

Serbian Anti-Corruption Council recommended to the Government of Serbia to reconsider the procurement concept of smart meters – IT equipment and measuring infrastructure, devices and integration of Electric Power Industry of Serbia, as well as the qualification requirements of the tender for the procurement of smart meters. The Council has reached this conclusion to come after the citizens' application in which it was pointed out that this public company by tender invitation restrict competition, prevent the participation of domestic manufacturers, and therefore the employment of the local economy.

In the conclusion of the Council states that by entering the qualifying criteria, which domestic companies cannot fulfill, EPS disabled domestic enterprises to be tenderers, either individually or in a consortium. This is contrary to the interests of society and the principles of the EBRD. So, it is not only that the domestic economy is not favored, but its participation in the tender is prevented.

By this tender EPS, according to a statement of the Council for the Fight against Corruption, set criteria preparing the ground for a foreign bidder. And firstly tender of 60 MEUR, and then work for three million meters worth 700 MEUR. That EPS leaves open the possibility that the domestic manufacturer be subcontractor has no importance, because every provider has an interest in selling their counter equipment, so it will not seek to obtain the counter of subcontractors.

The Council continues to claim that besides the qualification criteria that EPS determined, the procurement concept on which basis has been done a feasibility study has important shortcomings which are directly reflected in the technical justification for decisions and economic viability.

The Council reiterates that it is stated in the feasibility study that the counters acquisition is economically feasible, but that the procurement of communications infrastructure at this time is very risky, because the technology for communications infrastructure is in intensive development.

The Council, meanwhile, addressed EPS for clarification of certain questions – who, when and on what standards and criteria decided on the justification of procurement of electrical “smart” meters and based on which regulations, standards and criteria domestic competition is completely excluded in this procurement?

From EPS answers submitted to the Council for the fight against corruption, it is evident that there is no substantive response on some issues. By mentioned answers EPS created an appearance that was fully complied with all procedures in connection with the announcement of the tender and that the purchase at this time in any way exclude competition and domestic producers.

The analysis of the available documentation, which EPS submitted to the Council, it is evident that on the basis of the study of the procurement financed from EIB and EBRD loan in the amount of 80 MEUR and it does not apply the Law on Public Procurement.

Foreign banks insist on tender procedure regularly conducted and leave the purchaser EPS to determine what buys and under which conditions. The Council points out that EPS allegation that EBRD dictates terms of the tender are incorrect.

In connection with EPS allegations the Council contacted representatives of EIB and EBRD and on the question whether the bank lenders determine the tender conditions of procurement, or EPS performs it, responded that bank creditors perform verification tender conditions set by EPS.

EBRD representatives also informed the Council that EPS conducted the tender procedure in accordance with the rules of EBRD, and that the rules of the tender procedure for the public sector is defined in the section "Privacy and rules for public procurement", according to which the client, in this case EPS, determines the conditions of the tender. EBRD may revise the conditions laid down by EPS or to accept them.

EPS business interest is not to restrict competition, as EPS worked through the provisions of the tender documentation and nine clarifications of tender conditions. EPS has set the financial condition for participation in the tender for the amount of 75 MEUR of annual revenue last five years to the seller and fifteen MEUR for the consortium members. In doing so, the supplier can achieve the required income not from the sale of supplied goods but other items, by which are prevented small and medium-sized enterprises throughout the world, and all the local companies.

The Council believes that EPS introduced territorial discrimination requesting that a reference of 45 MEUR is in the area of Europe. This excluded the companies that have references in America, Asia and Australia.

EPS: domestic manufacturers to tender

"Electric Power Industry of Serbia" stands behind the counters that our producers can participate in the tender for the procurement of IT and metering infrastructure, devices and integration, which only partly includes the purchase of electric smart meters. This is confirmed by the fact that four bidders groups have been registered at the tender, of which domestic producers participate in three groups, said in a statement delivered by Politika". EPS considers that domestic counters producers can meet meter technical conditions for delivering electric smart meters, which are part of the tender documentation. Under EBRD rules, territorial discrimination is not allowed, which means that EPS was not able to prohibit foreign companies to participate in this tender.

The letter says that "EPS managed, in spite of very strict EBRD rules, to reduce the general evaluation criteria". "For example, the annual turnover, where the bank provides that the bidder must have at least 2.5 times more traffic than the estimated value of the transaction, which in this case would mean 145 MEUR, EBRD has accepted EPS's proposal that it be 75 MEUR, to allow the participation of as many bidders".

Technical specification is an integral part of the tender, and it was prepared on the basis of

the Feasibility Study, which was adopted and approved at the meeting of the Council on May 26th, 2014th, whose members, in addition to EPS representatives, were representatives of the Institute “Nikola Tesla” and Institute “Mihajlo Pupin” and the Faculty of Electrical Engineering. EBRD also gave consent to the technical specifications and assessed it as extremely successful and well prepared.

Door of “Electric Power Industry of Serbia” are open to the Anti-corruption Council and all state organs, which may examine the validity of the tender process, says at the end of the EPS press release.