INVITATION FOR EXPRESSION OF INTEREST
TO ACT AS SPECIALIST TARIFF ADVISOR
TO THE HELLENIC REPUBLIC ASSET DEVELOPMENT FUND
IN RELATION TO EYDAP SA AND EYATH SA

July 19th, 2012

1. Introduction

1.1 Whereas, pursuant to the provisions of:

a) Law N. 3985/2011 “Medium Term Fiscal Strategy 2012-2015” (Government Gazette nr. A’ 151/2011), the Medium Term Fiscal Strategy 2012-2015 was adopted, together with the “Privatizations Program 2011-2015” (Chapter B’, Part II), which includes, inter alia, the privatization of the Athens Water Supply & Sewerage Company S.A. (“**EYDAP**”) and the Thessaloniki Water & Sewerage Company S.A. (“**EYATH**”)”.

and

b) Law 4046/2012 “Approval of the Draft Financial Assistance Facility Agreements between the European Financial Stability Fund (EFSF), the Hellenic Republic and the Bank of Greece, the Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece and other urgent provisions for the reduction of public debt and the rescue of the national economy” (Government Gazette A’ 28)

1.2 Whereas:

1.2.1 According to Law 3986/2011, the Hellenic Republic Asset Development Fund S.A. (the “**HRADF**”) is responsible for the implementation of the privatization program of the Hellenic Republic (the “**HR**”).

1.2.2 EYDAP has the exclusive right to provide W&S services in the greater Athens area through a 20-year concession agreement with the HR, effective from 09.12.1999. Currently, the HRADF holds 61,33% of the ATH.EX listed EYDAP’s share capital;

1.2.3 EYATH has the exclusive right to provide water and sewerage (W&S) services in the greater Thessaloniki area through a 30-year concession agreement with the HR and EYATH Fixed Assets, effective from July 2001. Currently, the HRADF holds 74,01% of the ATH.EX listed EYATH’s share capital;

1.2.4 In the context of the privatization process of EYDAP and EYATH (the “Privatizations”), the HRADF is seeking to employ a Specialist Tariff Advisor (STA) to design a water & sewerage tariff structure to ensure economic efficiency and sustainability for Athens and Thessaloniki Water and Sewerage Companies accordingly, as well as to ensure consumer willingness/ability to pay for the provided W&S services.

2. Scope of work:

The STA's scope of work is envisaged to be implemented in three phases:

- Phase 1: Analysis of Existing Situation
- Phase 2: Development of Tariff Strategy
- Phase 3: Development of Model

2.1 Phase 1: Analysis of Existing Situation

The STA will review and analyze existing tariff structure/mechanism applying to the two W&S companies including the following:

2.1.1 Existing tariff setting mechanism.
2.1.2 Revenue generation achievement, ability to cover costs and investment return rates.
2.1.3 Customer billing records, management and Key Performance Indicators (KPIs) (e.g. billing ratio and collection ratio, identification of user classes, billing variations).
2.1.4 Metering practices, costs and effectiveness.
2.1.5 Benchmarks with international norms for water/sewerage charging.
2.1.6 Consumer willingness/ability to pay.
2.1.7 Company fund reserves.

Further to the review and analysis mentioned above, the STA is expected to closely liaise with the HRADF's Technical Advisor (TA) already employed and utilize the TA's findings on EYDAP and EYATH's Operations and Maintenance Costs (O&M – payroll, power, fuels, lubricants and chemicals, materials, supplies and equipment, etc), as well as, Capital Costs (tangible and non-tangible assets).

Moreover, the STA will closely interface with the TA on the review and evaluation of EYDAP and EYATH's level of service for both water supply (i.e. quantity, quality and pressure levels provided) and wastewater (adequacy of disposal and treatment). In conclusion of Phase 1, the STA will deliver an "Existing Situation Report".

2.2 Phase 2: Development of Tariff Strategy

Following the review and analysis of Phase 1, the STA is expected to engage in the following activities:

2.2.1 Evaluation of applicable water/sewerage tariff structures and identification a suitable tariff structure for EYDAP and EYATH.
2.2.2 Formulation of optimal tariff-setting strategy for EYDAP and EYATH, incorporating recommendations on asset, company management, supporting system, process and procedural improvements.

The aforementioned strategy and structure is expected to provide clarity, amongst others, on issues such as revenue requirements for both companies, rate of return and regulatory asset base determination, investment incorporation and other issues to be identified in the course of the provision of services. In conclusion of Phase 2, the STA will deliver an "Optimal Tariff Strategy for EYDAP & EYATH".

2.3 Phase 3: Development of Model

Based on the chosen (optimal) tariff strategy and structure, the STA, in collaboration with the HRADF's Financial Advisors (FA) and TA, will create a Model of the costs and revenues to determine fiscal viability for both EYDAP and EYATH. Furthermore, the STA will be expected to provide assistance to the HRADF regarding relevant communication with EU, or other competent authorities.

3. Necessary Qualifications

3.1 The interested firms are kindly requested to submit an offer in writing, which should include the following:

- 3.1.1 Proven track record and relevant expertise in providing relevant services related to national authorities.
- 3.1.2 Experience in regulatory advanced international market(s) in their respective W&S sector(s) is a precondition.
- 3.1.3 Proposed team composition (and its proposed structure) including relevant experience. Emphasis will be placed on the qualifications and relevant experience of the team leader and team members assigned to the project.
- 3.1.4 Presentation of methodological approach, proposed deliverables and timetable.
- 3.1.5 Fee structure including cap for fees and expenses for the term of the engagement.

3.2 Estimated Duration of the engagement: Maximum three (3) months

3.3 Budget: The maximum budget for the engagement is Euro 150,000 plus VAT.

4. Selection Process

The engagement will be awarded in accordance with the provisions of the Procurement Regulation of the HRADF approved by decision of the Minister of Finance (Government Gazette B' 2241/06.10.2011) as amended and restated by decision of the Minister of Finance (Government Gazette B' 1695'/16.05.2012). The assessment shall take into consideration the above mentioned in section 3 "Necessary Qualifications", the fee proposal, according to the procedure mentioned in Articles 2.2 and 3 of the above Regulation.

The HRADF will evaluate proposals against the criteria set out in section 3 above and may require clarifications, additions or adjustments of the submitted offers as deemed necessary. Following this evaluation process, the three (3) candidates with the best submitted offers will be invited to present their proposals and project teams to the HRADF for final assessment.

The HRADF reserves, at the fullest extent possible and at its exclusive discretion, the right to cancel, suspend, amend or postpone for a later time this procedure, without any prior notice, as well as to terminate any negotiations or discussions at any stage of the process, without incurring any liability whatsoever as against any participant and/or any third party. The interested parties acknowledge the above rights of the HRADF and waive any right for any future claims arising from this invitation for expression of interest.

Interested parties should submit their offer, together with detailed CVs of the proposed team for the engagement and any other documentation that prove the firm's and the team's experience and expertise via e-mail to the **Hellenic Republic Asset Development Fund S.A.** at the e-mail address ykomninakidis@hraf.gr marked "**INVITATION FOR SUBMISSION OF PROPOSALS FOR PROVISION OF SPECIALIST TARIFF ADVISOR SERVICES TO THE HRADF IN RELATION TO THE PRIVATIZATION OF EYDAP AND EYATH**". Additionally, a hard copy of such offer may also, at the discretion of the interested parties, be submitted, in a sealed envelope, at the offices of the HRADF (1, Kolokotroni & Stadiou Street, 7th Floor, Postal Code: 105 62, Athens, Greece). Offers must be submitted not later than August 3th 2012, 17:00, Athens time, irrespective of the way of submission.