



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

MAJOR CONTRACTS BOARD SUBMISSION

Confidential

Part C – Variation Order No. 1

Date: 12th Aug 2020

Category	NLNG Supplies Projects	Contract ID:	CW230907
		SAP Contract No:	4610051473
Contract Title:	Installation of Back-Up Power and Ancillary Services for K2S Project		
HSE Mode & Risk	Mode 2 High Risk		
Contractor:	Morpol Engineering Services Limited		
Agenda Item	(TB secretary to complete)		
	F\$	Expiry Date	
Original ACV	5,760,000.00	15/07/2021	
Value of VO's approved to date	NA	NA	
Current ACV	5,760,000.00	15/07/2021	
Delegated Authority (YES or NO)	YES	NA	
Value of commitments made to date	3,100,296.61	NA	
Value of this VO request	NA	NA	
Requested new ACV	NA	NA	
Proposed expenditure while pending NAPIMS approval	4,320,000.00	15/07/2021	

OBJECTIVE OF THIS SUBMISSION IS TO OBTAIN APPROVAL FROM SCC/MTB DELEGATED AUTHORITY FOR:

- 1% discount (7% to 6%) on reimbursable/mark-up due to OEM Personnel Training in Nigeria with no impact on ACV achieved during the low oil price negotiation.

Stakeholder Endorsement:

	GM CP	Contract Owner
	Reviewed and approved for submission to MTB and confirms: <ol style="list-style-type: none"> Alignment with approved Category Strategy (& Global Category Strategy where applicable) Compliance with the NOGICD Act & Community Content commitments. 	Reviewed whole submission and confirms support from: <ol style="list-style-type: none"> Finance [insert name] - for the financial aspects of the submission, including adequate budget cover/JV Partner approval to ensure full cost recovery/approved GIP in place (if applicable) HSSE [insert name] - HSSE consideration and requirements are met.
Signature	DocuSigned by: <i>Anthony Ellis</i>	DocuSigned by: <i>Turner, Martyn D SPDC-PTP/AM</i>
Name	F0DD5C64347E4FB...	171DF06D96AA495...
Date		

Approval:

Finance Director	
Signature	DocuSigned by: <i>Ian Scott</i>
Name	DED30811EC31434...
Date	

Declaration:

Signatories to this submission acknowledge that they have read and understood the Conflict of Interest Policy in SEPCIN and that they do not have any direct or indirect arrangement or relationship with any other person or company that breaches the requirements of that Conflict of Interest Policy, or that they have fully disclosed any potential Conflict of Interest to the Contract Owner, CP Manager and the Supply Chain Council/Tenders Board.

SECTION A: CHANGES

REFERENCES & APPROVAL DATES FOR PREVIOUS APPROVALS

CC Approval of strategy	21/12/2018
NAPIMS approval of strategy/Draft ITT	04/07/2019
NCDMB approval of commercial ITT	19/08/19
NAPIMS & SPDC sign-off of commercial evaluation summary	29/08/19
NCDMB Final Commercial Report	07/10/19
MCB Approval of Award	10/12/19

REASON FOR THIS VARIATION ORDER

This variation order is to reflect the 1% discount (7% to 6%) on reimbursable/mark-up due to OEM Personnel Training in Nigeria with no impact on ACV.

JUSTIFICATION

This is the outcome of the low oil price negotiation on this contract.

FINANCIAL STATUS

Original ACV (a)	Total value of all previous VOs (b)	Commitments to date	ACV for this VO (c)	Total value of all previous VOs + this VO/Original ACV (b+c)/a
F\$	F\$	F\$	F\$	F\$ (%)
5,760,000.00	0	3,100,296.61	0	0

IMPACT OF THIS VO

This VO has no impact on ACV but discounted rate will be applied on reimbursables when the activity is executed.

PRICING STRUCTURE FOR THIS VO

NA

SECTION B: POST AWARD CONTRACT MANAGEMENT

CONTRACTOR PERFORMANCE

Contractor performance under this contract including details of KPI's and review dates. Highlight any performance issues (including HSE management, NCD) and support required.

Performance Assessment, rating based on Good/Adequate/Inadequate.

Good: Fully satisfied expectations, met requirements without support; no identifiable improvements

Adequate: Generally satisfied expectation & met requirements but needed support to ensure required performance was achieved

Inadequate: Contractor standard of performance below that needed for repeat business; severe deficiencies in service performance

Management	Commercial	Technical	HSES	Overall
Adequate	Adequate	Good	Good	Adequate

CONTRACT MANAGEMENT

NA

NIGERIAN CONTENT EXECUTION PLAN

NA

NIGER DELTA CONTENT /COMMUNITY CONTRACTING EXECUTION PLAN

NA

RISK MANAGEMENT

NA

GOAL ZERO CONTRACTOR HSSE REEQUIREMENTS

Comment as appropriate on validity of applicable Goal Zero Contractor HSE assurance actions below: [Click here](#) for checklist.

- i) Risk Assessment – State: Remains valid at Mode 1/2/3 L/M/H Risk OR Reassessed at Mode 1/2/3 L/M/H Risk.
- ii) CH Appointment Letter – Confirm letter in place for correct CH per Omnicom/SAP –YES/NO.
- iii) HSE Capability Assessment – State: Not Applicable or Remains valid at Green/Amber Banding or Reassessed at Green/Amber banding and/ OR Improvement Plan attached.
- iv) Contract HSSE Action Plan OR HSSE Plan – State: Not required / Remains valid / Has been updated.

DELEGATED AUTHORITY	APPROVERS	Delegation Exercised (Yes/No)
Time extension without ceiling increase/financial implication	PU CP Manager +Contract Owner	No
Ceiling increases due to exchange rate fluctuations (currency risks)	GM CP +Contract Owner +Finance Director	No
Time extensions with ceiling increase at same rate and conditions, with no cost recovery exposure.	GM CP +Contract Owner +Finance Director	No
Time extensions with ceiling increase at same rate and conditions, with no cost recovery exposure.	GM CP +Contract Owner +Finance Director	No
Contract rate reductions without impact on contract ceiling.	GM CP +Contract Owner +Finance Director	Yes
Items under provisional sum already approved in ACV	SPM Projects +Contract Owner +B	No
Amendment to parties clause to reflect Contractor's association with parent/sister company or foreign partner	PU CP Manager +Contract Owner +Legal	No
Waiver for progressing HSSE red Banded vendor to award stage	GM CP + GM HSE + GM Line	No
Change to supplier contracting entity if covered by novation clauses	GM CP + Relevant FD	No

At Pre-award, allow the relevant Line General Manager, HSE General Manager and Senior Procurement Manager, with documented support from approve changes provided the changes are not based on the following: a. Change in Pricing Mechanism or estimated contract value b. Change in Sourcing strategy (from Open Tendering to selective/sole source or vis versa where opening Tendering may throw up some risks that led to initial selection of Sole Source) c. Change in Market conditions (specifically impact of new Technology, innovations and key player exit from market)	Line GM + Relevant SPM +HSE GM (where related to HSSE) after support from TA -1	No
Delegate approval of Standard Technical Evaluation Criteria, Draft Advert & Product Category List to Line GM and SPM after endorsements from Technical Authority 1, HSE Assurance & GM NCD	Line GM + Contract Owner + HSE Assurance +GM NCD TA-1 +SPM	No
Material Price Agreements may be rolled over into new contracts upon expiry of validity period or exhaustion of ACV subject to the following: a. Within SPDC / SNEPCO discretionary approval threshold b. No increase in the OEM EXWORKS and Markup values specified in the original Schedule of Rates	Sourcing Manager, COE or any EC-4 SPM	No