

# Modifications to prequalification requirements and advances to market signals

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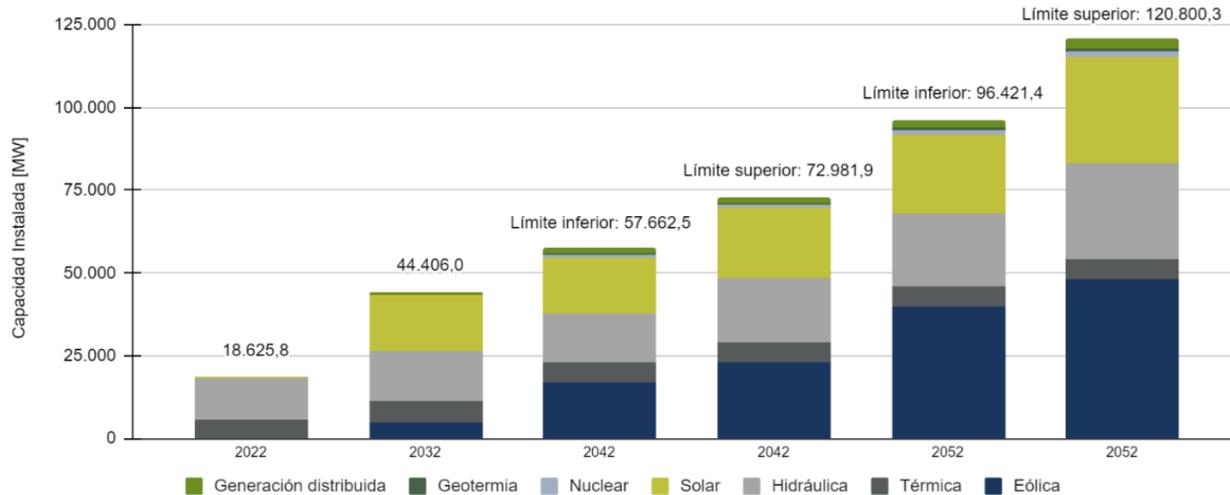
PRIMERA RONDA

COLOMBIA EÓLICA  
*costa afuera*

# Meeting Agenda

- Introduction
- General structure of the competitive process
- Main modifications - regulatory framework
- Objective of the modification of the prequalification requirements
  - Technical prequalifiers
  - Financial prequalifiers
  - Legal prequalifiers
- Market signals

## National Energy Plan 2022-2052

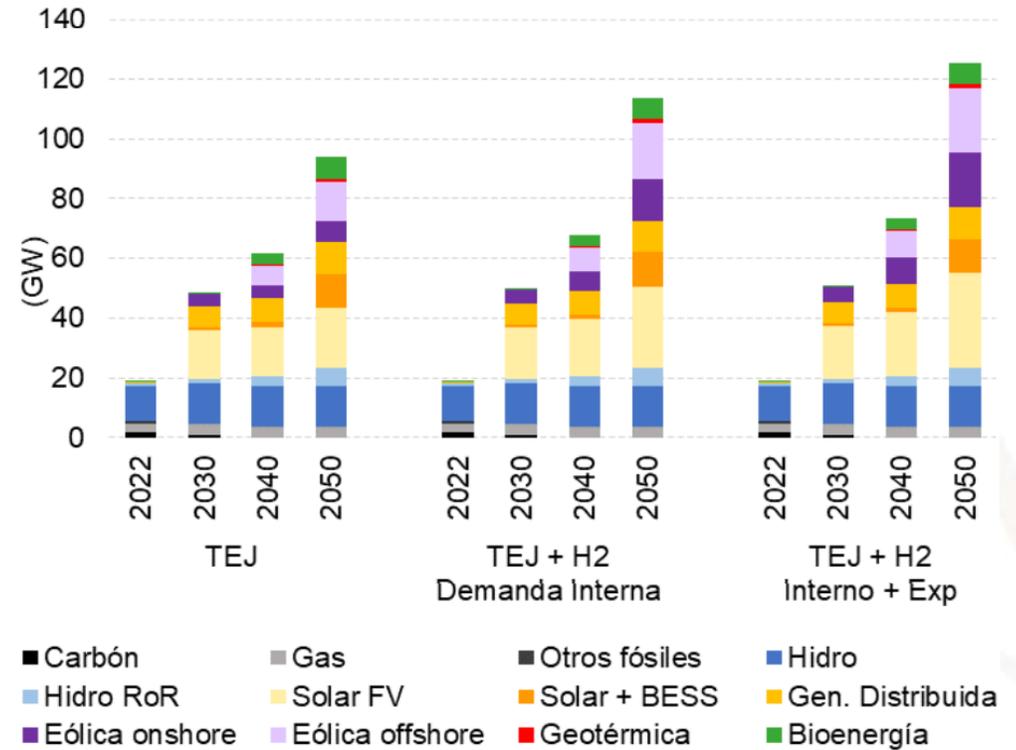


Offshore wind capacity:

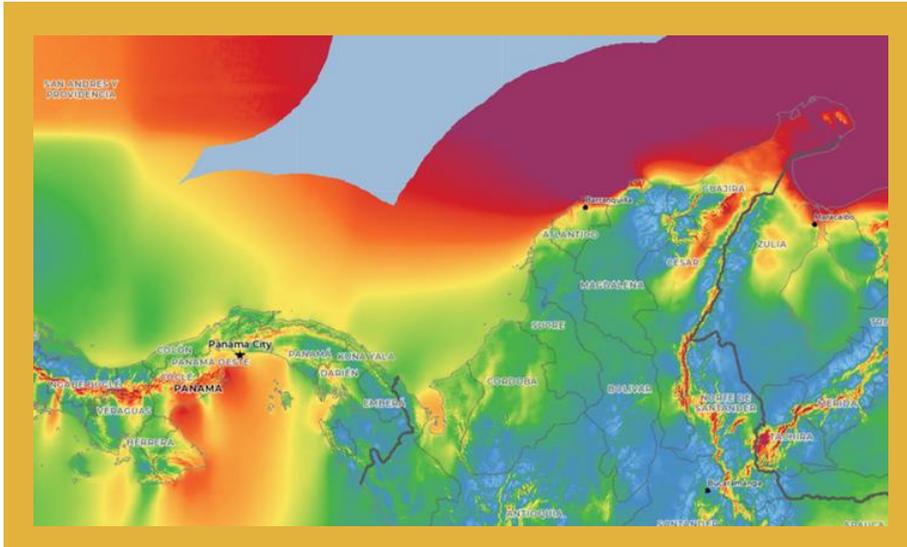
10 - 18 GW (PEN 2052) and 13 GW (TEJ 2050).

Source: UPME (2022). National Energy Plan (PEN)

## Just Energy Transition Roadmap



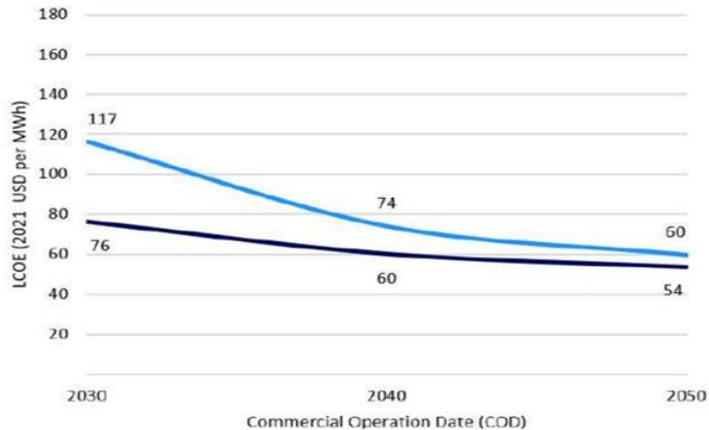
Source: MME (2023). HdR TEJ,



Which is the total potential?  
**109 GW**

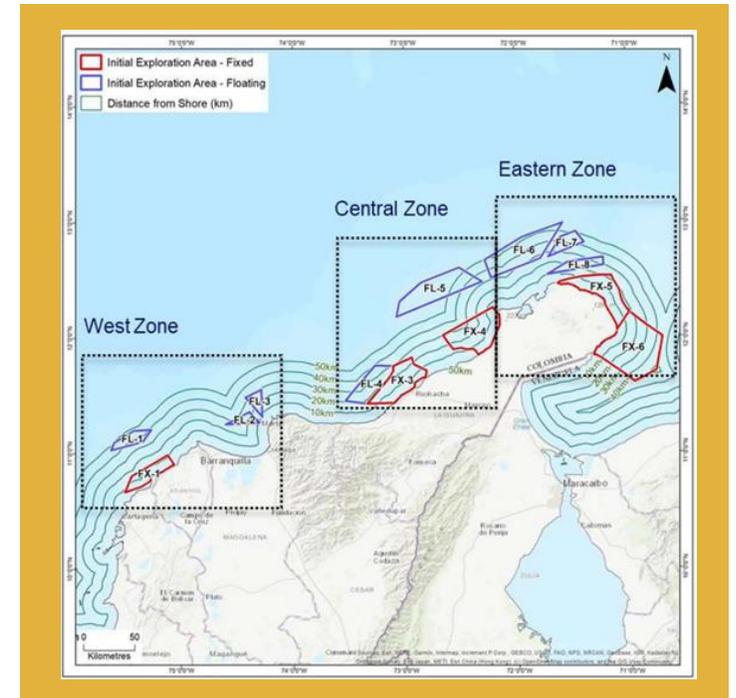
Source: Wind Atlas, ESMAP

How much will the energy cost?  
**\$76 USD/MWh**



Source: World Bank (2022). HdR Offshore Wind,

Where and how much can be developed?  
**In the Caribbean, with 50 GW**



Source: World Bank (2022). HdR Offshore Wind,

Long-term vision?  
**Public policy**

- Led by the government
- Led by the developer
- Competition

Typical path followed by projects

Model of a competition (e.g. Netherlands, Germany, Denmark, etc.)



Two-competency model (e.g. **Colombia**, Brazil, UK, India, USA, Philippines, etc.)

\*Activity initiated by the government and completed by the developer

**Regulation of access to areas and project development.  
Resolution DIMAR-MME  
40284 of 2022.**

The Maritime Authority and the Ministry of Mines and Energy establish the guidelines for a competitive process to grant Temporary Occupancy Permits over Maritime Areas.

**Resolution 40712 of 2023**

By which it modifies 40284 of 2022, which relaxes the conditions of participation.

**Environmental licensing regulations for projects.  
Decree 1076 of 2015**

The Ministry of the Environment and Sustainable Development together with the National Environmental Licensing Authority will establish the Terms of Reference that define the guidelines for the environmental impact study that the developer must submit in order to start up its project.

**Regulation for interconnection to the transmission grid and for system planning.  
Resolution 075 of 2021**

The Mining and Energy Planning Unit UPME grants the connection permission to the generation project and formulates the Transmission Expansion Plan through which the necessary infrastructure will be ensured for the project to inject energy into the grid.

**Regulations for community participation in projects.  
Decree 1320 of 1998**

The Ministry of the Interior will endorse the complete development of the prior consultation to be carried out by the developer in the territory where the project will be developed.

**Regulations on port development, foreign trade, technical standards, occupational health and safety, etc.**

Entities such as the Ministry of Transportation (through ANI\*), the Ministry of Commerce (with the support of Procolombia), AUNAP\*\*, etc, are involved.



**Dirección General Marítima**  
Autoridad Marítima Colombiana



## Ministry of Mines and Energy

In its role as head of the sector, the Ministry issues the relevant regulations that support the first competitive process of offshore wind energy in Colombia.

It delegates the functions and tasks to its affiliated entities for the deployment of the infrastructure related to offshore wind energy projects.

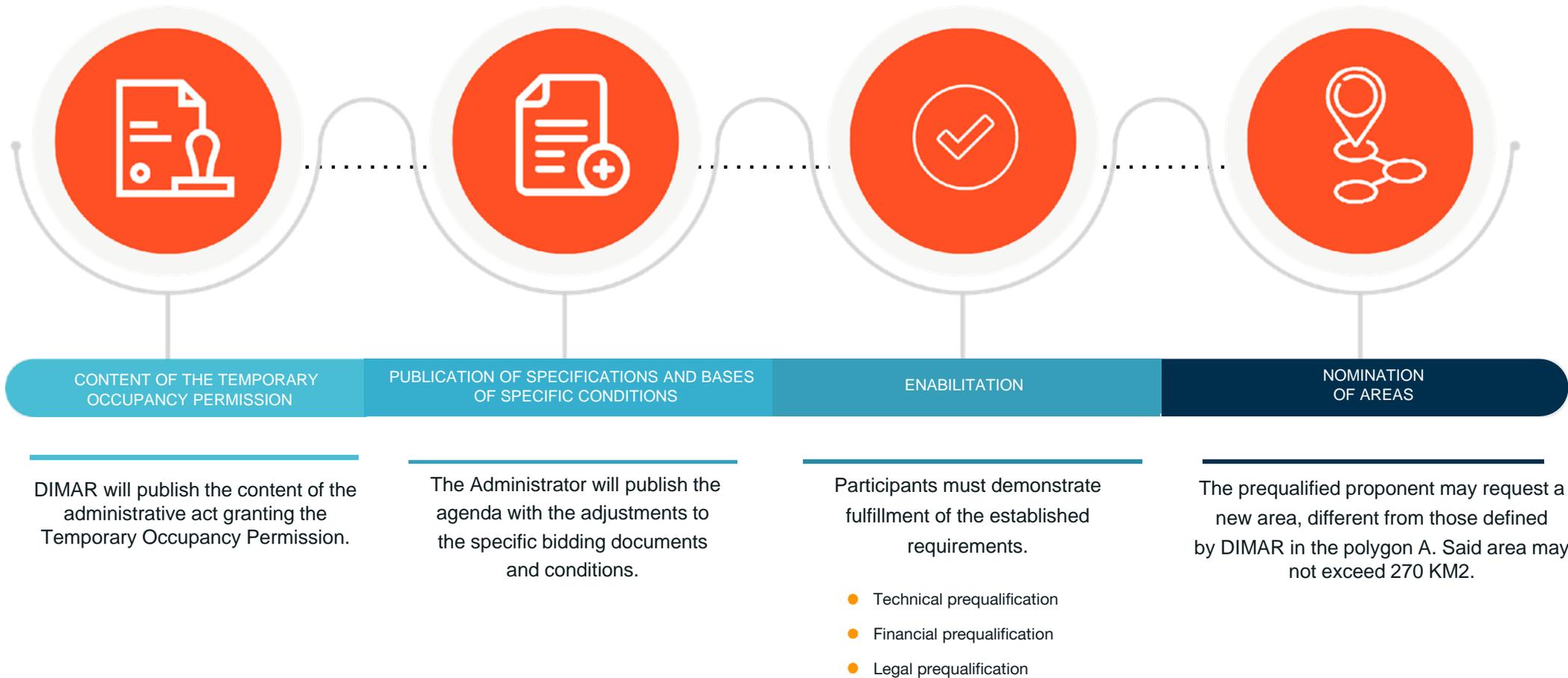
## General Maritime Direction

The General Maritime Direction, once the phase of prequalification, deposit and evaluation of offers and their subsequent award have been solved, issues the administrative act of Temporary Occupancy Permission and carries out the surveillance of the activities within the framework of the same.

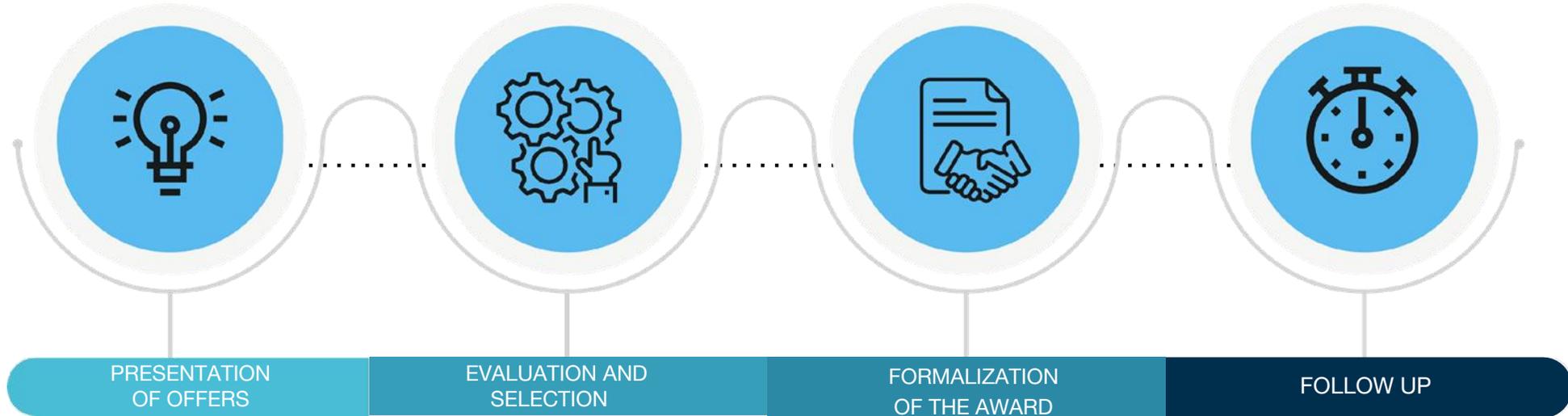
## National Hydrocarbons Agency

By resolution, the ANH is delegated by the Ministry of Mines and Energy to support the formulation and design of the public policy for some energy resources, including wind energy.

Through an agreement signed between DIMAR and the ANH, the latter assumes the role of administrator of the first offshore wind energy competitive process in Colombia.



# General structure of the process



Technical information on the execution of the project and additional information on the proponent's experience.

The proposals received will be scored, assigning maritime areas to the projects with the highest scores.

- Rejection of offers and declaration of a deserted process
- Tiebreaker criteria

The result of the competitive process will be the Temporary Occupation Permission for the maritime areas.

The DIMAR will formalize such authorization through an administrative act within the following 90 working days.

- Maximum duration 8 years
- Activities related to measurement and data collection to establish the viability of the project.
- It will grant exclusivity over the area.
- Formalization of agreement with mixed or public company in the energy sector

The auditors will be selected by DIMAR and the cost of the audits will be covered by the awarded Tenderer.

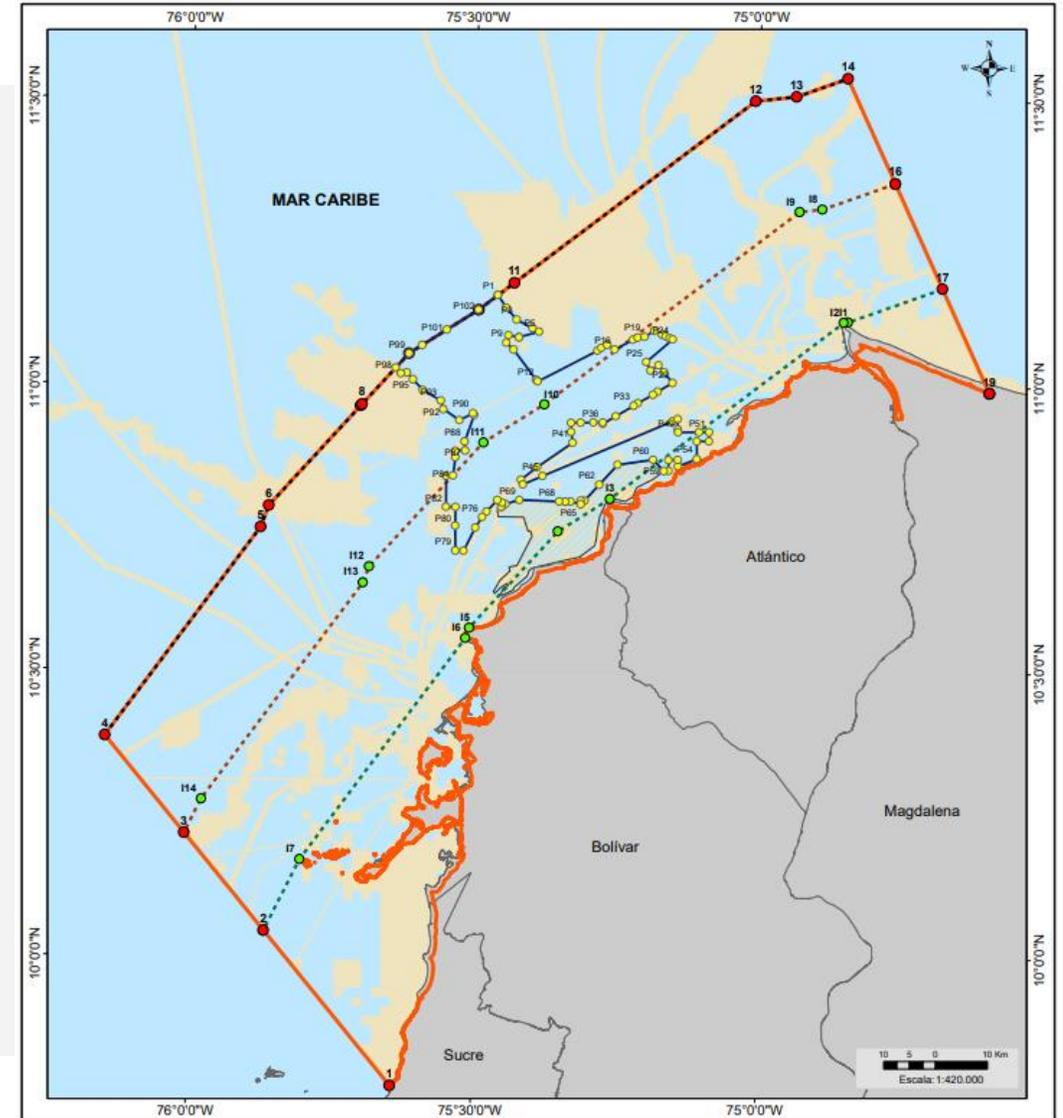
- DIMAR- MME inspections and audits to the execution of activities.
- Milestone compliance audit reports according to the schedule presented in the offer, every 6 months until FPO.

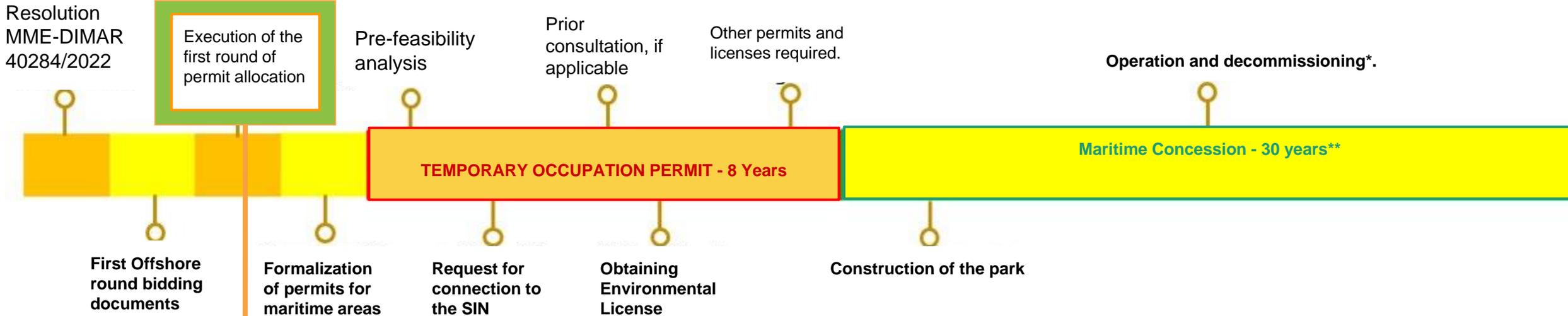
A zone of approximately 12,000 km<sup>2</sup> in which polygons with a limit of 270 km<sup>2</sup> can be freely offered.

With these allocations, the projects are expected to total between 1 and 3 GW of installed capacity, which would avoid between 27 and 81 million tons of CO<sub>2</sub> equivalent.

Each project could exceed US\$1 billion in investment and involve more than 4,000 jobs.

As potential pioneers in Latin America and the Caribbean, energy hubs could be developed to benefit the region.





### Understand the following stages

- Stakeholders Enablement - ONGOING - end of document submission 27/09/24
- Nomination Presentation and Evaluation
- Deposit, validation, bid evaluation, and contractor award Formalization Stage and Issuance of Temporary Occupation Permit

\*2 years before the end of the concession

\*\* extendable for 15 years

## Conditions of competition

**Technical enablement:** Diversify the profiles of participants

**Financial enablement:** Adjust the proportional financial requirements.

**Transfer of rights:** Relax conditions for the change of holder during the Temporary Occupation Permit (TOP) and the concession

**Practicality in the nomination:** Reduce burdens on the proponent.

**Technical-financial requirements for access to a maritime concession**

## Government efforts for effective deployment

## Policy enablers

**Regulation in market mechanisms**  
*Leveraging investments*

**Guaranteed network access**  
Harmonization of planning and allocation for integration into the National Interconnected System (SIN)

**Port development:** Regulatory framework and favorable infrastructure conditions

**Improvement of licensing processes**  
Adjustments to Terms of Reference and environmental requirements

**Interinstitutional articulation:** Medium and long-term policies to facilitate ambitious deployment

## Origin and main modifications to the regulatory framework



Observations from stakeholders on draft and final specifications and terms of reference - over 20 sessions with companies interested in the process



Inclusion of new definitions for clarity of concepts.



New evaluation criteria



Flexibilization:

Change of owner of the POT or Concession

Restrictions on distance to submarine cables

Minimum operator participation percentage

Requirements for POT and Concession phase

Requirement and accreditation of financial and technical experience

Inclusion of  
clarifying  
definitions.

Restructuring of  
the process for  
Maritime POT  
and Concession.

Flexibilization to  
modify S-curve  
and Schedule

Flexibilization of  
Technical and  
Financial  
prequalification  
criteria

Additional  
information  
required in the bid  
submission  
(LCOE, CAPEX,  
OPEX)

## Objectives of modification of prequalification requirements.



Increasing efficiency in the bidding submission stage.



Plurality of bidders.



Adjustments to current conditions in an emerging market.



In response to industry and international partners' recommendations and observations.



Opportunity to form consortia with companies related to Offshore Wind Energy (OSW).

The proponent must comply with one of the following options

## Option A

"The proponent must have participated in at least three (3) of the following phases of Offshore Energy Projects development: i) structuring, ii) design, iii) selection and hiring of suppliers, iv) construction, or v) quality control.

This may be demonstrated through one or several projects in electric power generation or exploitation of hydrocarbons or their derivatives. The projects developed within the ten (10) years prior to the announcement of each round

## Option B

The proponent must have participated in at least two (2) of the following phases of development for Renewable Energy Projects: i) structuring, ii) design, iii) selection and hiring of suppliers, and iv) construction, for Renewable Energy Generation Projects

- ✓ The minimum capacity requirement can be met with one or several projects.
- ✓ The minimum installed capacity per phase must be equal to or greater than 20 MW.
- ✓ Projects can be located anywhere in the world, with either an environmental license or in the process of obtaining one.

How to credit?

Through the experience of its controlling company, parent company, subsidiary of the parent company, affiliate, or any other legal entity within the same Business or Corporate Group, provided that it can demonstrate a relationship of control or link between the company seeking prequalification and/or bidding, and those entities from which they intend to demonstrate capacity.

The proposer must comply with one of the following options

Option A	Option B	Option C
<p>A firm credit quota accredited by a national or international financial entity that complies with the suitability requirements defined by the Administrator. The value of this instrument will be for an amount proportional to 10% of the estimated investment costs for the development of activities during a Temporary Occupancy Permission for an offshore wind energy generation project.</p>	<p>Credit rating of BBB- or higher, as rated by Standard &amp; Poor's and Fitch, or Baa3 or higher, as rated by Moody's or an equivalent according to the rating of another internationally recognized firm.</p>	<p>Audited financial statements containing financial indicators with the minimum values defined by the Administrator.</p>

How to credit?

Through the experience of its controlling company or its parent company or subordinate of the latter, whether subsidiary or affiliate, or a legal entity of the same Business or Corporate Group, provided that it proves the situation of control or the link between the company interested in the prequalification and/or proponents, and those with which they intend to prove the capacity.

The Proposer shall comply with the following

Requirement A	Requirement B	Requirement C	Requirement D
<p>Certificate of Existence and Legal Representation of the Tenderer, or its members if it is a Plural Tenderer. If it is a foreign person, the equivalent document evidencing its existence and indicating the name of its legal representative.</p>	<p>In the case of Plural Bidders, the modality in which they will participate in the process must be indicated, whether Consortium or Temporary Union or Promise of Future Company. In the latter case, it must be a sole proprietorship. The Plural Bidder must comply with the other conditions established in the Bidding Documents and Bases of Specific Conditions, which shall include the joint and several liability regime among the partners with respect to the obligations acquired in the awarding of the Temporary Occupancy Permission and the Maritime Concession.</p>	<p>Certificate stating that the Bidder, or one of its members, in the case of Plural Bidders, is domiciled in Colombia or declaring that the Bidder will consolidate with domicile in Colombia after the award.</p>	<p>Sworn statement of the economic ties of the Bidder and the members of Plural Bidders, showing the control situations.</p>



Long-term energy transition  
- rounds 2, 3... 7GW to 2040



Updating - network  
planning harmonization -  
Connection



Market mechanism. 4  
Alternatives under analysis



Port capacity and  
availability analysis for  
OSW.



Supply chain, industry and  
labor capacity analysis.



Environmental sensitivity  
map of the Colombian  
Caribbean.



Models of approach, work  
and consolidation with  
communities.

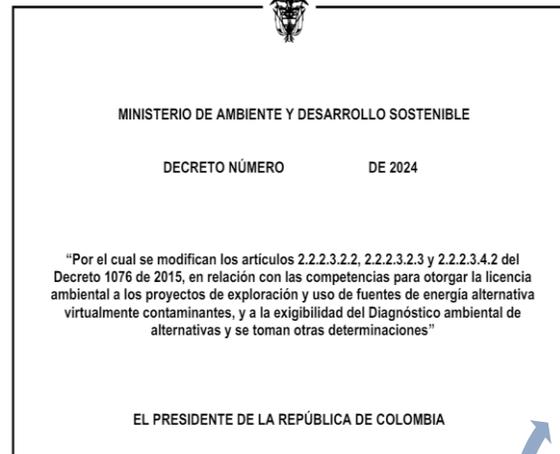


The distance condition for  
submarine cables is  
eliminated.



Data Room available for  
interested agents.

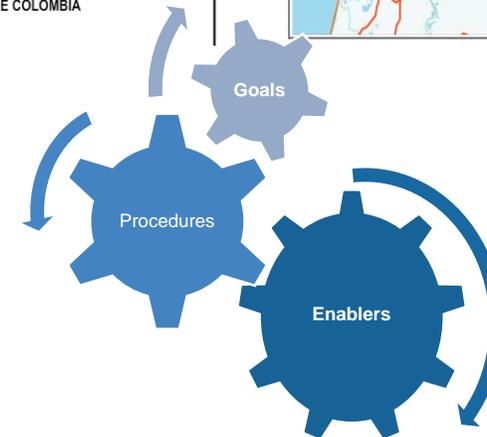
# Decision-making: articulation of a common vision



Identificación de mecanismos de comercialización de energía eólica costa afuera en Colombia – Tarea 3  
Definición de mecanismos de comercialización

A report to the World Bank  
APRIL 2024

- Interagency working group (visibility)
- Country-level strategy (PEN modernization)
- Cooperation and policy support round (promotion)





GRACIAS



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