

PROPOSAL FOR ORGANIZING THE ENERGY PLANNING SYSTEM (PRELIMINARY SCOPE OF SERVICE)

1. Preliminaries

The Government of Peru (GdP) and the Inter-American Development Bank (IDB) have signed the Non Refundable Agreement for the Program for a Sustainable and Efficient Management of the Energy Resources in Peru – PROSEMER.

In the execution process of this Agreement has been approved the development of a technical assistance in benefit of the Ministry of Energy and Mines (MINEM) named "Proposal for Organizing the Energy Planning System".

On this matter, according to legislation, MINEM is in charge of formulating and approving the sectorial and institutional plans for the energy sector. Also, Regional Governments (GoR) have to develop their energy plans based on the policies dictated by MINEM.

As a complement, these energy plans require a Strategic Environmental Assessment, which is put under the consideration of the Ministry of the Environment (MINAM).

Nonetheless, nowadays there are no defined clear mechanisms that allow an adequate interrelation among these actors, neither with stakeholders such as civil society and energy sector agents.

2. Objective

The main goal of the technical cooperation is to develop, for GdP, an energy planning system adequately structured at national and subnational levels, based on the knowledge of the present situation and the objective model to be determined as appropriate to implement as a result of this work.

The specific goals to be reached are the following:

1. Have a precise definition of the products that have to be developed in order to provide GdP with a long term planning process (strategic) and medium term planning process (operative) that guides the development of the energy sector.
2. Have an organized energy planning system supported on a clear responsibility matrix, methodologies and procedures that regulates relationships among the different levels of GdP and between these and stakeholders in order to guarantee the development of well-defined planning products on the basis on the needed consensus.
3. Establish technical profiles and material requirements (hardware and software) needed for each level of GdP to comply with the activities under its responsibility on energy planning matter.
4. Propose the content of a Training Plan that allows overcoming identified weaknesses in technical and organizational aspects, as in other themes considered relevant to guarantee that different levels of GdP can fulfill its energy planning responsibilities.
5. Propose all improvements and modifications which be needed on the legal and institutional framework to develop the process of energy planning, carrying out the corresponding proposals of legal instruments.

6. Establish the basic information required for the energy planning process. The Consultant will identify the official sources of data required, the institutions in charge of facilitating the data and recommend a scheme that allows data to be delivered on time and be trustworthy.

3. Scope

3.1 Diagnosis

The Consultant must interview with specialist from institutions related with the process of energy planning, among them CEPLAN, MINEM, OSINERGMIN, MINAM and GoR (by means of the Assembly of Regional Governments) aiming to elaborate the current distribution of responsibilities map, the list of information they administrate and implemented information systems, the organization, professional profiles, procedures and methodologies applied, mechanisms of stakeholder participation; all related to energy planning.

As a result a report must be developed that contains the description of the current situation of the energy planning process, which must summarize the results of the interviews, identifying those aspects that can facilitate or difficult the implementation process of a coordinated energy planning system, ordering them according to their impact and level of consensus, or some other criteria considered appropriate. Also, main legal regulations will be identified related to energy planning.

3.2 Formulation of the Proposal of Institutional Design for the Energy Planning System

The Consultant will make a comparative analysis of the criteria and methodology followed by the institutions in charge of energy planning in countries with a decentralized administrative structure, like Peru, and which include coordination mechanisms among the different levels of government (national and subnational) and stakeholders. From this analysis conclusions must be extracted to be applied in the assessment.

From these conclusions, the Consultants' own experience and the information collected as required by scope 3.1, the Consultant will make a proposal on how to organize the energy planning system of Peru at different levels (national and subnational).

The development of the proposal will be the result of applying a methodology that allows an active participation of those institutions of GdP involved in the process of energy planning and stakeholders. Thus the proposal must be based as far as possible on the search for consensus.

The proposal must consider solving the following:

- What products and activities are necessary for GdP to have a long term strategic vision for the development of its energy sector oriented toward the definition of Peru's energy policy, and a medium term planning which has as main objective the configuration of a set of projects that respond to GdP's priorities, minimize investment and operation costs and make possible the achievement of service quality and reliability? - SCOPE OF PLANNING
- How often long term and medium term planning must be done? – In the case of long term planning it must allow to define and check policy objectives, while in the medium term it must allow the on time identification of the country's energy needs. – PERIODICITY OF PLANNING.

- How products and activities must be obtained and what sources of information are required? Precise definition of the activities required for the development of the products and definition of needed information to support this process. – METHODOLOGY OF PLANNING.
- Who in the GdP must be in charge of each activity contemplated in the planning process, considering functions and responsibilities, and how they should interact in order to guarantee that the result of this process relies on the basic needed consensus? - INSTITUTIONAL ARRANGEMENT / MATRIX OF RESPONSABILITIES / PLANNING PROCESS GOVERNANCE

The proposal shall consider that the energy planning process implies a decision making process for the establishment of goals, policies and procedures that act both on the supply and demand of future energy needs.

Thus, the methodology incorporated as part of the proposal must be oriented to reduce the possibility of making “non right” decisions in the sense that as a result of the energy planning process decisions will be made to promote the development of infrastructure that will imply irreversible investment in assets that will operate for many decades and so will impose restrictions for the future development of the energy system. This in mind, the methodology (and the detail procedures proposed for its implementation) must be oriented to produce appropriate decisions and must consider as much as possible the following:

1. Must consider the whole process of decision making, from the identification of the problem to the selection of the energetic system and also the periodical process for checking and adjusting previously adopted decisions.
2. Must be easy to understand by stakeholders.
3. Must consider not only technical and financial matters but economic, social and environmental matters as well.
4. Must allow the inclusion of qualitative information related to the context that binds the decision making process.
5. Must tackle the issue of regional rapid growth, where the use of projections based on historical data is not valid for the decision making process.
6. Must be able to distinguish among technologies and be able to compare them.
7. Must be of general use but flexible enough to adapt to available information and local circumstances.
8. Must relate regional decisions to national policies, so options at regional levels shall be in the frame of the national regulations.

Complementarily, based on the proposed matrix of responsibilities for energy planning, the Consultant will prepare:

- i. A proposal of the needed organization to be implemented on national and regional levels.
- ii. Description of characteristics of the software tools to be needed.
- iii. Profiles of the professionals required in each institution that will participate in the planning process.
- iv. The detail of the information that must be available to support the planning process.

Official sources that will facilitate the information must be identified, and recommend the appropriate scheme that allows the readiness of it in a timely and reliable way.

3.3 Development of legal instruments for the implementation of the proposal

Once approved the proposal, the Consultant will prepare projects of the legal instruments (laws and regulations) that will allow the instrumentation of it. Also it will develop in detail the needed procedures for an adequate application of the planning methodology and the participation of the different actors, in such a way that they can be applied by the professionals in charge of energy planning.

3.4 Capacity Gaps and Training Plan

The Consultant taking as reference the profiles developed according to 3.2 shall determine, by means of an evaluation, the technical gaps of the actual staff related directly with the energy planning process in different institutions of the GdP.

On the basis of the above mentioned profiles must propose a training curricula that allows that the GdP to count with professionals with sufficient skills to support the process of energy planning.

The training curricula must be structured in a modular fashion so it must allow not only new experts to be trained but to eliminate the detected capacity gaps of the staff nowadays in charge of the planning activities.

4. Consultant's Qualifications

The consultant must have experience (preferably applied to government institutions) on organizations design or redesign, analysis and definition of organizational structures, planning and sizing of staffs, profiles definitions. Also, during the last ten years must have had at least three studies on matter of design, implementation or development of master national energy plans.