

12/05/2025

Request for quotation (RFQ) – UK PACT Expert Deployment

RFQ title	Capacity Market and Capacity Credit Study – Power Sector Reforms
RFQ issue date	12/05/2025
Project title	Capacity Market and Capacity Credit Study – Power Sector Reforms
Close date and time	30/05/2025 14:00 GMT
Details for submission	Expertdeployments@ukpact.co.uk

Palladium as the delivery partner for the Foreign, Commonwealth and Development Office (FCDO) funded UK Partnering for Accelerate Climate Transitions (UK PACT) programme invites you to submit a quotation for the services detailed in this RFQ.

Please forward your quote in accordance with the Details for Submission above by the Close Date and Time. This RFQ includes the following materials:

Schedule 1 – Terms of Reference

Schedule 2 – Instructions for submission

Schedule 3 – Terms and Conditions

Annex I – RFQ Response Form

Annex II – Budget and workplan template

We look forward to your response.

1.1. Overview of requirements

Name of project	Capacity Market and Capacity Credit Study
Country/region	India
Proposed start date	07/07/2025
Proposed end date	31/03/2026

1.2 Context and scope of work

Background

India's power sector plays a vital role in driving sustainable economic growth, supporting industrialisation, agriculture, services, and infrastructure development. By prioritising rural connectivity and access to reliable, affordable, and clean energy, the sector contributes significantly to achieving India's Nationally Determined Contributions (NDCs) and its 2070 Net Zero target. Electricity market reforms offer an opportunity to reduce greenhouse gas emissions, unlock climate finance, and improve economic and human well-being.

The UK government, with its near-zero reliance on coal for electricity, is prioritising efficient, decarbonised, and resilient power systems. Through its global technical assistance programmes, such as UK PACT, the UK is sharing best practices in energy efficiency and grid management. In India, UK PACT has funded initiatives that enhance planning, forecasting, and capacity building in the power sector, bridging policy and technical gaps to enable a more flexible and resilient grid.

The Power Sector Reforms (PSR) programme, established under a Memorandum of Understanding between the Governments of India and the UK, supports structural market reforms. The phases of this programme are:

- **Phase-1 (concluded in March 2022):** Focused on enhancing DISCOM efficiency, reducing AT&C losses, integrating renewable energy, piloting smart metering and DSM programmes, supporting decarbonisation efforts (including Indian Railways), and strengthening gender-inclusive policymaking.
- **Phase-2 (concluded in March 2025, funded through a UK PACT grant):** Targets regulatory reforms for the Central Electricity Authority (CEA) and Central Electricity Regulatory Commission (CERC), as well as developing tools for state-level power planning.
- **Phase-3:** Will build on earlier successes to support market design and distribution reforms, balancing technologies at both state and national levels to enhance grid flexibility and integrate variable renewable generation.

This RFQ aims to address critical challenges in India's electricity market by ensuring long-term energy security through the establishment of a capacity market. The capacity market will provide payments for reliable sources of capacity, thereby stabilising the baseload supply to the grid. To achieve this, the project will develop a roadmap for operationalising an enabling environment for capacity market implementation, contextualising international experiences, and advancing the framework for India in collaboration with the CEA.

The initiative involves exploring the feasibility of developing capacity markets in India by conducting studies at both international and national levels. These studies will assess the potential impacts on existing pricing mechanisms and identify opportunities for market enhancement.

Under the Resource Adequacy Guidelines, the CEA is mandated to calculate the capacity credit of various energy sources and provide this information to state utilities along with coincident peak distribution data. Incorporating the capacity credit of variable renewable energy into energy planning processes will improve the predictability, reliability, and sustainability of the energy system. This will enable stakeholders—including state utilities, DISCOMs, system operators, regulatory bodies (CEA, CERC, SERCs), policymakers, market participants, and renewable energy developers—to make informed decisions that optimise resource utilisation, support grid stability, and accelerate the transition to a low-carbon future.

Under the PSR programme, the project will leverage international knowledge exchange to refine, customise, and validate capacity credit methodologies for India. This will create a roadmap to operationalise a robust and inclusive capacity market framework, using lessons from existing operational capacity markets in other countries. The collaboration with the CEA and key regulatory bodies will ensure the framework's alignment with India's energy transition priorities.

Objectives

This RFQ invites proposals to address critical challenges in India's electricity market by supporting the following objectives:

- 1. Support the development of capacity markets in India**

The project involves exploring the feasibility of developing capacity markets through studies at both international and national levels. These studies will evaluate the potential impacts on existing pricing mechanisms and identify pathways for market enhancement.

- 2. Deepen the resource adequacy framework.**

As per the Resource Adequacy Guidelines, the Central Electricity Authority (CEA) is tasked with calculating the capacity credit of various energy sources and providing this information to state utilities, along with coincident peak distribution data. By incorporating the capacity credit of variable renewable energy into energy planning, the project will improve the predictability, reliability, and sustainability of the energy system.

- 3. Assess the capacity credit mechanism for various generation resources.**

Evaluations will focus on generation resources—including both renewable and conventional sources—under a resource adequacy framework. The aim is to support informed decision-making by stakeholders, such as state utilities, DISCOMs, system operators, regulatory bodies (CEA, CERC, SERCs), policymakers, market participants, and renewable energy developers.

Approach

The supplier's responsibilities will focus on two key deliverables:

- 1. Roadmap for Capacity Market Implementation in India**

- Conduct studies to develop a phased roadmap for capacity markets tailored to India.
 - Explore international experiences in capacity market design, assessing their relevance and applicability to the Indian context.
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- Identify and address regulatory, financial, and operational challenges to capacity market adoption, proposing targeted solutions.

2. Assessment of Capacity Credit for Generation Resources

- Evaluate the capacity credit of various generation resources, including renewable and conventional sources, under a resource adequacy framework.
- Develop methodologies to quantify the contribution of different generation assets in meeting peak demand.
- Create frameworks for integrating capacity credit assessments into market-based mechanisms.

In line with the deliverables listed above, the table below outlines the suggested activities and outputs.

1.3 Outputs and timelines

Output	Description and Milestone	Deliverables	Deliverable due
Inception Report	<p>A report identifying potential opportunities around the two broad themes identified and international literature available. This should be submitted along with a baseline plan for undertaking the study</p> <p>Milestones include:</p> <ul style="list-style-type: none"> • Conduct inception discussion with CEA on the expectations from the study. • Create an interim report including a desk review and literature review of international experience across each theme opportunity for convergence. • Conduct initial discussions on initial areas, themes and stakeholders identified for knowledge exchange and understanding the needs, priorities and requirements of CEA 	Submission of the inception report with a clear methodology, literature review of findings, and a final baseline plan for the study and work areas	15 August 2025
Research and Roadmap Report	<p>A detailed roadmap entailing various international products, market trends, their experience and a way forward for India to implement</p> <p>Milestones should include:</p>	Submission of an initial report, including a literature review on the various international products, markets trends and their experience	30 September 2025

<ul style="list-style-type: none"> • Conduct research on global practices, engage with experts, and hold stakeholder discussions to effectively integrate global best practices into India’s regulatory framework • Embedding experts within the CEA: Specialists will work directly with the CEA, offering technical support and advisory services. Their role will include collaborating with the CEA to adapt global practices and knowledge to India’s unique requirements, ensuring that all recommendations are actionable and align closely with the CEA’s current regulatory priorities. • Carry out studies, assessments, and peer reviews to create guidelines, roadmaps, strategies, and policy documents. This process will utilise expertise from India, the UK, and global practices, involving detailed evaluations and analyses. Regular consultations with the CEA will ensure that global insights are tailored to India's specific needs, aligning the developed outputs with the country's regulatory and market context. • Facilitate and deliver a minimum of four workshops, seminars, webinars, and stakeholder discussions. 2 of these knowledge sharing sessions could be in person with 25 participants. These knowledge-sharing sessions will actively engage key stakeholders, fostering dialogue on capacity market development and resource adequacy frameworks. The sessions will align with CEA’s priorities, refining global best practices into practical, India-focused regulatory recommendations. 		
	Submission of detailed work plan for organising the stakeholder consultations	15 November 2025
	Submission of draft roadmap and report	15 January 2026
	Submission of final roadmap report for implementation	10 March 2026

Advisory Dissemination of the roadmap report (as per CEA requirements)	Dissemination of the report to various stakeholders in the form of aconference/workshop/webinar	Organisation and facilitation of a workshop on behalf of CEA & key partner to disseminate finding of capacity market development in India	15 March 2026
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1.4 Required expert qualifications and experience

A team of technical experts and project management support should be suggested in proposals, with CVs provided (max two-pages per CV). It is estimated at least 5-6 experts will be required to deliver the requirements; given the extensive nature of research component. Bidders are welcome to propose alternate structures, but the proposed team should cover at minimum the following criteria.

- Deep understanding on Power Markets of India and International Power markets
- Experience with Indian assessment and management in Regulatory and Policy landscape.
- Deep understanding on country and state level, working of the power sector, stakeholders involved, data and modelling.
- Hand-on experience in working with government officials, stakeholders.
- Previous experience of working with CERC & CEA is desirable not mandatory.
- Experience with some amount of training and capacity building for government officials

Principal experts should demonstrate a minimum of 15 years professional experience, Senior Experts a minimum of 10 years professional experience, Experts a minimum of 5 years of experience & Assistant Expert a minimum of 2 years of experience.

1.5 Reporting

Alongside the project specific reporting outlined in the output section and below, the supplier will also be required to align with the UK PACT monitoring and reporting governance framework which includes:

- Monthly progress reporting on outputs
- A full project completion report, summarising project achievements, any lessons learned through delivery, and any recommendations for future action.

To report against standard UK PACT indicators, the supplier will also need to collect and report disaggregated data on the organisations and individuals participating in workshops and trainings. Disaggregation should cover gender as a minimum and include age and disability where feasible.

Project specific reporting includes:

Reporting requirements	Deadline
A detailed Inception Report will include the study's methodology, findings from the literature review, a desk review summarising global practices and key insights related to capacity markets and resource adequacy frameworks, and a final baseline report. The baseline report will outline essential themes, map stakeholders, identify gaps, and propose a roadmap for project implementation. Together, these components will provide a strong foundation for informed decision-making and advancements in regulatory frameworks within India's power sector.	15 August 2025
A comprehensive analysis of global capacity market models, regulatory frameworks, and lessons learned. This will include a literature review on international products, market trends, and best practices.	30 September 2025
Detailed work plan for organising stakeholder consultations, including identification of key stakeholders. This will include a strategy for ensuring effective knowledge exchange and regulatory alignment.	15 November 2025
An initial draft of the roadmap for capacity market implementation in India. This will include study findings from assessment, analysis, research & stakeholder consultations done under expert deployment, international best practices, and knowledge-sharing activities. This will be submitted for review and approval by FCDO and CEA.	15 January 2026
A final and validated roadmap incorporating feedback from stakeholders and regulatory bodies.	10 March 2026

This report will include:

- Consolidated report summarising all activities, research insights, and stakeholder discussions.
- Key learnings, recommendations, and next steps for capacity market development in India.
- Clear implementation steps for capacity market development, aligned with India's power sector needs.

1.5 Budget and contracting

The maximum budget is GBP 500,000 which must include personnel and expenses and be inclusive of all applicable taxes.

The supplier must provide a breakdown of budgeted personnel and expenses using Annex II.

Expenses should cover workshop and conference logistics, venue, any interpretation & translation services, travel & accommodations of delivery team, as well as participants.

Please note that the selected supplier will also be responsible for arranging and organising the travel and accommodation, venues and packages for all workshops and stakeholder engagement sessions. Managing these logistical aspects is a component of the service expected.

Applicants may propose the number and types of workshops, but at least four sessions are expected to ensure meaningful stakeholder engagement. Out of which, two workshops will be in-person.

The successful supplier having passed the requisite due diligence checks will enter into a subcontractor agreement with Palladium for the delivery of these services on a time and materials basis. The agreement will include a milestone payment structure with 30% of personnel fees withheld against agreed deliverables. The exact milestone structure will be agreed between both parties during contract mobilisation.

The supplier will submit a monthly invoice, forecast and progress update.

Schedule 2 – Instructions for submission

2.1 Submission process

Timeline

Stage	Date
1. Terms of Reference (ToR) and application process launched	12/05/2025
2. Deadline for receipt of clarification questions	19/05/2025
3. Deadline for submission of applications	30/05/2025
4. Applicants notified of project selection	13/06/2025
5. Due diligence complete	30/06/2025
6. Agreement signature	07/07/2025

Applicant guidance

Interested suppliers should complete and submit the below documents to expertdeployments@ukpact.co.uk with the subject line: **RFQ Submission – [Supplier name]**
India Capacity Market Study

- **RFQ Response form**
- **Budget and Workplan Template**
- **CVs of key experts or personnel** (max two pages per CV)

Please note the following key dates:

- **Deadline for Queries:** 19/05/2025 (23:59 GMT)
- **Submission Deadline:** 30/05/2025 (14:00 GMT)

2.2 Evaluation criteria

Criteria	Category	Weighting
Technical	Approach and methodology	30%
	Personnel	50%
Commercial	Competitiveness of the supplier's personnel cost	20%
Total		100%

2.2.1 Technical evaluation

The technical criteria will be evaluated by the procurement panel using the scale detailed below:

Score	Description
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5 (Excellent)	Demonstrates an expert understanding of the project and proposes excellent and accurate solutions which address all requirements, and which are innovative where appropriate. Responses are excellently tailored to the context in all aspects. The level of detail and quality of information provides the highest degree of confidence in the ability to deliver.
4 (Very Good)	Demonstrates a very good understanding of the topic relating to delivery of the project. Responses are relevantly tailored to the context in the majority of aspects. There is sufficient detail and quality of information to give a strong level of confidence that they will deliver.
3 (Good)	Demonstrates a good understanding of the topic relating to the delivery of the project. Responses are reasonably tailored to the context for many of the aspects. There is a good level of detail and quality to give a good level of confidence that they will deliver.
2 (Satisfactory)	Demonstrates a satisfactory understanding of the topic relating to delivery of the project. Some appetite to tailor to context where required. Provides a limited level of detail and the quality of information provided gives only some level of confidence that they will be able to deliver satisfactorily.
1 (Unsatisfactory)	Demonstrates a poor understanding of the topic relating to delivery of the project. Poor tailoring to the context where this is required. Generally, an unsatisfactory and a low level of quality information and detail, leading to a low level of confidence that they will deliver.
0 (Fail)	Failure to address the material requirements of the project. No tailoring of responses to meet the context. No quality responses providing no confidence that they will deliver.

2.2.2 Commercial evaluation

The commercial evaluation will be conducted using the total personnel cost quoted in the Schedule III - Budget and Workplan (Cell W15 of "Budget Summary" sheet).

Supplier scores will be calculated relative to the lowest price supplier using the formula below:

$$((\text{Personnel cost of lowest price supplier} / \text{personnel cost of supplier}) * \text{price weighting } 20\%)$$

Where required, a Best and Final Offer process may be used to differentiate between suppliers of equal scoring.

Schedule 3 - Terms and Conditions

1. Quote conditions

By submitting a quote, potential suppliers are bound by these terms and conditions. Potential suppliers must submit offers with all details provided in English and with prices quoted in GBP.

2. Quote Lodgement

The Company may grant extensions to the Closing Time at its discretion. The Company will not consider any quotes received after the Closing Time specified in the RFQ unless the Company determines to do so otherwise at its sole discretion.

3. Evaluation

The Company will evaluate submissions in line with the criteria provided in the RFQ to confirm compliance with this RFQ and to determine the best quote in the circumstances. The Company reserves the right to reject incomplete or abnormally low quotations.

4. Alterations

The Company may decline to consider a quote in which there are alterations, erasures, illegibility, ambiguity or incomplete details.

5. The Company's Rights

The Company may, at its discretion, discontinue the RFQ; decline to accept any quote; terminate, extend or vary its selection process; decline to issue any contract; seek information or negotiate with any potential supplier that has not been invited to submit a Quote; satisfy its requirement separately from the RFQ process; terminate negotiations at any time and commence negotiations with any other potential supplier; evaluate quotes as the Company sees appropriate (including with reference to information provided by the prospective supplier or from a third party); and negotiate with any one or more potential suppliers

6. Amendments and Queries

The Company may amend or clarify any aspect of the RFQ prior to the RFQ Closing Time by issuing an amendment to the RFQ in the same manner as the original RFQ was distributed. Such amendments or clarifications will, as far as is practicable be issued simultaneously to all parties. Any queries regarding this RFQ should be directed to the Contact Person identified on the cover page of this RFQ.

7. Clarification

The Company may, at any time prior to execution of a contract, seek clarification or additional information from, and enter into discussions and negotiations with, any or all potential suppliers in relation to their quotes. In doing so, the Company will not allow any potential supplier to substantially tailor or amend their quote.

8. Confidentiality

In their quote, potential suppliers must identify any aspects of their quote that they consider should be kept confidential, with reasons. Potential suppliers should note that the Company will only agree to treat information as confidential in cases that it considers appropriate. In the absence of such an agreement, potential suppliers acknowledge that the Company has the right to disclose the information contained in their quote. The potential supplier acknowledges that in the course of this RFQ, it may become acquainted with or have access to the Company's Confidential Information (including the existence and terms of this RFQ and the TOR). It agrees to maintain the confidence of the Confidential Information and to prevent its unauthorised disclosure to any other person. If the potential supplier is required to disclose Confidential Information due to a relevant law or legal proceedings, it will provide reasonable notice of such disclosure to the Company. The parties agree that this obligation applies during the RFQ and after the completion of the process.

9. Alternatives

Potential suppliers may submit quotes for alternative methods of addressing the Company's requirement described in the RFQ where the option to do so was stated in the RFQ or agreed in writing with the Company prior to the RFQ Closing Time. Potential suppliers are responsible for providing a sufficient level of detail about the alternative solution to enable its evaluation.

10. Reference Material



If the RFQ references any other materials including, but not limited to, reports, plans, drawings, samples or other reference material, the potential supplier is responsible for obtaining the referenced material and considering it in framing their quote. And provide it to the Company upon request.

11. Price Basis

Prices quoted must be provided as a fixed maximum price and show the tax exclusive price, the tax component and the tax inclusive price. The contract price, which must include any and all taxes, supplier charges and costs, will be the maximum price payable by the Company for Services.

12. Financial Information

If requested by the Company, potential suppliers must be able to demonstrate their financial stability and ability to remain viable as a provider of the Services over the term of any agreement. If requested by the Company, the potential supplier must promptly provide the Company with such information or documentation as the Company reasonably requires in order to evaluate the potential supplier's financial stability.

13. Referees

The Company reserves the right to contact the potential supplier's referees, or any other person, directly and without notifying the potential supplier.

14. Conflict of interest

Potential suppliers must notify the Company immediately if any actual, potential or perceived conflict of interest arises (a perceived conflict of interest is one in which a reasonable person would think that the person's judgement and/or actions are likely to be compromised, whether due to a financial or personal interest (including those of family members) in the procurement or the Company).

15. Inconsistencies

If there is inconsistency between any of the parts of the RFQ the following order of precedence shall apply:

- (a) these Terms and Conditions.
- (b) the first page of this RFQ; and
- (c) the Schedule so that the provision in the higher ranked document will prevail to the extent of the inconsistency.

16. Collusion and Unlawful Inducements

Potential suppliers and their officers, employees, agents and advisors must not engage in any collusive, anti-competitive conduct or any other similar conduct with any other potential supplier or person or quote any unlawful inducements in relation to their quote or the RFQ process. Potential suppliers must disclose where quotes have been compiled with the assistance of current or former the Company employees (within the previous 9 months and who was substantially involved in the design, preparation, appraisal, review, and or daily management of this activity) and should note that this may exclude their quote from consideration. Potential suppliers warrant that they have not provided or offered any payment, gift, item, hospitality or any other benefit to the Company, its employees, consultants, agents, subcontractors (or any other person involved in the decision-making process relating to this RFQ) which could give rise to a perception of bribery or corruption in relation to the RFQ or any other dealings between the parties.

17. Jurisdiction

This Agreement shall be subject to the laws of the Jurisdiction. The Supplier and the Company will use their best efforts to settle amicably any dispute, controversy, or claim arising out of, or relating to this Agreement or the breach, termination, or invalidity thereof. If no agreeable settlement can be found, any dispute, controversy, or claim arising out of or relating to this Agreement or the breach, termination, or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules in effect on the date of this Agreement. The appointing authority shall be the Secretary-General of the Permanent Court of Arbitration. The Parties will be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute. The place of arbitration shall be the headquarters location of Company at the time the claim is filed, and the language of the arbitration will be English. The relevant laws shall be the laws of the Jurisdiction.

18. Compliance



If your quote is successful, you will be required to enter into the Company's standard subcontractor agreement for the types of services being provided. In the provision of the Services, you will be required to comply with the Company's policies, including (without limitation) its Business Partner Code of Conduct and any relevant Project Manual. Potential suppliers must also comply with the Company's Business Partner Code of Conduct in the submission of any quotes pursuant to this RFQ. If you are bidding as part of a joint venture, partnership or similar, please make this clear in your submission. Likewise, if you propose to subcontract any part of the services provision, then disclose this fact within your submission. The Company may require additional information from you and approval for subcontracting will not be automatic as subcontractors will be subject to Palladium's Due Diligence process.