



# THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

## MAJOR CONTRACTS & CLAIMS BOARD

**Confidential**

**TENDER PART A - Strategy & Contract Plan**

**Submission Date: 14 Feb, 2024 01:10**

Contract ID: CW840164  
Contract Title: Corporate Metering Systems Maintenance Services  
HSE Mode & Risk: Mode-1 - Medium  
Estimated Contract Value: FUSD 67,640,942.60  
Proposed Contract Start and End Date: 01 Sep, 2024 to 31 Aug, 2031

### EXECUTIVE SUMMARY & RECOMMENDATION

- ☐ Contract Strategy and Advert for the Provision of Corporate Metering Services
- ☐ Double Envelope (Technical and Commercial Evaluation) open tender for the Provision of Corporate Metering Services among bidders in NiPex under the Product Group: 1.10.06 - Metering Equipment and Systems.
- ☐ Negotiation Mandate of Aspiration – 100% of Company Estimate and Walk away - 110% of Company Estimate in the event of the lowest bid being higher than 110% of the Company Estimate
- ☐ Basis of Award including Technical and Commercial Evaluation Criteria
- ☐ To issue Technical /Commercial Invitation to Tender (ITT)

### SECTION A: ASSESS DEMAND & SUPPLY

#### BUSINESS REQUIREMENTS AND SCOPE

##### Brief Summary of Scope of work

Maintenance Management Program and Execution for the maintenance and calibration/validation of metering systems across the SPDC assets and will typically include scheduled and unscheduled maintenance routines and any necessary repairs. Also, replacement parts and inventory management support shall be provided by this contract service to minimize downtime due to spare parts unavailability.

The services are required across SPDC flow stations and Terminals. The services include the following

- Fiscal/Custody Transfer Meters – LIQUID METERING
- Allocation/Production Meters – LIQUID METERING
- Fiscal Gas Meters – GAS METERING
- Flare Gas Meters – GAS METERING

##### Brief Justification:

The objective of the contract is for the engagement of metering vendors to create a demonstrably robust method of maintaining statutory and regulatory compliance and industry best practice of all the metering systems in SPDC, as well as to ensure compliance with Crude Handling and Gas Sales & Purchasing Agreements with third parties injectors and gas customers respectively.

To provide and increase the availability as well as to sustain business continuity and reduce exposure to financial risks associated with measurement inaccuracies.

The contract seeks to provide to meet SPDC's fiscal/custody transfer and allocation metering requirements and specialist support to undertake validation/calibration, maintenance, spares supply, and health checks of the metering systems for Oil and Gas produced, exported, and sold.

Below are some of the consequences due to the high risk/exposure of not having the requisite support of the above services in SPDC hydrocarbon management system.

- Suspension/Withdrawal of LTO.
- USD2m / month regulatory fines.
- Allocation loss of up to 2% of Net Oil production monthly
- Inaccurate accounting and forecasting.
- Loss of revenue due to inaccurate measurement equivalent.

### MARKET CONDITIONS

#### MARKET DYNAMICS

Market Dynamics	Impact on Contract
Macro-economic effects of inflation and exchange rate instability	10% contract rate escalation every 2 years on the condition of satisfactory contractor performance

The service is highly regulated and monitored by the Regulatory agency – NUPRC.	NUPRC certification will be a key document to be submitted by the bidders in the technical evaluation and considered for progress to the commercial phase.
---	--

ALTERNATIVE STRATEGIES CONSIDERED i.e. applicable if not competitive tendering

Alternative Strategy	Why Not Pursued
----------------------	-----------------

BASIS OF AWARD/BIDDING STRATEGY

Market Approach	Reason
Joint Technical and Commercial (Double Envelop)	
Technical evaluation pass mark - 60%	
Planned Pre-bid meeting	
Post tender negotiation plan - if the lowest bidder's quote for any of the packages is higher than the company estimate	
1. Technically qualified lowest bidders a. 5 contracts (3 for oil metering and 2 for gas metering) b. Oil metering: 50/30/20 in ascending order of bids from lowest bidder. Gas metering: 60/40 in ascending order of bids from lowest bidder. Contract award will be proposed to the bidder with the lowest estimated contract value not less than 60% of the Company Estimate derived by applying tendered rates to notional quantities. Company Estimate will be reflective of current industry market averages. Bidders shall be technically assessed and qualified across both packages; Oil metering and gas metering. Successful vendors may be awarded contracts in both buckets subject to evaluation outcomes.	

NEGOTIATION POINTS (where applicable)

Aspiration	Fall Back	Walk Away	Negotiation Lever
		100%	Price

CURRENT & POTENTIAL SUPPLIERS

Bidder Name	IDD Status	Vendor Number	Justification
-------------	------------	---------------	---------------

TRADE COMPLIANCE

Major Scope	Incoterms	Remarks
Spares procurement	Free Carrier (FCA)	
Maintenance services	Not Applicable	Services only

## SECTION B: DEVELOP & SELECT STRATEGY

VALUE OPPORTUNITIES

Value Type	Opportunity Description	Value/Benefits	Type of Savings	Potential Value
------------	-------------------------	----------------	-----------------	-----------------

PRE-AWARD RISK ASSESSMENT

Risk Description	Impact/Likelihood	Mitigating Action	Action Owner
Scope Clarity	Medium	Ensure that the scope of work is reviewed by relevant Technical Adviser/SME	Contract Holder

NIGERIAN CONTENT DEVELOPMENT (NCD)

Work Category	Schedule Target	Country Capacity	Measurement Metrics	Proposed Action
---------------	-----------------	------------------	---------------------	-----------------

Instrument Testing/Calibration Services	85	100	Man Hours	Nil
---	----	-----	-----------	-----

#### NIGERIAN CONTENT PLAN

Subject	Compliance Actions
Human Capital Development	3% To be channelled into the Centralized HCD Account
Technology Transfer	Not Applicable
Expat Quota	Expatriates, if any, must possess duly approved NCDMB Temporary Work Permits prior to mobilization.
Research & Development	Not Applicable
Nigerian Content Equipment Certificate	Contractor MUST possess valid NCEC for the work category, in order to participate/ qualify for award.
Capacity Development Initiative	HCD provision to be deployed in the training of local manpower
Community Content & Involvement	Vendors to be encouraged to engage qualified manpower from the Niger Delta community and make efforts to develop local capacity
Marine Vessel Utilization	Not Applicable

#### TECHNICAL & COMMERCIAL EVALUATION

Evaluation Criteria	Comment
legal and statutory requirements	NUPRC certification is required to provide metering services. Vendor must be a registered with the CAC in Nigeria
project management capability	Organisational set up and management will be considered
Resources & technical knowledge	Curriculum Vitae of key personnel will be assessed.
HSE	HSE Capability Assessments will be done for all bidders
Finance	Bidders must be financially capable and pass the financial performance metrics assessment e.g. acid test, liquidity ratio etc
Award to the lowest commercially viable and technically qualified bidder.	The lowest bidder quoted rates shall be adjudged as realistic and technically acceptable based on verifiable supporting documentation from OEM, market prices,
	Previous experience in the performance of the scope is critical

#### COMMERCIAL TIMELINE

Activity	Target Completion Date
Issue Technical ITT	23-03-2024
Commercial Evaluation	24-06-2024
MCB/CC submission	23-07-2024
Technical Evaluation	14-05-2024
Nigerian Content Compliance Certification/ NUIMS Submission	30-07-2024
Contract Award	30-08-2024

#### KEY PERFORMANCE INDICATORS

Business Objective	KPI	Target	Frequency Measured
HSSE	Total Recordable Case Frequency (TRCF)	0	Monthly
Statutory compliance	Statutory compliance actions due	0	As required

## SUPPORTING DOCUMENTS

Supporting Document	Link to Document
CITT	<a href="#">CITT</a>
Commercial Evaluation Criteria	<a href="#">Commercial Evaluation Criteria</a>
Business Risk Assessment	<a href="#">Business Risk Assessment</a>
Draft Contract Document	<a href="#">Draft Contract Document</a>
Estimated Contract Value	<a href="#">Estimated Contract Value</a>
Draft Advert	<a href="#">Draft Advert</a>
NC Plan	<a href="#">NC Plan</a>
Technical Evaluation Criteria	<a href="#">Technical Evaluation Criteria</a>
TITT	<a href="#">TITT</a>

## SECTION C: STAKEHOLDER SUPPORT/APPROVAL

Supply Chain Commercial Manager	Contract Owner	CC/MCB Chairman
<i>Reviewed and approved for CC/MCB and confirms alignment with approved Category Strategy (Global Category Strategy &amp; Pure Service Model where applicable) &amp; NOGICD Act</i>	<i>Reviewed whole submission and confirms support from HSSE and Fin. (including adequate budget cover and approved GIP). Confirm support from Technical Authority/SMEs and GM support where relevantt</i>	
Approved - 14-02-2024	Approved - 14-02-2024	Approved - 07-03-2024
C.Okpoechi	G.Omokaro	Cj.Akwaeze