



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED
CONTRACTS COMMITTEE SUBMISSION

Confidential

Part C – Variation Order No. 2c

Date: 27th May 2024

Category	NLNG Supplies Projects	Contract ID:	CW658574
		SAP Contract No:	4610056909
Contract Title:	Upgrade Of Government Technical College Port Harcourt – Phase 1		
HSE Mode & Risk	Mode 3 Low Risk		
Contractor:	Mropol Engineering Services Limited		
Segmentation (Click here to access tool)			
	NGN	Expiry Date	
Original ACV (a)	1,324,000,000.00	14/07/2023	
Value of VO's approved to date (b)	0.00		
Current ACV	1,324,000,000.00	30/06/2025	
Value of commitments made to date	1,324,000,000.00		
Value of this VO request (c)	1,401,726,347.90		
Requested new ACV	2,725,726,347.90	30/06/2025	
% Increase from Original ACV - (b+c)/a	106%		
Current level of NUIMS approval	NA		
Proposed expenditure while pending NUIMS approval	NA		
OBJECTIVE OF THIS SUBMISSION IS TO OBTAIN APPROVAL LINE APPROVAL TO:			
Progress award of GTC Phase 2 scope to Mropol Engineering Services Limited at a negotiated sum of NGN1,401,726,347.90 being 97% of the revised company estimate approved by CC.			

Stakeholder Endorsement/ Approval:

	Supply Chain Commercial Manager (SCCM)	Contract Owner
	Reviewed and approved for submission to CC and confirms: <ol style="list-style-type: none"> Alignment with approved Category Strategy (Global Category Strategy & Pure Service Model where applicable) Compliance with the NOGICD Act, Community Content commitments. 	Reviewed whole submission and confirms support from: <ol style="list-style-type: none"> Finance [] - 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). Confirm support from Technical Authority/SMEs and GM support where relevant HSSE [] - HSSE consideration and requirements are met.
Signature		
Name		
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/Contracts Board.

SECTION A: CHANGES

REFERENCES & APPROVAL DATES FOR PREVIOUS APPROVALS

Activity	NGN	Date
CC Approval of strategy		07/07/2022
Part B Approval (ACV = NGN 1,324,000,000.00)	1,324,000,000.00	12/07/2022
VO 1 – Administrative Time Extension from 30th November 2023 to 31st March 2024	NA	28/12/2023
VO 2a – Initial negotiation mandate on GTC Phase 2 plus time extension from 30th November 2023 to 30th June 2025	NA	12/02/2024
VO2b – Revised company estimate and negotiation mandate	NA	30/05/2024

JUSTIFICATION/ REASON FOR THIS VARIATION ORDER

Background

Upgrade of Government Technical College Port Harcourt is one of the critical projects embarked upon by SPDC as directed by NCDMB under the Institutional Strengthening initiative. Contract for Phase 1 was awarded to Morpol Engineering Services Limited who immediately mobilized to site in August 2022 to construct four workshops and an ICT Hub as contained in the contract scope of work.

Phase 1 of the project is currently 99% completed and work is required to commence on Phase 2 immediately in order to minimize cost of contractor downtime, preserve VOWD on Phase 1, and deliver value to the end user quickly. The project is being carried out as part of SPDC's HCD commitment on the NLNG Supplies Contract and in compliance with the NCD Act and will be funded via the centralized HCD Account.

GTC Phase 2 - Summary of Scope of Work

- 1) Construction scope: This consist of items 1-14 of table 1.0 below.
- 2) Procurement scope: This will be handled by SNBO as per CC approval in previous submission.

With the completion of these two scopes, the Upgrade of Government Technical College Port Harcourt will be complete and ready for handover to the end user.

Last CC Submission

CC approval for the following request was approved on 16th May 2024:

1. To notify CC of the outcome of the negotiation held with Morpol on the GTC Phase 2 Scope as follows:
 - a) The outcome was a deadlock at circa 66% variance against the company estimate (CE). Decision was reached for parties to further review the basis/assumptions leading up to their numbers with a view to converging.
 - b) Contractor reverted with a slight downward revision of their quote from N1,531,204,768.00 to N1,487,998,616.14 vs Company estimate of N921,752,242.00 citing cost escalation of the items to be procured primarily under the external works and civil-related scopes.
2. To obtain CC approval:

a. For a revised company estimate from N921,752,242.00 to N1,449,928,318.00 (to cater for the hyperinflation of building materials costs between November 2023 and March/April 2024 as well as jump in exchange rate which impacts local procurement cost) and negotiation mandate not exceeding 100% of the revised CE.

b. Sign off Part C2 at Line level and Progress award to Morpol Engineering Services Limited if negotiation mandate is met.

See attachment 1 for details of the last CC submission.

Upon CC approval, a further negotiation session was held on the 23rd of May 2024 with Morpol. Morpol reverted with a final offer of NGN1,401,726,347.90 being 97% of company estimate (see attachment 2).

This submission is to seek line approval to progress award of GTC phase 2 to Morpol Engineering Services Limited at NGN 1,401,726,347.90 being 97% of company estimate.

Relevant Information

NUIMS approval will not be required for this contract as project is being funded from provision for HCD/CDI obligations. They also were not invited to participate in the negotiations.

IMPACT OF THIS VARIATION ORDER

This VO will allow for ACV increase by NGN 1,401,726,347.90 for the execution of GTC phase 2

PRICING STRUCTURE FOR THIS VO (Describe which work element is lump sum, unit rate, reimbursable.)

The pricing structure of this VO remains unchanged and consistent with the original contract structure.

SECTION B: POST AWARD CONTRACT MANAGEMENT

CONTRACTOR PERFORMANCE

Performance Assessment, rating based on Good/Adequate/Inadequate- attach latest KPI review outcome

Management	Commercial	Technical	HSES	Overall
Adequate	Adequate	Good	Good	Adequate

CONTRACT MANAGEMENT

Contract will be managed in line with original contract terms and conditions.

NIGERIAN CONTENT EXECUTION PLAN – HCD & NCD

Compliance with NOGICD Act:

This project is funded via HCD and CDI funds.

NIGER DELTA CONTENT /COMMUNITY CONTRACTING EXECUTION PLAN

No Change. Remains the same as for previous award.

POST AWARD RISK MANAGEMENT FOR VARIATION REQUEST



Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
Scope growth	M	H	Advance planning & prioritisation. Minimise emergencies.	CH/CM
Delayed Payments	H	M	Continuous engagement with finance and timely response to invoice issues	CH/PFM

GOAL ZERO CONTRACTOR HSSE REQUIREMENTS – FOR INFORMATION ONLY

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 3 Low Risk.
- ii) CH Appointment Letter – Confirm letter in place for correct CH per Omnicom/SAP –YES.
- iii) HSE Capability Assessment – State: Remains valid at Green till December 2026
- iv) Contract HSSE Action Plan OR HSSE Plan – State: Remains valid till May 2025

ATTACHMENTS:

1. Last CC approval of negotiation mandate	2. Morpol's final quote
 CW658574_Morpol_Variation_02_Phase 2.	 RE Negotiation GTC Phase 2 (Excluding p