



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

MAJOR CONTRACTS BOARD SUBMISSION

Confidential

Part C – Variation Order No.

Date: 26th Aug 2020

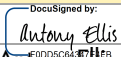
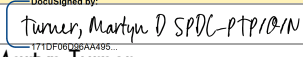
Category	NLNG Supplies Projects	Contract ID: SAP Contract No:	CW312263 4610039789
Contract Title:	SOKU NAG COMPRESSION FACILITIES INSTALLATION PROJECT (SNC-2)		
HSE Mode & Risk	Mode 2 High Risk		
Contractor:	ALCON Nigeria Limited		
Agenda Item	(TB secretary to complete)		
	F\$	Expiry Date	
Original ACV	46,750,763.90	29/04/2015	
Value of VO's approved to date	83,572,653.79	31/12/2022	
Current ACV	130,323,417.79	31/12/2022	
Delegated Authority (YES or NO)	YES	NA	
Value of commitments made to date	59,917,518.54	31/12/2022	
Value of this VO request	NA	NA	
Requested new ACV	NA	NA	
Current level of NAPIMS approval	53,642,452.30	31/12/2022	
Proposed expenditure while pending NAPIMS approval	130,323,417.79	31/12/2022	

OBJECTIVE OF THIS SUBMISSION IS TO OBTAIN APPROVAL FROM MCB DELEGATED AUTHORITY FOR:

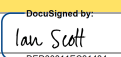
- 5% discount (from 15% to 10%) on all reimbursable/mark-up with no impact on ACV
- 2% reduction on rates for variation

Being the outcome of the low oil price negotiations with Contractor.

Stakeholder Endorsement:

	GM CP	Contract Owner
	Reviewed and approved for submission to MTB and confirms: 1. Alignment with approved Category Strategy (& Global Category Strategy where applicable) 2. Compliance with the NOGICD Act & Community Content commitments.	Reviewed whole submission and confirms support from: 1. Finance [Adediran, Adewale] - 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) 2. HSSE [Sanu, Gbolahan] - HSSE consideration and requirements are met.
Signature		
Name	Antony Ellis	Martyn Turner
Date		

Approval:

Finance Director	
Signature	
Name	
Date	

Declaration:

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Major Contracts Board Submission

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

MTB Approval of strategy	09/04/18
NAPIMS approval of strategy	08/06/18
NCDMB approval of strategy	19/06/18
MCB Approval of Award	20/09/19

REASON FOR THIS VARIATION ORDER

This variation order is to reflect the 5% discount (from 15% to 10%) on all reimbursable/mark-up with no impact on ACV and the 2% reduction on rates of variation.

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\$ (%)
46,750,763.90	83,572,653.79	59,917,518.54	0	178

IMPACT OF THIS VO

This VO has no ACV impact but potentially impacts the provisional sum, with savings to be tracked when the Purchase Orders are issued.

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
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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				
<p>Comment as appropriate on validity of applicable Goal Zero Contractor HSE assurance actions below: Click here for checklist.</p> <p>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.</p> <p>ii) CH Appointment Letter – Confirm letter in place for correct CH per Omnicom/SAP –YES/NO.</p> <p>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.</p> <p>iv) Contract HSSE Action Plan OR HSSE Plan – State: Not required / Remains valid / Has been updated.</p>				

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