

The **Project Leader** shall be available throughout the implementation of the Framework Agreement Scope.

The duties of the Contractor's Project Leader shall be as follows:

- Definition of the work plan and of the critical points, so as to ensure the quality of the services provided and the timely implementation of the individual Contract Scope activities.
- Overall responsibility for delivery of the results of the Contract.
- Coordination of the participation and responsibilities of the Key Experts who will perform the Contract Scope.
- Maintaining close and ongoing cooperation with the Contracting Authority and provision to it of information updates on the implementation progress, the work carried out and the solutions or alternatives adopted.
- It is noted that all communication should be addressed at **regulator.cy@cera.org.cy**.

The Contractor shall bear all costs in connection with the implementation of the Framework Agreement's and the individual Call-Off Arrangements' Scope. In particular, the Contractor shall bear the accommodation, subsistence and travel costs for the Project Team members. The Contractor shall

ensure sufficient resources for translation, interpretation, printing etc., as required by the Framework Agreement Scope activities in each case.

4.2.2 Facilities to be provided by the Contracting Authority

The Contracting Authority will provide the Contractor information regarding the interconnection plans and previous studies, new electricity market arrangements, the Cypriot electricity generation and transmission system that would be required for the execution of the Framework Agreement and the Call-Off Arrangements. The Contracting Authority is not obliged to provide any confidential information related to the above issues.

5. LOCATION AND DURATION OF CONTRACT SCOPE IMPLEMENTATION

5.1 Location of Framework Agreement Scope Implementation

1. Completion of the scope of the work will take place at the premises of the Contractor and of the Contracting Authority if deemed necessary. Meetings with the Contracting Authority will be held on a virtual basis or at the Contracting Authority's premises.
2. If a visit to the premises of CERA is required and jointly agreed upon, the costs of travel and accommodation in Cyprus will be covered by the Contractor without additional charge to the Contracting Authority.

5.2 Duration of Framework Agreement Scope implementation

1. The Framework Agreement comes into force from the moment of its signature and the duration of its execution is **two (2) years** from the date of signing the Framework Agreement or until the estimated maximum value of the contract is exhausted, whichever comes first.
2. The Framework Agreement may be renewed for another **two (2) years upon the Contracting Authority decision**.
3. The start date of the execution of the object of each Call-Off Arrangement shall be set by an instruction issued by the Project Manager after the entry into force of the Call-Off Arrangement.
4. The duration of execution of the object of each Call-Off Arrangement and the delivery times of the individual deliverables will be specified in the terms of the Work Order of the Call-Off Arrangement.

6. REQUIREMENTS

6.1 Office accommodation

As per the provisions of paragraph 5.1 the Framework Agreement will be executed at the Contractor's premises unless decided otherwise by the Contracting Authority.

6.2 Facilities to be provided by the Contractor

The Contractor should ensure that Project Team is adequately supported and equipped. In particular, he should ensure that there is sufficient administrative, secretarial and interpreting (if required) provision to enable the Project's Team Members to concentrate on their primary responsibilities. The Contractor must also transfer funds as necessary to support its activities under the Framework Agreement and to ensure that its employees are paid regularly and in a timely fashion.

7. REPORTS

The deliverables and the deadline for the implementation of the object of each service request that will be assigned through the conclusion of a Call-Off Arrangement will be described in detail in the terms of each Work Order.

The deliverables will be submitted in the English language, will be written in a comprehensive and comprehensible manner without grammatical or syntactical errors and will fully document the positions/suggestions of the Contractor with reference to reliable bibliographic references, where applicable.

The deliverables will be submitted to the Contracting Authority electronically via e-mail (regulator.cy@cera.org.cy), with notification to the Project Manager of the Contracting Authority, in PDF and MS Word format. In addition, where required, relevant worksheets/calculation models in MS Excel format or presentations in MS PPT format will be submitted.