

CONFIDENTIAL

THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED
MAJOR CONTRACTS BOARD

Ref: SPDC_MCB_21_46

MINUTES OF MCB MEETING NO.21_46
HELD ON MONDAY 20TH OF DECEMBER 2021 AT 2.00PM
VENUE: MICROSOFT TEAMS MEETING

SPDC_MCB_21_46_4

PROVISION OF MAINTENANCE, ENGINEERING AND PROJECTS SUPPORT SERVICES
(MEPSS) - NG01020709 (CW212127)

PART A – CONTRACT STRATEGY AND PLAN – ADDENDUM

The objectives of this submission are to seek MCB approval for:

1. Revise the previous MCB approved contract strategy in line with NAPIMS directives of October 28, 2021 as follows:
2. Progress a single tender with harmonized scope and split into 2 major buckets at award stage for SPDC/JV and SNEPCo respectively.
3. The combined SPDC/JV and SNEPCo Advert to be published in NIPEX portal and in the National Dailies.
4. Multiple awards of 15 (Fifteen) contracts for SPDC/JV to technically qualified lowest bidders at specified split ratios below:
 - o Category-1: Facilities Maintenance & Operations Support (12 contracts)
 - o Category-2: Offshore Engineering & Maintenance Services (3 contracts)
5. Revision of Contract duration from Two (2) firm years to Five (5) firm years with an option of one (1) year extension
6. Revision of Estimated Contract Value (ECV) to align with updated contract duration above.
7. Currency split of 60% to 40% for Naira (NGN) and USD (\$) respectively.

DISCUSSIONS:

MCB Comments & Clarifications:

1. MCB enquired the risks of combining SPDC and SNEPCO and the mitigation. Team replied that they have identified some red threads and they include: Potential Antitrust and Corporate separateness risks. Antitrust SME and Legal were extensively engaged and their steers were that the different scopes by the 2 entities (SNEPCo & SPDC) remain separate at Advert, Tender evaluation, and award stage respectively. To this end, the buckets/categories have been clearly marked (Exhibit A- SNEPCo & B- SPDC) in the Advert and same would be done in the TITT and CITT to allow bidders to identify package(s) that belongs to each of the OUs. Any bidder registered in the approved NJQS Product Categories and active as at Advert closing date in NiPEX is free to participate in the tender, but their bids must be clearly labeled indicating the bucket/category/company of their choice.
2. MCB asked if CMT considered the economics between LEASE and ownership of some items. Team responded that CMT had presented only the changes to the earlier MCB approval for consideration this time. However, CMT shall further explore the commerciality of leasing versus procurement on some of the high spend items to assure value for money as the indicated demand (qty) on the services line items are notional.
3. MCB asked why the contract has not been put as a full services-based contract. Team replied that some scope of the contracts have been updated to service contracts in collaboration with the Shell Global (MSC/MICA) team based on market maturity and ease of implementation.
4. MCB asked reason for the burden at 70%+ with mark-up at 20% (for Category C & D package). Team replied that the intent is to show total cost of each service lines to enhance commercial evaluation and mitigate against low bids, otherwise there could be huge impact on take home of existing resources with

potential impact on business continuity. Nonetheless, the Commercial Evaluation template to be issued to the bidders will only show the column reflecting the “total offer price”. Team further stated that they had clearly defined scope in the contracts and the services rates were derived in line with applicable statutory burden to determine “the should” cost as earlier reviewed with the Global team (MSC/MICA). CMT also informed that the increase in ECV was due to extension of the contract duration from 2+1 to 5+1, as directed by NAPIMS.

5. MCB asked if the team has reverted to NAPIMS on the merged tender. Team replied that they have received NAPIMS clarification on the merged tender and the alignment presented to the MCB is in line with NAPIMS steers, MCB further asked if this is agreement with NAPIMS is documented. Team responded in the affirmative.

DECISION: **Conditionally Approved**

DIRECTIVES:

1. Team to consult the Finance team on the economics between LEASE and ownership of some items – **Extensive consultation was held with Finance, and the Finance team conducted a commercial analysis/comparative review, the outcome of the buy/lease decision quantitative/qualitative analysis shows that there is a clear advantage of leasing the units over buying for the life of the proposed contract. Hence, Finance supports the lease option - Done, ref Attachment 1**
2. Team to update currency in the proposal to source currency. **Done, Company Estimate was built using the source currency of the listed activities and services**
3. Team to review the proposal with Charles to ensure the strategy does not violate the Red Threads - **The key red threads identified are Antitrust, Legal and Worker Welfare. Antitrust SME clearance has been secured for Strategy and Advert while the ITT package shall be reviewed prior to publication. On Legal & Worker Welfare, the Procurement Contracts and ancillary documents outlined in the Model Contract Library shall be deployed with all applicable clauses hardwired to communicate Company’s contracting position. In addition, prior to award, further risk assessment will be undertaking to assess and determine the Contractor Capability to manage the Worker Welfare. SC Excellence Manager also advised that the work scope documentation clearly describes what constitutes the service so that all bidders pricing for the service links the scope to the commercial template to avoid misconception that suggests manpower contract. Ref Attachment 2**
4. Team to provide the minutes of alignment meeting with NAPIMS. - **Done, ref Attachment 3 – Minutes with NAPIMS**

TARGET DATE:

17th of January 2022

ACTION:

Victory Eyiye, Brian Arodiogbu, Eytayo Balogun (CH) & Emmanuel Adesanya (CM)

POST MEETING:

Team provided a revised submission in line with MCB steers above. Thereafter, submission was progressed for signoff

DECISION:

Approved
