

# Explanation of the submission form for Drilling Programmes

**Kai Imolauer,**  
**Economic Engineer**  
Technical Consultant GRMF  
Project Manager

**Maria Ueltzen,**  
**European Administrative Manager**  
Technical Consultant GRMF  
Deputy Project Manager

**GRMF Pre-Bidding Workshop (5<sup>th</sup> Application Round)**  
Addis Ababa, 26 and 27 March 2018

# Agenda

01

**Evaluation Criteria**

02

**Eligible Costs**

03

**Non-Eligible Costs**

04

**Early Contracting**

05

**Continuation Premium**

06

**Lessons Learnt / Challenges**

# Agenda

01

**Evaluation Criteria**

02

Eligible Costs

03

Non-Eligible Costs

04

Early Contracting

05

Continuation Premium

06

Lessons Learnt / Challenges

## Evaluation criteria for drilling programmes (I)

Evaluation criteria	Possible total points	
<b><u>Geo-scientific:</u></b>		
<b>Indication of appropriate drill sites in geothermal resources area selected based on results from all previous studies with emphasis on geophysics and geological studies, especially tectonics</b>	30	<b>50</b>
<b>Robustness of plans, adequateness of proposed equipment and schedules for confirmation drilling and testing programme for support by the Facility</b>	20	
<b><u>Local &amp; country benefit:</u></b>		
Likely installed capacity of envisaged geothermal power development at the site	1	<b>7</b>
Monte Carlo Volumetric estimates the electricity potential of the resource for the economic potential	1	
Percentage increase of total installed geothermal power generation capacity in country at the time of Application by likely installed capacity of envisaged geothermal power development at the site	2	
Combined heat and power / rural electrification / project benefits for communities	3	



**Main evaluation criteria** are highlighted. **Scoring in the lowest category** in any of the highlighted criteria will lead to **direct rejection of the application** even if the overall threshold of 70 points is reached.

## Evaluation criteria for drilling programmes (II)

Evaluation criteria	Possible total points	
<b><u>Financing plan &amp; permit:</u></b>		<b>25</b>
<b>Appropriate authorisation for exploration activities, environmental, access rights and any other relevant permits/licences/rights in place or under negotiation</b>	7	
Description of market for future power plant output / off taker agreement or equivalent in place or under negotiation	5	
<b>Plan for financing the Developer's portion of the drilling programme budget</b>	5	
<b>Robustness of business plan for development of geothermal resource and power plant after completion of drilling program.</b>	8	



**Main evaluation criteria** are highlighted. **Scoring in the lowest category** in any of the highlighted criteria will lead to **direct rejection of the application** even if the overall threshold of 70 points is reached.

## Evaluation criteria for drilling programmes (III)

Evaluation criteria	Possible total points	
<b><u>Experience:</u></b>		
<b>Geothermal exploration experience and expertise of the developer including private sector partners and engaged consultants as demonstrated in the key personnel CVs</b>	10	17
<b>Geothermal exploration experience and expertise of the Developer including private sector partners and engaged consultants as demonstrated in the project references</b>	5	
Financial, management and organizational capabilities	2	
<b>Quality of the application</b>	1	1
<b>Total</b>		<b>100</b>



**Main evaluation criteria** are highlighted. **Scoring in the lowest category** in any of the highlighted criteria will lead to **direct rejection of the application** even if the overall threshold of 70 points is reached.

## Evaluation criteria for drilling programmes (IV)

Evaluation criteria	Possible total points
Geo-scientific	50
Local & country benefit	7
Financing plan & permit	25
Experience	17
Quality of the application	1
<b>Total</b>	<b>100</b>

**Note: Minimum points for successful applications: 70**

# Agenda

01 Evaluation Criteria

02 **Eligible Costs**

03 Non-Eligible Costs

04 Early Contracting

05 Continuation Premium

06 Lessons Learnt / Challenges



## Eligible Costs – Infrastructure

**Only infrastructure costs that directly relate to the applied for drilling programme are eligible, these costs comprise:**



Access roads  
and/or access  
road  
maintenance



Water supply  
infrastructure



Transport and  
crew  
accommodation  
(for  
infrastructure  
works)



Eligible,  
reasonable and  
agreed  
contingencies

## Eligible Costs – Drilling Programme (I)



**Costs only eligible for the following drilling programmes:**

<p>Up to</p> <p><b>3</b></p> <p>full size reservoir confirmation wells<sup>1</sup></p>	<p>Combination of</p> <p><b>3</b></p> <p>slim hole wells<sup>2</sup> and</p> <p><b>1</b></p> <p>full size reservoir confirmation well<sup>1</sup></p>	<p>Combination of</p> <p><b>2</b></p> <p>slim hole wells<sup>2</sup> and</p> <p><b>2</b></p> <p>full size reservoir confirmation well<sup>1</sup></p>
--	---	---

<sup>1</sup>Full size reservoir confirmation well:

<sup>2</sup>Slim hole well:

> 5" diameter of the last casing or liner

< 5" diameter of the last casing or liner

## Eligible Costs – Drilling Programme (II)

Site preparation (well pads and sumps)

Mobilisation and demobilisation costs

Rental or “provision”\* of drilling rigs and associated equipment (e.g. pumps)

Mandatory general and drilling insurances as specified in the RfA

Rig-on, injection, production as well as interference testing and post-drilling downhole surveys

Cost of temporary abandonment so as to leave the well in an environmentally safe condition

Personnel, on-site accommodation and transport

\*“provision” means that equipment owned by the applicant can be funded at the rates usually charged for rental. Purchasing equipment is not an eligible cost.

## Eligible Costs – Drilling Programme (III)

Providers of specialist services (e.g. reservoir engineering, stimulation, directional drilling, tubular inspections, mud logging, H<sub>2</sub>S monitoring, cementing, mud engineering, wire line services, geophysical logging, well site geology, chemical sampling & analysis of coring, petrology, environmentally acceptable disposal of waste etc.)

Purchase of aerial photography, remote sensing data or equivalent, mapping etc.

Consumables (e.g. fuel, casing, wellheads, bits, cement, mud)

Environmental and Social Management: Implementation of the Environmental and Social Action Plan (ESAP), implementation of Stakeholder Engagement Plan, implementation of land acquisition and compensation plan/resettlement action plan/livelihood restoration plan (if applicable)

## Eligible Costs – Drilling Programme (IV)

Environmental / social studies/ – assessments and –management plans (including RAPs if applicable) and update of Stakeholder Engagement Plan as per Applicable Standards in the course of the preparation of the subsequent construction of production facilities,

For Developers who only join GRMF for the Drilling Phase: Environmental / social studies/ – assessments and –management plans (including RAPs if applicable) and Stakeholder Engagement Plan as per Applicable Standards for the drilling phase,

Documentation and reports

Eligible, reasonable and agreed contingencies (see AWC guidelines, RfA & Dev. Manual)

A feasibility study that has the explicit aim of securing finance for subsequent reservoir confirmation and/or well field development wells

# Agenda

01 Evaluation Criteria

02 Eligible Costs

**03 Non-Eligible Costs**

04 Early Contracting

05 Continuation Premium

06 Lessons Learnt / Challenges

## Non-Eligible Costs – Drilling Programme (I)

All costs in excess of the amount stated in the Grant Contract

Developer overheads (e.g. office costs, management costs)

Costs of permanent abandonment of a well

Third party liability and claims, including claims by the drilling contractor and environmental damage or clean-up costs

Debts and provisions for losses or debts

Interest owed

Items already financed by other parties (e.g. governments, donors)

## Non-Eligible Costs – Drilling Programme (II)

Purchases of land, buildings  
or vehicles

Currency exchange losses

Taxes (including VAT)

Cost of preparing  
applications or cost incurred  
during negotiations of the  
Grant Contract

Costs for participation at  
meetings and workshops

Training and capacity  
building

Directors & Officers Liability  
insurance

Costs incurred prior to grant  
award (such as costs for  
studies, concessions and  
concession related items  
such as rental payments  
etc.), except for “*early  
contracting*”

Costs resulting from tender  
procedures not following the  
GRMF procurement  
regulations.



# Agenda

01

Evaluation Criteria

02

Eligible Costs

03

Non-Eligible Costs

04

**Early Contracting**

05

Continuation Premium

06

Lessons Learnt / Challenges

# Early Contracting Regulations (I)

## General regulation:

The time for commencement of services and sub-contracting shall be according to the agreed **Time Schedule** forming a part of the Grant Contract, **but not earlier than the effective date of the Grant Contract.**

The following alternative commencement dates apply:

1<sup>st</sup> cut-off date on early contracting refers to the submission deadline of the EoI **(12 December 2017):**

- Costs from contracts signed with any third party **before this date** will **not be eligible**;
- Costs from contracts signed **after this date** will **be eligible**.

2<sup>nd</sup> cut-off date on early contracting refers to the submission deadline of the full Application **(4 June 2018):**

- Any **activity** (and therefore any related costs) that shall be eligible for support by GRMF (= eligible activity) can only **start after this date**.

**Exception:** E&S activities as required by GRMF regulations may already start after the 1<sup>st</sup> cut-off date.

## Early Contracting Regulations (II)

*As specified in the Conditions for Early Contracting the AUC must be notified in writing in case a developer intends to start early contracting by submitting a procurement plan – according to template (**also to be submitted with the full application**), all duties/liabilities in the GRMF grant contract must be kept (procurement etc.) and further regulations must be adhered to.*

### **Applicant takes the full risk that:**

He will not reach the threshold of 70 points in the application procedure and therefore will not be considered for a GRMF Grant

He will not be considered for a GRMF Grant due to limited funding even if reaching the threshold of 70 points

The GRMF Grant Contract covers only parts of the project that has been applied for (e.g. due to non-eligible costs being included in the project budget), or

The GRMF Grant Contract will not be signed for any other reason.

# Agenda

01

Evaluation Criteria

02

Eligible Costs

03

Non-Eligible Costs

04

Early Contracting

05

**Continuation Premium**

06

Lessons Learnt / Challenges

## Continuation Premium (I)

In case developers continue to develop their project under condition of timely applying for support additional GRMF grant funding may be accessed – the so-called “Continuation Premium”

### Eligible activities:

- Additional full size well.\* AWC-Guidelines according to Grant Contract apply
- Well-head unit(s) installation
- Long term discharge testing (minimum six months)
- Reservoir evaluation update
- Feasibility Study (after the successful drillings and testing, there is a new informational base, which can lead to an updated, bankable documentation of the projects, required to acquire further financing capped at a maximum eligible costs of USD 100,000.)

\* Depending on the initial drilling programme.

## Continuation Premium (II)

Funding ceilings  
(double cap base - whichever is lower applies):

Up to 30 % of the  
approved eligible and  
expended costs of  
continuation activities

**OR**

Up to 30 % of the developer's  
share of the eligible and  
expended costs incurred during  
the initial drilling and testing  
programme (excluding  
infrastructure upgrades)

## Continuation Premium (III)

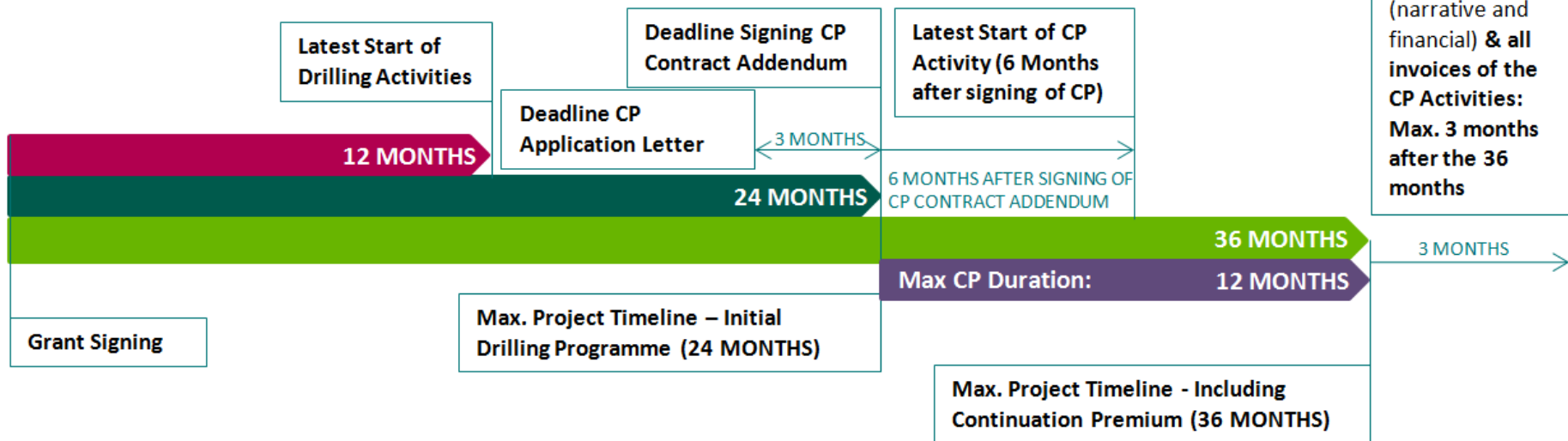
Application to be submitted latest 21 months after the effective date of the grant contract

### Content

Envisaged continuation work plan, cost outline and timeline for eligible continuation activities

Signing of Continuation Premium Contract Addendum

Execution and reporting within a period of 12 months from signing



# Agenda

01 Evaluation Criteria

02 Eligible Costs

03 Non-Eligible Costs

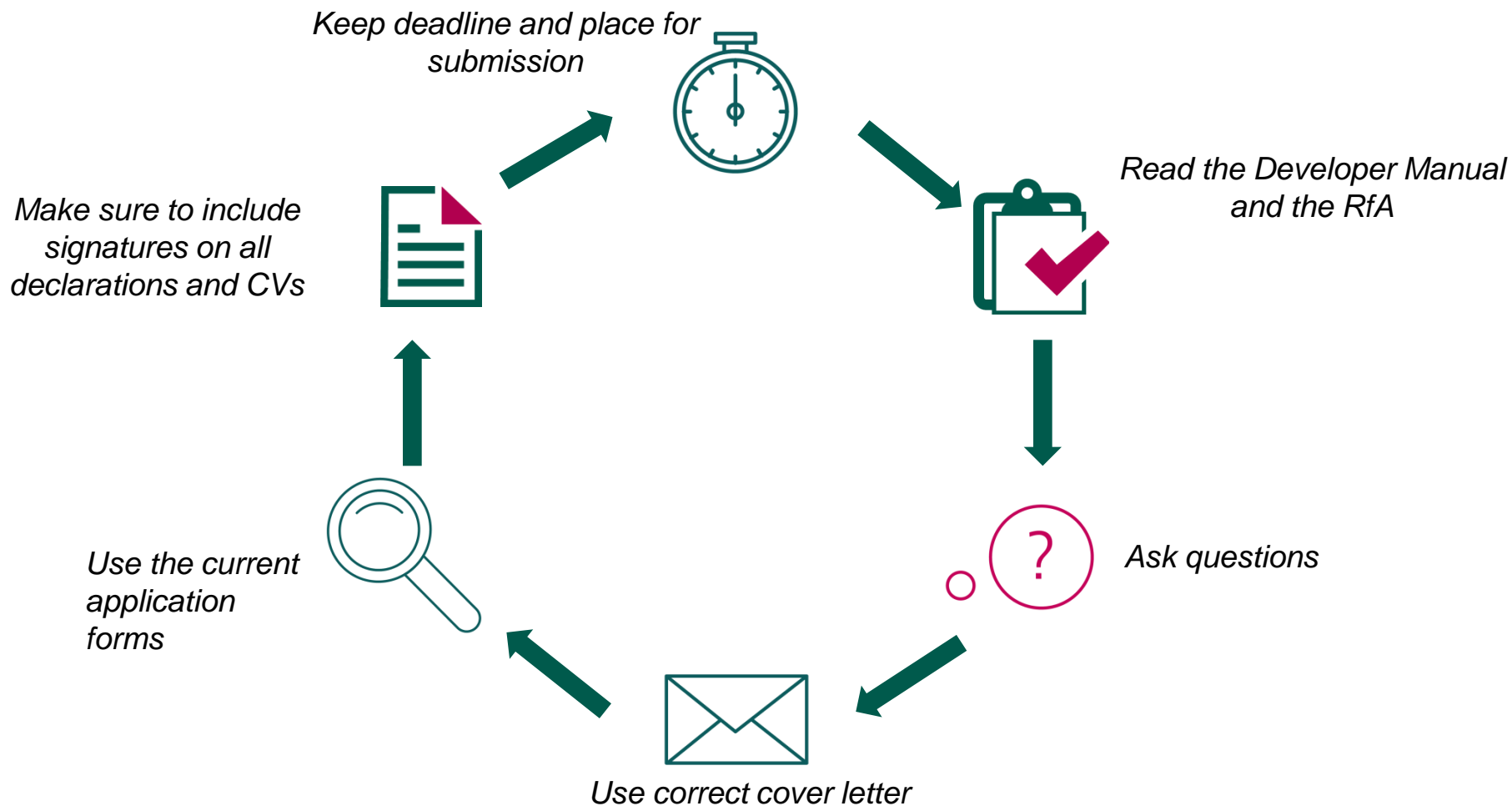
04 Early Contracting

05 Continuation Premium

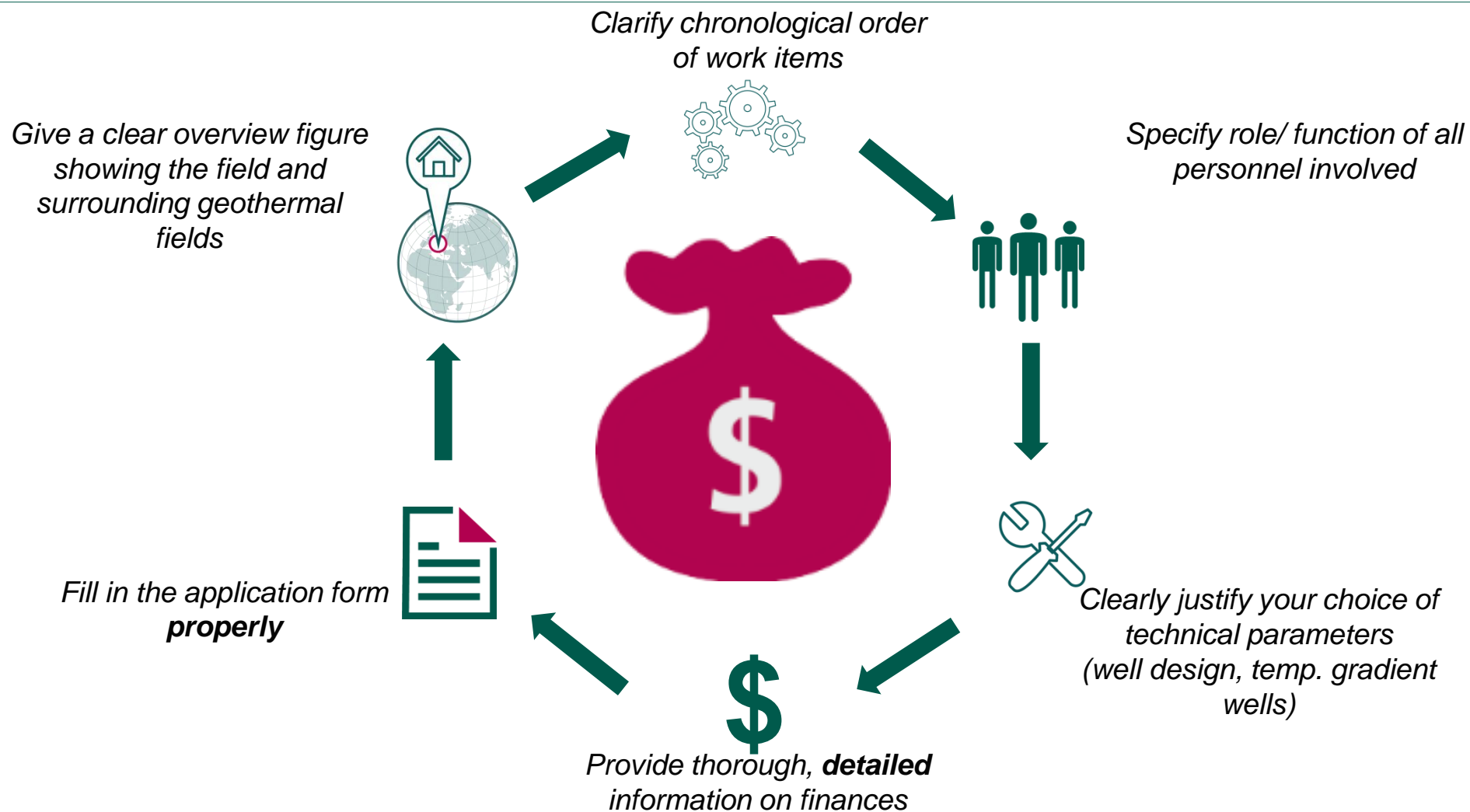
**06 Lessons Learnt / Challenges**



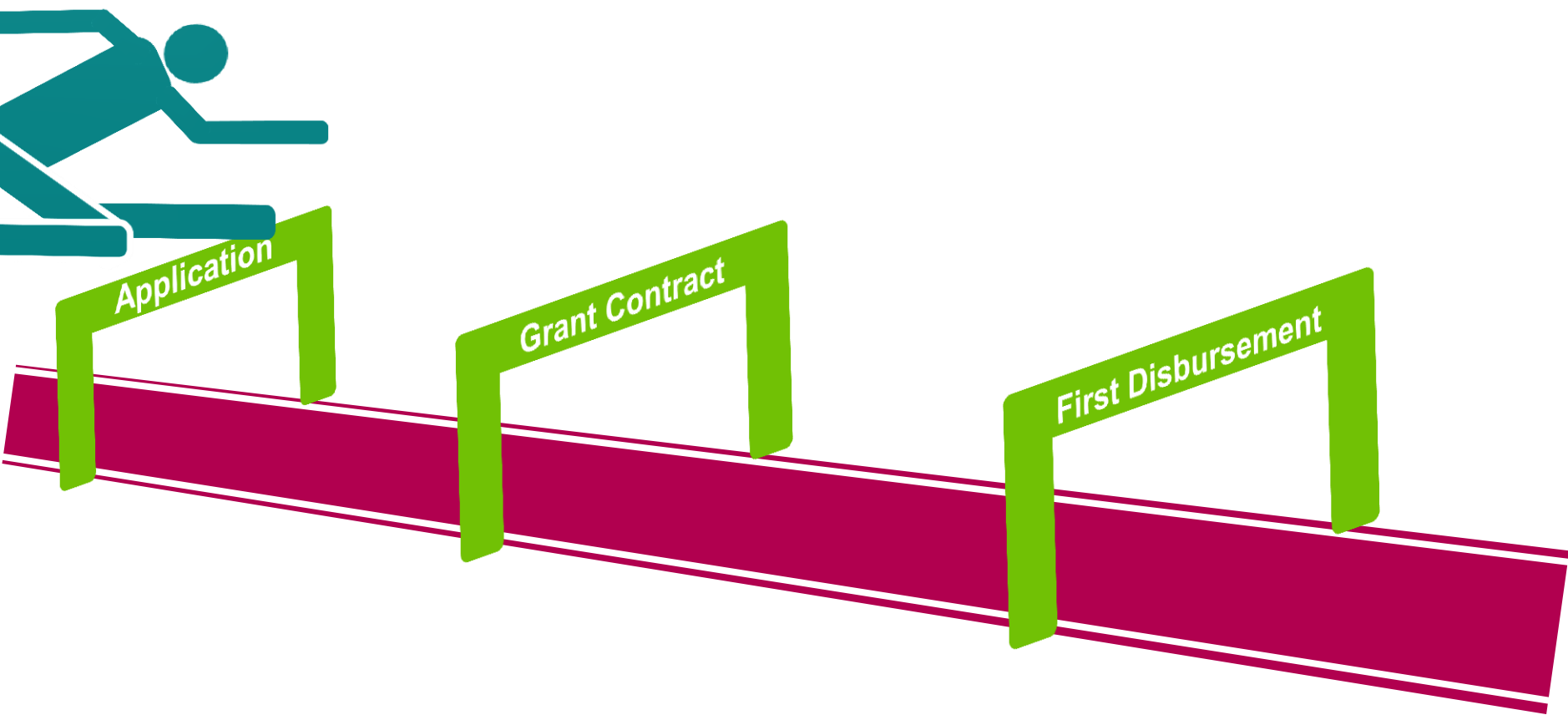
# Lessons Learnt (I)



## Lessons Learnt (II)



# Challenges



# Thank you for your attention!

## Questions?

**Kai Imolauer**  
**Economic Engineer**  
Technical Consultant GRMF  
Project Manager

**Maria Ueltzen**  
**European Administrative Manager**  
Technical Consultant GRMF  
Deputy Project Manager

**Thoroddur Sigurdsson**  
**Drilling Engineer**  
Technical Consultant / GRMF

Project funded by:



BMZ



Federal Ministry  
for Economic Cooperation  
and Development

KFW

