



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

MAJOR CONTRACTS BOARD SUBMISSION

Confidential

Part A1 Addendum 01 – Strategy & Contract Plan

Date: 23/06/2023

Category	Line Pipes & Umbilicals	Contract ID	CW523902 (previously CW389702)
Contract Title	CORPORATE CALL-OFF CONTRACT FOR SUPPLY OF BARE LINE PIPES AND BENDS.		
HSE Mode & Risk	Mode 3 Medium risk	Segmentation Click here	Operational
Estimated Contract Value (ECV)	USD/Naira/ (ECV to be sent to MCB secretary)		
Proposed Contract Start and End Date	Q4 2023 – Q2 2026	Extension options	1 year

EXECUTIVE SUMMARY & RECOMMENDATION

To seek approval from MCB for:

- Revised Contract Strategy as follows:
 - ✓ To implement new NC Policy on procurement of Bare Line Pipes (supply of 60% scope by Line pipe manufacturing vendor and 40% scope by Line pipe coating or threading vendor) in compliance to NCDMB guidelines.
 - ✓ Open commercial Bid and progress with increase in number of split awards from Two (2) to Five (5) upon receipt of a formal approval from NUIMS.

Stakeholder Support/ Approval:

	Supply Chain Commercial Manager (SCCM)	Contract Owner	MCB Chairman
	Reviewed and approved for MCB and confirms alignment with approved Category Strategy (Global Category Strategy & Pure Service Model where applicable) & NOGICD Act.	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 relevant	

Signatures:

Name & Date	Chioma Okpoechi	Okey Anozie	
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Dedation:

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: ASSESS DEMAND & SUPPLY
BUSINESS REQUIREMENTS AND SCOPE
Same as in approved Part A

MARKET CONDITIONS

GLOBAL STRATEGY FIT: Has the global team or category manager been engaged? Is there an existing EFA? Yes/No. If yes, update table below.
Provide key Insights from engagement with global team (bullet points)

MARKET DYNAMICS

SN	OUTCOME OF MARKET ANALYSIS	STRATEGIC ACTIONS TO BE TAKEN
1	Same as in approved Part A	
2		

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

SN	ALTERNATIVE	REASON ALTERNATIVE IS NOT PROGRESSED
1		
2		

BASIS OF AWARD/BIDDING STRATEGY Technically acceptable and commercially lowest/OEM/Single or multi award. State envisaged commercial risk(s) associated with award and mitigation plan

SN	Market Approach	
1	Joint Technical and Commercial (Double Envelop)	<u>Double Envelop</u>
2	Planned Pre-bid meeting	<u>Yes – before closure of advert</u>
3	Technical evaluation pass mark	<u>Pass Fatal Flaw and score 60%</u>
4	1. Basis of Award a. Number of awards – Change from 2 awards to 5 awards b. Award strategy -	a) <ul style="list-style-type: none"> Separate Technically qualified Bidders into 2 Categories – (1) NCDMB Line Pipe manufacturing vendors/Partners (2) NCDMB Line Pipe coating /Threading vendors/Partners. Multiple Award of a total of Five (5) contracts in equal ratio of 20:20:20:20:20 to the lowest and three others at the lowest bidder's rates Three (3) of the awarded contracts shall be to the Lowest bidder and two other technically qualified bidders from the Line Pipe manufacturing vendors/partner category in ratio 20:20:20 Two (2) contracts shall be to the Lowest bidder and the next lowest technically qualified bidders from the Line pipe coating/threading vendors/partner category in the ratio of 20:20 b) The awarded contract rates for all the contracts shall be the overall lowest bidder's rates from any of the categories.
5	Commercial Evaluation	Only successful bidders from the technical evaluation will have their commercial bids evaluated.
6	Post tender negotiation plan:	Yes (Mandate below) <ul style="list-style-type: none"> The derived market rates will then be offered to the next 4 lowest bidders. Lowest responsive bidder's rate shall be offered to the other bidders if the next lower bidder rejects the rates.

NEGOTIATION POINTS (where applicable):

Aspiration	Fall- Back	Walk-Away	Negotiation Lever(s)
- 20% of Company Estimate	Equal to company estimate	10% over company estimate	

CURRENT & POTENTIAL SUPPLIERS - State source of suppliers – If NipeX – State the NJQS Product group. Otherwise, update table below.

SN	Bidder Name	IDD Status	Vendor Number	Justification
	Vendors will be from NJQS applicable product group -2.01.01 - Pipes and Tubes			

TRADE COMPLIANCE

Major Scope	Incoterms – Service oriented contract	Remarks (<i>justification if not FCA</i>)
Materials	FCA	
Services	FCA	

SECTION B: DEVELOP & SELECT STRATEGY**VALUE OPPORTUNITIES** (Mandatory for Strategic Contracts. REF [Value Creation Guidance Note](#))

Value Type	Opportunity Description	Value / Benefits	Type of Saving (Cost saving/avoidance)	Potential Value (MM)
E.g., Price (20%)				
Standardize scope (40%)				
Specification (40%)				

PRE-AWARD RISKS ASSESSMENT

Risk Description	Likelihood/Impact	Mitigating Actions	Action Owner
All Red Threads Considered: Red Threads Checklist	(H / M / L)		
Market Economics and Dynamics	M/L	Use of Global EFA	CH & CM & GCM

NIGERIAN CONTENT**Nigerian Content Development (NCD)**

*Work Category	Schedule Target	Current In-Country Capacity**	Measurement Metrics	Proposed Action to close gaps
Steel Products	100% Tonnage	<10%	Tonnage	Evidence of partnership with investor or own investment towards establishment of a new Line pipe production, coating or threading mill or expanding existing capacity or a credible plan to achieve this, will be a critical criterion (fatal flaw) for bidder selection.

*List of relevant Work Category/Categories to the contract as defined in the *Nigeria Oil & Gas Industry Content Development (NOGID) Act 2010*

**Where the Nigeria Content in-country capacity falls short of set minimum targets by law an authorisation to import may be required for these categories.

b. Nigeria Content Plan (This is for ALL contracts >\$1m)

S/N	Subject	Describe actions to ensure compliance where applicable
1	Research & Development	N/A
2	Human Capital Development (HCD)***	N/A. This is a procurement contract.
3	Capacity Development Initiative (CDI)	N/A
4	Technology Transfer	N/A
5	Marine Vessel Utilization	N/A
6	Nigerian Content Equipment Certificate (NCEC)	Contractor MUST possess or partner with a contractor with valid NCEC for the work category, in order to participate/qualify for award.
7	Expat Quota (EQ)	N/A
8	Community Content & Involvement	The in-country mills are located in Port Harcourt, Abuja, Calabar and Lagos. The mill in Calabar, upon completion, and other mills when and if operational, will be encouraged to carry out structured off-site/on the job training programme for community workers with a view to upgrading them from unskilled to semi-skilled or skilled work force. NCD opportunities are negligible for the imported Line pipes and bend scopes.

***HCD requirements must be aligned with the pre-approved Nigeria Content Plan for the Project if any and also in line with the HCD Guideline.

TECHNICAL /COMMERCIAL EVALUATION CRITERIA

State the Technical and Commercial Evaluation fatal flaws or very critical criteria not in standard template (detailed Technical and Commercial evaluation should be attached)




SN	A. Technical Evaluation	Comment
1	Category A NIGERIAN CONTENT EQUIPMENT CERTIFICATE (NCEC) issued by Nigerian Content Development and Monitoring Board of line pipe manufacturer or MOA with Category A NCEC Line Pipe Manufacturer not participating in the tender.	
2		
	B. Commercial Evaluation	Comments
1	N/A	
2		

COMMERCIAL TIMELINE:

Activity	Target Completion Date
Issue Technical ITT	Done – June 2022
Technical Evaluation	Done – June 2023
Issue Commercial ITT	Done – June 2022
Commercial Evaluation	July 2023
MCB/CC submission	August 2023
Nigerian Content Compliance Certification/ NUIMS submission	August 2023
Contract Award	September 2023

KEY PERFORMANCE INDICATORS:

Business Objective	KPI	Measure	Target	Frequency Measured
QA/QC	Timely delivery of Line Pipes at the right specification with zero defects	Per Pipe Length	0	Completed Cumulative scope
HSSE	Zero Loss Time Injury due to Road traffic accidents	Million Man-hours per issued scope	0	Completed Cumulative scope
Delivery	Issuance of Purchase Order to OEM	No of days	7	Per Purchase Order

Approved Part A  SPDC_MCB_20_19 - 2 - CORPORATE CALL	New NC Policy on Line pipe procurement  bare-line-pipes-policy.pdf	NUIMS Alignment MOM  MOM- NUIMS_SPDC STRATEGY CHANGE A		Any Additional Documents (i.e., Contract Holder Appointment Letter for new contracts and change in contract Holder, SME support in line of business and GM sign off where relevant
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