



SUPPLY OF FUEL PRODUCTS AND SERVICES

14th March 2022

REQUEST FOR TENDER

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PART 1 - INTRODUCTION

1. Overview

1.1 PNG Power Limited

- (a) This Request for Tender (RFT) is being provided by PNG Power Limited (PNG Power) to potential Fuel Suppliers whereby each is invited to submit a response to this RFT (RFT Response) for the provision of Fuel to PNG Power's Power Stations throughout Papua New Guinea.
- (b) The Closing Date for submission of RFT Responses by Contactors is close of business on Friday, April 29th, 2022. Further information on timeframes associated with this RFT may be found in Section 12.

2. PNG Power Centres

- (a) A list of PNG Power's Centres that, at the time of the release of this RFT are expected to participate in this project, is contained in **Attachment A**.
- (b) PNG Power reserves at its sole discretion the right to add or delete participating Centres.

3. Description of Project

- (a) This RFT reflects the consolidated needs of the participating Centres and defines commercial relationship terms and details requirements with respect to Fuel. Prospective Contractors are requested to optimally match their capabilities and products with requirements to form a mutually beneficial relationship with PNG Power.
- (b) PNG Power looks forward to discussing a wide range of opportunities with the prospective Contractors.

4. Purpose and objective

4.1 Purpose

- (a) PNG Power is interested in entering into a mutually beneficial commercial relationship with Contractors for the supply of Fuel. In consideration of volumes and/or long-term agreements being offered to a Contractor, PNG Power is expecting to secure competitive product pricing, service and exceptional customer support.

4.2 Objective

- (a) PNG Power's objective is to reach a comprehensive agreement with the Contractor that will serve as a platform for advancing a longer-term relationship to facilitate their respective business and operational aspirations, build competitive advantages and

improve the efficiency of doing business between PNG Power and the Contractor.

5. Structure of the RFT

(a) This RFT consists of the following documents:

Reference	Description
Part 1	Introduction
Part 2	Terms and Conditions for RFT submission
Part 3	PNG Power's requirement
Part 4	Evaluation criteria
Part 5	Format for RFT Responses
Attachment A	List of PNG Power Centres
Attachment B	Forecast volumes and Pricing Schedule
Attachment C	Specification
Attachment D	Storage capacity by Centre and minops levels
Attachment E	PNG Power's Contract
Attachment F	Contractor's acknowledgement of proposed Contract

6. Glossary of terms

Request for Tender 2022 - Supply of Fuel Products and Services

Term	Explanation
Centre	PNG Power's operational sites that receive Fuel as identified in Attachment A.
Contract	The Contract that will be entered in to by PNG Power and the Contractor that sets out the terms and conditions governing the commercial relationship for the provision of Fuel to the Centres.
DIFOT	Delivery in full on time.
HSE	Health, safety and environment.
Fuel	Diesel and/or Heavy Fuel Oil.
Quality	Adherence to specifications (e.g. industry, legislative and PNG Power) that are measured by testing, inspection, and/or operating performance.
Request for Tender ("RFT")	An invitation to selected prospective Contractor of Fuel to participate in negotiations to provide all or part of the requirements of the Centres.
RFT Response	A Contractor's response to this Request for Tender.
Supply chain	The activities associated with delivering Fuel from the refinery to the Centres including but not limited to transportation, port handling, consignment and storage.

PART 2 – TERMS AND CONDITIONS FOR RFT SUBMISSION

7. Terms and conditions

7.1 Tender terms

- (a) PNG Power is inviting your company to submit a RFT Response for the supply of Fuel to the Centres.
- (b) Prospective Contractors are encouraged to provide their best offer in their RFT Response.

7.2 Acceptance of RFT Response at PNG Power's discretion

- (a) PNG Power reserves the right, exercisable at its sole discretion, to review, evaluate and dispose of any RFT Response as it sees fit.
- (b) Nothing stated in this RFT (whether express or implied) binds or obligates PNG Power, any of the Centres or any other PNG Power member, to accept the lowest of any price contained in a RFT Response or to accept any RFT Response.
- (c) Contractors or their representatives can expect to discuss the details of their RFT Response during the evaluation process.
- (d) PNG Power reserves the right to:
 - (i) accept one or more RFT Responses;
 - (ii) consider or accept all or any part of any non-conforming RFT Response;
 - (iii) refuse to consider all or any part of any non-conforming RFT Response;
 - (iv) negotiate specific terms with preferred Contractors prior to the award of a final contract (if any); and/or
 - (v) require any prospective Contractor to provide further information to seek clarification of matters raised, rectification or resolution of errors or omissions in the RFT after the required date for submission of the RFT Response.

7.3 Collusion

- (a) Prospective Contractors are prohibited from engaging in collusive, anti-competitive, deceptive or improper conduct in relation to their RFT Responses and any subsequent negotiations.

7.4 Conformity

- (a) All RFT Responses must conform to each of the requirements set out in this RFT.

7.5 Scope of RFT Responses

- (a) PNG Power requires prospective Contractors to submit a RFT Response on all

aspects of this RFT. Prospective Contractors may submit a RFT Response to supply some or all of the Centres.

- (b) Each RFT Response will designate the specific Fuel, and Centres that the prospective Contractor desires to supply.

7.6 Single consolidated response

- (a) PNG Power seeks a single, comprehensive RFT Response from each prospective Contractor that includes all relevant commitments required of affiliates, subsidiaries, dealers or subcontractors of the prospective Contractor to fulfill the requirements of this RFT and any subsequent Contract for the supply of Fuel. It is the responsibility of the prospective Contractor to whom this RFT is provided to make whatever arrangements and/or authorizations are necessary for its affiliates, subsidiaries, dealers or subcontractors to comply with this RFT requirement.
- (b) PNG Power is entitled to assume that all such arrangements and/or authorizations have been obtained prior to receipt of any RFT Response.

7.7 Requirements for additional information

- (a) PNG Power may require a prospective Contractor to provide additional information to allow further consideration of the prospective Contractor's RFT Response at any time, including after the required date of submission of the RFT Response.

7.8 RFT Response costs

- (a) PNG Power is not responsible for any costs or liabilities (whether direct or indirect) incurred by prospective Contractor in reviewing, investigating analyzing any information related to PNG Power, or in preparing and/or submitting a RFT Response or otherwise responding to this RFT or in any subsequent discussions or negotiations.
- (b) All parties and participants must bear their own costs.

7.9 Relationship of the participants

No RFT Response is to be regarded as successful, nor will there be a legally binding relationship between PNG Power and any prospective Contractor unless, and until, a formal agreement is signed by all the parties (Contract).

7.10 Submission validity

- (a) Each RFT Response submitted by a prospective Contractor will remain valid until December 31, 2022. Prices submitted will be fixed until execution of the Contract.
- (b) Upon Contract execution the applicable price formula will commence and be applied in line with the Terms and Conditions of the Contract.

8. Acceptance of terms and conditions

- (a) Each prospective Contractor submitting a RFT Response agrees to do so on the terms and conditions set out in this RFT.
- (b) Any critical issues that your company may have with respect to the RFT should be addressed in writing to PNG Power with the submission of the RFT Response.
- (c) The RFT Response must be signed by a person fully authorised to commit the Contractor to the terms and conditions set out in this RFT.
- (d) PNG Power is entitled to assume that there is full authority in the signatory of the RFT Response.

9. Pricing Transparency

- (a) PNG Power wishes to establish an increased level of cost transparency with the chosen Contractors.
- (b) The questions in Part 5 of this RFT and the pricing schedule at **Attachment C** ask for a high level of detail. Contractors will respond fully to these questions.
- (c) The level of transparency will be taken as an indication of each prospective Contractor's willingness to participate with PNG Power and the Centres.

10. PNG Power Representative

- (a) All contact and questions with regard to this RFT must be made through the PNG Power Representative.
- (b) Discussion with other parties within or associated with PNG Power may result in disqualification from this process.
- (c) For the purposes of this RFT, the PNG Power Representative is Mr Benny Kimisive, whose contact information is set forth below.

Mr. George Win

Director Thermal Generation

PNG Power Ltd

PO Box 1105

Boroko 111, NCD

Papua New Guinea

Email: gwin@pngpower.com.pg

11. Substantive questions and clarifications

- (a) All substantive questions or requests for clarifications regarding this RFT must be directed to the PNG Power Representative in writing.
- (b) Substantive questions must not be submitted by telephone or facsimile.
- (c) PNG Power will endeavor to respond to all substantive questions submitted in a timely fashion during standard office hours (8:00 AM– 4:30 PM, Monday to Friday).

12. RFT timetable

- (a) The following are significant dates with respect to this process:

Date	Activity
14th March to 29th April 2022 16th May – 17th June 2022	RFT available to prospective Contractors.
17th June 2022 2nd May 2022	Contractors RFT Responses
3rd May to 6th May 2022 20th June – 24th June 2022	Tender Evaluations and Assessment and Recommendations
9th May to 13th May 2022 27th June – 30th June 2022	Details Negotiation with possible prospective contractors.
16th May to 20th May 2022 24th July – 8th July 2022	Contract Submission and Business Paper to EM for Approval.
23rd May to 27th May 2022 11th July – 15th July 2022	Contract Submission and Business Paper to Board & KCH for Approval
30th May to 3rd June 2022 18th July – 22nd July 2022	Contract Preparation
6th June to 10th June 2022 25th July – 29th July 2022	Contractors Implementation Plans
13th June 2022 1st August 2022 2022	Contract Awarded and Signing
1st September 2022 2nd July 2022	Commence Fuel supply.

13. RFT Responses format

- (a) All RFT Responses must follow the prescribed format as outlined in this document and attachments.
- (b) Failure to do so may result in disqualification from the RFT Response process.

14. Negotiations process

- (a) Upon receipt of RFT Responses, PNG Power may conduct negotiations with one or more prospective Contractors that may lead to the issuance of one or more Contracts for the provision of Fuel to some or all of the participating Centres. No guarantees are given in this regard.

15. Additional Contractor information

- (a) PNG Power may request additional data, discussions or presentations in support of responses to this RFT. Additionally, PNG Power may conduct a survey of any prospective Contractor under consideration to confirm or clarify any information provided (including pricing) or to collect more evidence of managerial, financial and technical abilities, including but not limited to, meetings and visits to current customers served by the prospective Contractor.

16. Acknowledgments and disclaimers

16.1 Non-binding document

- (a) This RFT is not legally binding.
- (b) No Contract has been formed between PNG Power and any prospective Contractor in relation to the RFT process by which PNG Power has to follow any procedure, apply any criteria for the selection of a successful Contractor. Nor is PNG Power otherwise limited or constrained in the manner in which it can deal with RFT Responses and its negotiations with prospective Contractors.
- (c) PNG Power does not make any representations or warranties regarding the information provided in this RFT, in response to requests from any prospective Contractor for further information or in any other communications between any prospective Contractor and PNG Power or any of its employees or agents. Nor does PNG Power provide any undertakings to prospective Contractors other than to invite them to respond to this RFT. Each prospective Contractor must conduct its own due diligence prior to preparing and submitting its RFT Response to verify or clarify, to their own satisfaction, any information provided in this RFT, in response to requests from the prospective Contractor for further information or in any other communications between the prospective Contractor and PNG Power or any of its employees or agents. PNG Power intends to use the RFT Responses as the basis for assessment of

the cost and performance of the Fuel and to compare competing prospective Contractors. PNG Power reserves the right, in its sole discretion, at any point prior to or during the negotiation process to depart from or modify that purpose, and to terminate the negotiation process as to any or all prospective Contractors.

16.2 Accuracy of information

- (a) In lodging a RFT Response, a prospective Contractor will be regarded as having made all reasonable inquiries regarding PNG Power's requirements, having examined all relevant information and having satisfied itself as to all risks, contingencies and other circumstances relevant to its RFT Response and its ability to meet any contractual commitments to PNG Power in connection with the RFT Response.
- (b) Neither PNG Power nor the Centres will be responsible for the inaccuracy or incompleteness of any information provided to prospective Contractors in the RFT process.

16.3 Confidentiality

- (a) Any information that PNG Power provides in this RFT, or otherwise during this RFT process, is provided in confidence and for the sole use of prospective Contractors in preparing their RFT Responses and in any discussions or negotiations with PNG Power.
- (b) Prospective Contractors must not disclose the content of this RFT or any aspects of the process and associated negotiations, to any third party without PNG Power's prior approval in writing.
- (c) Any further information, which PNG Power gives to prospective Contractors from time to time, will be made available on the same terms and conditions as apply to this RFT.

16.4 Prospective Contractor's acknowledgments

In submitting a RFT Response, each prospective Contractor acknowledges and agrees that:

- (a) the information provided by PNG Power has not been independently verified, and PNG Power and the Centres, and any of its or their respective directors, officers, advisers, employees and agents, are not under any liability, whether arising from negligence or otherwise, for any representation contained in it or any omission from it or for any error, inaccuracy, incompleteness or other defect in this RFT;
- (b) this RFT contains statements concerning requirements for the supply of Fuel and other information. No representation, statement or warranty, express or implied, is made by PNG Power or the Centres, or any of their respective directors, officers, advisers, employees or agents, that any statement, estimate or evaluation contained in it will prove correct;
- (c) without limitation to the above, neither PNG Power nor any person purporting to act on

behalf of PNG Power will be liable in any way for any losses or liabilities incurred by a prospective Contractor or any other person (including, without limitation, damages, costs, loss of profits or consequential or indirect losses) arising from any cause whatsoever including, without limitation, any error, inaccuracy, incompleteness or other defect in the RFT;

- (d) the prospective Contractor also acknowledges that PNG Power, without liability or recourse, may at any time without notice:
- (i) enter into and conclude negotiations with any other Contractor for the supply of PNG Power's requirements for Fuel;
 - (ii) terminate, amend or modify this RFT and the RFT process in respect of any or all of PNG Power's requirements (including, without limitation, the RFT Response structure and timetable);
 - (iii) terminate discussions or negotiations with one or more prospective Contractors or otherwise terminate any prospective Contractor's further participation in the RFT process;
 - (iv) reject any or all RFT Responses submitted by prospective Contractors without disclosing its reasons for doing so;
 - (v) accept or reject any part of a RFT Response (unless the prospective Contractor has stated clearly to the contrary);
 - (vi) require clarification of a RFT Response or seek further information from the prospective Contractor;
 - (vii) establish priorities and evaluation criteria and vary or modify those priorities or evaluation criteria without disclosure to the prospective Contractors;
 - (viii) make inquiries in relation to any or all prospective Contractors in the RFT process as it deems appropriate;
 - (ix) negotiate with one or more prospective Contractors to vary or modify their RFT Responses as to any aspect of their RFT Responses;
 - (x) procure the same or similar goods, materials and/or services from a third party who has not participated in this RFT process; and
 - (xi) depart from or modify the proposed framework and any other procedures in relation to the RFT process.

PART 3 – PNG POWER'S REQUIREMENT

17. Overview

- (a) PNG Power's primary objective is to ensure continuity of electricity supply to the community. It has numerous Power Centres located across the country with many using Fuel as a primary energy source. There are a number of Centres where PNG Power operates at a loss, yet remains in the area to fulfill its wider community service obligations.
- (b) Fuel is therefore a significant commodity to PNG Power both in terms of security of supply to ensure ongoing provision of electricity to the community, and spend.
- (c) To ensure that PNG Power can improve the availability of electricity to the community, PNG Power intends to change the manner in which it currently manages Fuel. To achieve this, it has identified a number of key outcomes:
 - (i) *Priority customer status* - deeper commitment with respect to the Contract term and Contract volumes resulting in PNG Power as a priority customer with the Contractor guaranteeing supply security;
 - (ii) *Competitive pricing* – transparency across each element of the supply chain as to cost to the Contractor for the provision of Fuel noting that the Contractor must meet its own commercial requirements;
 - (iii) *Fuel quality* – Fuel delivered to the Centres' meets the technical specification;
 - (iv) *Relationship management* – implementation of reporting and meeting frameworks improving communication between PNG Power and its Contractors as to respective needs and for issues resolution;
 - (v) *Inventory management* – increased visibility and communication between PNG Power and Contractors of forecast and actual data, minimum stock levels and the integration of scheduling and delivery with stock level requirements resulting in the optimisation of working capital and cash flow as well as on time payment of invoices to Contractors.
- (d) PNG Power is seeking Contractors to enter into a relationship to assist it to achieve these outcomes, reflecting the priorities of the business and Contract term, upon which the commercial terms and conditions of any Contract will be based.

17.2 Existing commercial arrangements

- (a) Some Centres have current contractual arrangements for the supply of Fuel.
- (b) These arrangements will be honored for their duration (in the case of fixed term arrangements) or until notification of intention to terminate has been issued (in the case of ongoing arrangements).
- (c) It is intended that the incumbent contractor will remain in place until 1st of July 2022..

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- (d) Contractors awarded a Contract as part of this RFT process will execute a Contract prior to any transition of supply occurring.

17.3 Duration of agreement

For the purpose of this RFT, Contractors should assume the Contract, developed as a result of this RFT and subsequent negotiations, would apply for a period of twenty four (24) months.

18. Priority customer status

- (a) PNG Power anticipates that domestic demand for electricity will increase in the coming years due to ongoing investment and development growth within PNG. As such, there will be a corresponding increase in demand for Fuel at its Centres.
- (b) In accordance with this approach, PNG Power expects that Contractors will priorities supply to its Centres and guarantee supply security.

19. Competitive pricing

- (a) Given the volume of Fuel available to Contractors under this RFT, it is the objective of PNG Power to fully understand the supply chain to each of its Centres.
- (b) This will encompass full transparency of the supply chain including, but not limited to, procurement of fuel from refinery, freight to in-country terminals, and freight from in-country terminals to the Centres.
- (c) PNG Power expects that Contractors will secure the most commercially favorable arrangements for each element of the supply chain relevant to its Centres and are able to provide a breakdown of costs for each element of the supply chain.
- (d) PNG Power acknowledges that Contractors must achieve an appropriate margin on supply to ensure commercial viability of their operations.

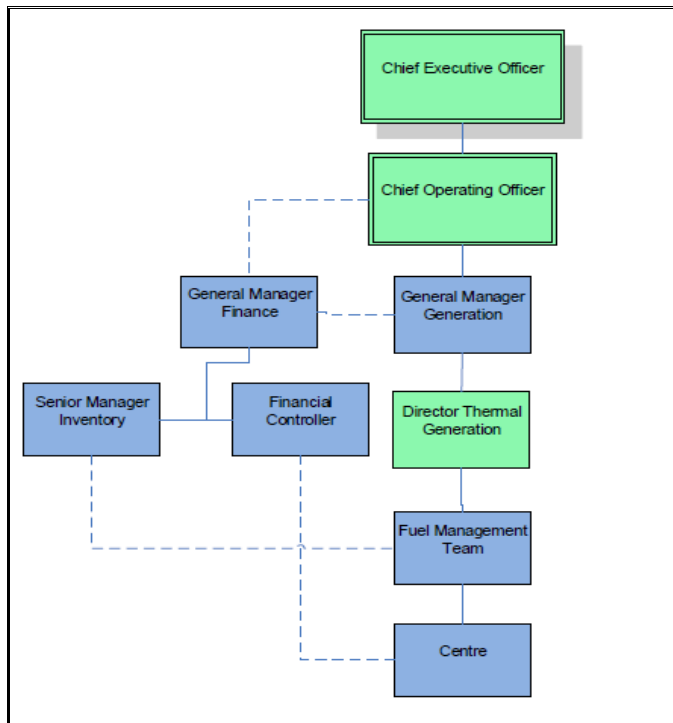
20. Fuel quality

- (a) It is PNG Power's expectation that Fuel delivered to its Centres will be at specification and that Contractors can provide documentation to this effect.
- (b) PNG Power will be implementing an inspection and testing regime under this Contract.
- (c) PNG Power is seeking to Contract with Contractors that will work in cooperation with it in respect of this regime.

21. Relationship management

21.1 Governance and reporting framework

- (a) Governance frameworks will be required to manage the Contract and the relationship between PNG Power and the Contractor.
- (b) These frameworks will encompass both the strategic oversight of the Contract and engender ownership in the Centre's operations to drive value in conjunction with the Contractor.
- (c) The diagram below provides an overview of the governance framework and escalation process proposed by PNG Power for the management and oversight of the Contract with the Contractor.



21.2 Meeting framework

- (a) The framework below outlines the meetings that PNG Power proposes will be required to manage the

21.3 Reporting framework

- (a) Transparency of performance through ongoing management reporting is a critical element in the management of the relationship between PNG Power and the Contractor.
- (b) The Contractor will provide a range of ongoing management information to PNG Power.

(c) At a minimum, the Contractor shall provide the reports outlined in the table below.

Report	Purpose	Frequency	Minimum Information
Contract Review Report	<ul style="list-style-type: none"> * Formal review of Contractor performance against the contractual terms and conditions. * Review of annual performance 	Annual	<ul style="list-style-type: none"> * Performance against contractual terms and conditions. * Performance against Performance Indicators. * Annual volume and spend information for each Centre.

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Report	Purpose	Frequency	Minimum Information
	<ul style="list-style-type: none"> indicators. • Formal evaluation against performance framework. 		<ul style="list-style-type: none"> • Fuel quality issues. • Supply security performance.
<ul style="list-style-type: none"> Quarterly Meeting Report 	<ul style="list-style-type: none"> • Review of performance against the Performance Indicators. • Highlight issues for resolution. 	<ul style="list-style-type: none"> Quarterly 	<ul style="list-style-type: none"> • Performance against monthly and quarterly Performance Indicators. • Quarterly volume and spend information for each Centre. • Compliance with fuel quality

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Report	Purpose	Frequency	Minimum Information
			<ul style="list-style-type: none"> • specific ation at each Centre. • Supply disrupti ons. • Justifica tion for any change to pricing. • Outstan ding invoices
<ul style="list-style-type: none"> • Monthly Centre Report 	<ul style="list-style-type: none"> • Review of Contr actor performance to indivi dual Centres. 	<ul style="list-style-type: none"> • Monthly 	<ul style="list-style-type: none"> • Perform ance against monthly Perform ance Indicators. • Identific ation of any operatio nal issues for resoluti on. • Identific ation

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Report	Purpose	Frequency	Minimum Information
			<p>and detail on Fuel Quality.</p> <p>* Forecast vs actual data.</p>
Report	Purpose	Frequency	Minimum Information
Contract Review Report	<ul style="list-style-type: none"> ▪ Formal review of Contractor performance against the contractual terms and conditions. ▪ Review of annual performance indicators. ▪ Formal evaluation against performance framework. 	Annual	<ul style="list-style-type: none"> ▪ Performance against contractual terms and conditions. ▪ Performance against Performance Indicators. ▪ Annual volume and spend information for each Centre. ▪ Fuel quality issues. ▪ Supply security performance.
Quarterly Meeting Report	<ul style="list-style-type: none"> ▪ Review of performance against the Performance Indicators. ▪ Highlight issues for resolution. 	Quarterly	<ul style="list-style-type: none"> ▪ Performance against monthly and quarterly Performance Indicators. ▪ Quarterly volume and spend information for each Centre. ▪ Compliance with fuel quality specification at each Centre. ▪ Supply disruptions. ▪ Justification for any change to pricing.

Report	Purpose	Frequency	Minimum Information
			<ul style="list-style-type: none"> Outstanding invoices.
Monthly Centre Report	<ul style="list-style-type: none"> Review of Contractor performance to individual Centres. 	Monthly	<ul style="list-style-type: none"> Performance against monthly Performance Indicators. Identification of any operational issues for resolution. Identification and detail on Fuel Quality. Forecast vs actual data.

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21.4 Performance management framework

- (a) The following Performance Indicators have been developed to provide both parties an understanding of how well the agreed deliverables are being met.
- (b) The focus of PNG Power in implementing the Performance Indicators is one of continuous improvement.
- (c) As such, PNG Power is proposing Performance Indicators to both the Contractor and itself.
- (d) Over the term of the Contract it is PNG Power's expectation that both parties will work together to improve performance.

Area of measurement	Performance Indicator	Intent	Key Deliverables	Proposed Measurement

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<u>Area of measurement</u>		<u>Performance Indicator</u>	<u>Intent</u>	<u>Key Deliverables</u>	<u>Proposed Measurement</u>
<u>Supply security</u>	<u>PNG Power</u>	<u>Forecast data</u>	<u>To increase accuracy of forecast data thereby providing Contractor with certainty to enable efficiencies in supply chain and ensure security of supply.</u>	<u>Provision of 12 month rolling forecasts to Contractors on a quarterly basis.</u>	<u>Variance of forecast v actual is within 5%.</u>
<u>HSE</u>	<u>Contract or</u>	<u>Recordable incidents</u>	<u>Reduction in the number of HSE incidents relating to the delivery and storage of Fuel.</u>	<u>Recording of incidents by the Contractor and reported to PNG Power on a quarterly basis.</u>	<u>The number of recordable incidents based on the Contractor and PNG Power definitions.</u>
<u>Supply security</u>	<u>Contract or</u>	<u>DIFOT</u>	<u>To ensure that PNG Power Centres receive fuel in accordance with the Purchase Order to avoid supply disruption of electricity to the community.</u>	<u>Fuel is provided in the quantity stipulated in the Purchase Order within the specified timeframes.</u>	<u>Delivery In Full On Time (DIFOT) for each delivery.</u>
<u>Supply security</u>	<u>Contract or</u>	<u>Contingency plans</u>	<u>To ensure that in the event of a disruption to the Contractor's supply chain, alternative options are identified, documented and implemented as necessary to ensure Fuel is delivered to</u>	<u>Risk assessments are conducted by the Contractor with contingency plans developed and agreed with each PNG Power Centre.</u>	<u>Number of contingency plans developed and agreed.</u>

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<u>Area of measurement</u>		<u>Performance Indicator</u>	<u>Intent</u>	<u>Key Deliverables</u>	<u>Proposed Measurement</u>
			<u>PNG Power Centres.</u>		
<u>Invoicing</u>	<u>Contract or</u>	<u>Invoice accuracy</u>	<u>To ensure that invoices are accurate enabling reconciliation by PNG Power to effect payment to the Contractor.</u>	<u>Accurate invoices to PNG Power.</u>	<u>Number of invoices found to be inaccurate as a percentage of the total volume.</u>
<u>Fuel quality</u>	<u>Contract or</u>	<u>Compliance with Contract specification</u>	<u>To ensure contaminated Fuel is not received into PNG Power's tanks, which may impact both generation efficiency and asset life downstream.</u>	<u>The volume of Fuel sampled that does not meet or exceed contract specifications expressed as a proportion of total Fuel volumes sampled.</u>	<u>Variance from specification as determined through testing regime.</u>
<u>Payment</u>	<u>PNG Power</u>	<u>On time payment of invoices</u>	<u>To ensure that PNG Power pays its Contractors on time.</u>	<u>PNG Power effects payment to Contractors for Fuel deliveries in accordance with Contract terms.</u>	<u>Number of outstanding payments as a percentage of total volume.</u>

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<u>Area of measurement</u>		<u>Performance Indicator</u>	<u>Intent</u>	<u>Key Deliverables</u>	<u>Proposed Measurement</u>
<u>Governance</u>	<u>PNG Power and the Contract or</u>	<u>Improved communications</u>	<u>To improve communication between PNG Power and the Contractor so as to minimise issues escalation, improve supply security and the overall relationship between the parties.</u>	<u>Conduct of the meetings as stipulated in the Contract within the specified timeframes with appropriate representation from both parties.</u>	<u>Number of outstanding meetings as a percentage of total volume.</u>
<u>Reporting</u>	<u>Contract or</u>	<u>Timely reporting</u>	<u>To ensure that the Contractor provides PNG Power with the information required meeting its internal budget, reconciliation and legislative requirements.</u>	<u>Provision of reports as stipulated in the Contract within the specified timeframes.</u>	<u>Number of outstanding reports as a percentage of total volume.</u>

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<u>Area of measurement</u>		<u>Performance Indicator</u>	<u>Intent</u>	<u>Key Deliverables</u>	<u>Proposed Measurement</u>

Supply security	PNG Power	Forecast data	To increase accuracy of forecast data thereby providing Contractor with certainty to enable efficiencies in supply chain and ensure security of supply.	Provision of 12 month rolling forecasts to Contractors on a quarterly basis.	Variance of forecast v actual is within 5%.
HSE	Contractor	Recordable incidents	Reduction in the number of HSE incidents relating to the delivery and storage of Fuel.	Recording of incidents by the Contractor and reported to PNG Power on a quarterly basis.	The number of recordable incidents based on the Contractor and PNG Power definitions.
Supply security	Contractor	DIFOT	To ensure that PNG Power Centres receive fuel in accordance with the Purchase Order to avoid supply disruption of electricity to the community.	Fuel is provided in the quantity stipulated in the Purchase Order within the specified timeframes.	Delivery In-Full-On-Time (DIFOT) for each delivery.
Supply security	Contractor	Contingency plans	To ensure that in the event of a disruption to the Contractor's supply chain, alternative options are identified, documented and implemented as necessary to ensure Fuel is delivered to PNG Power Centres.	Risk assessments are conducted by the Contractor with contingency plans developed and agreed with each PNG Power Centre.	Number of contingency plans developed and agreed.
Invoicing	Contractor	Invoice accuracy	To ensure that invoices are accurate enabling reconciliation by PNG Power to effect payment to the Contractor.	Accurate invoices to PNG Power.	Number of invoices found to be inaccurate as a percentage of the total volume.
Fuel quality	Contractor	Compliance with Contract specifications	To ensure contaminated Fuel is not received into PNG Power's tanks, which may impact both generation efficiency and asset life downstream.	The volume of Fuel sampled that does not meet or exceed contract specifications expressed as a proportion of	Variance from specification as determined through testing regime.

22. Inventory management

22.1 Forecasting

- (a) To assist the Contractor to ensure an uninterrupted supply of Fuel to the Centres, PNG Power will provide updated twelve (12) monthly rolling forecasts of Fuel estimated to be required by the Centres six weeks prior to the 1st day of January, April, July and October of each year.
- (b) For avoidance of doubt, the provision of such forecasts will not in any way bind the Centres to ordering the volumes of Fuel estimated in the forecasts.
- (c) The intent of the provision of the forecast is to enable Contractors to optimise their supply chains and secure the most favourable competitive pricing to PNG Power.

22.2 Centre Fuel storage tank capacities

- (a) Storage tank capacities for each Centre are provided at Attachment D.
- (b) It is PNG Power's expectation that the Contractors will work with PNG Power to identify additional requirements for storage throughout the term of the Contract as demand profiles change.

22.3 Minimum stock levels

- (a) The Contractor will maintain at each Centre a minimum quantity of Fuel in stock as set out in Attachment D.
- (b) The Contractor and PNG Power's representative will meet bi-annually on a date in October and May each year to review the minimum quantity of Fuel to be held in stock by the Contractor at each Centre, for the next six month period.

22.4 Payment terms

- (a) At the commencement of the Contract payment to Contractors will be effected through a cheque under 60 day payment terms.
- (b) However, over the term of the Contract, PNG Power is seeking to move to electronic processing.

23. Associated Services

23.1 Services

- (a) Over the Term of the Contract the PNG Power Centres may require a number of services to be performed at its sites. These services have been identified as including, but not limited to, the following:

- (i) Tank cleaning – cleaning of tanks to ensure that contaminants are removed and that any accumulated slops / sludge is removed from the bottom of the tank;
 - (ii) Tank inspections – inspection the structural integrity of tank floors, walls and ceiling in order to meet the 10 year tank certification requirements;
 - (iii) Calibration of inflow and/or outflow meters and dip sticks to ensure accurate measurement of Fuel volumes.
- (b) The requirement for the above services would be determined on a Centre-by-Centre basis.
- (c) Contractors are requested to provide hourly rates by resource for the above services in Attachment B.
- (d) Waste fuel/Oil –Removal of waste fuel/Lube Oil is the responsibility of the respective fuel supplier contractor for the duration of the contract..
- (e) PNG Power reserves the right, at its absolute discretion, to tender the above services in the market to obtain the best commercial rates and expertise.

PART 4 - EVALUATION CRITERIA

24. Criteria against which RFT Responses will be evaluated

24.1 Introduction

- (a) This Part 4 provides an overview of the evaluation criteria against the RFT Responses will be evaluated. The criteria are divided into mandatory and weighted (scored) criteria. A Contractor's RFT Response must pass all mandatory criteria prior to that Contractor being considered for evaluation against the weighted criteria. Weighted criteria are listed in order of importance. A detailed explanation of each criterion is provided in Sections 25.1 to 26.4.

Criteria	Sub-criteria	Type	Reference to Parts 4 and 5
HSE	<ul style="list-style-type: none"> ▪ Health, safety & environment. 	Mandatory	25.1, 28.1
Organizational stability	<ul style="list-style-type: none"> ▪ Financial stability, insurances, legal proceedings, mergers and takeovers. 	Mandatory	25.2, 28.2
Capacity to contract	<ul style="list-style-type: none"> ▪ Contractor capability and capacity. ▪ Relationship management. ▪ Supply chain assurance, management and optimisation. ▪ Governance, performance management and reporting. ▪ Information management and transactional efficiencies. ▪ Change management. 	Weighted	26.1, 29.1, 29.5
Fuel Quality	<ul style="list-style-type: none"> ▪ Product specification. 	Weighted	26.2, 29.2
Competitive Pricing	<ul style="list-style-type: none"> ▪ Commodity price ▪ Key input costs. ▪ Services. 	Weighted	26.3, 29.3
Contractor Ability	<ul style="list-style-type: none"> ▪ Ability to enter into a Contact with PNG Power. 	Weighted	26.4, 29.4

25. Mandatory criteria

25.1 HSE

(a) Health, Safety and Environment

- (i) PNG Power seeks to establish a relationship with a Contractor that can demonstrate it has the appropriate safety, health and environment objectives and has the management systems in place to deliver on these objectives.

25.2 Organizational stability

- (a) PNG Power expects that the Contractor with whom it enters into a Contract with will be financially viable, have appropriate levels of insurance and not subject to legal proceedings that may have a significant or material impact to the Contractor's ability to supply Fuel.
- (b) Contractor's responses to the above will be evaluated by PNG Power in relation to the risk profile. PNG Power reserves the right to make any commercial decision based on the Contractor's RFT Response.

26. Weighted criteria

26.1 Capacity to contract

(a) Contractor capability and capacity

- (i) As a significant high volume consumer of Fuel, PNG Power expects a high quality standard of service to its operations.
- (ii) The Contractor will be expected to demonstrate that it has an appropriate organizational structure and infrastructure to meet PNG Power's needs over the Contract term.

(b) Supply chain management, assurance and optimization

- (i) PNG Power understands that there are costs associated with supply chain management. PNG Power expects that the Contractor and the Centres will work together to minimize these costs and any attendant financial risk(s).
- (ii) As a high volume consumer of Fuel, PNG Power expects the Contractor to provide a guarantee of both continuity and security of supply under all Contractor management strategies for meeting security of supply requirements.
- (iii) PNG Power expects that any such strategies would consider a wide range of contingencies for any supply.
- (iv) RFT Responses should address such contingencies including the Contractor's acquisition of Fuel from its competitors.

-
- (v) The Contractor should detail contingency arrangements for meeting PNG Power's requirements in the event of a failure of production or supply chain processes.
- (c) Governance, performance management and reporting
 - (i) The ongoing management of a relationship between PNG Power and the Contractor will require a level of commitment from the parties.
 - (ii) The Contractor will be required to demonstrate that it has appropriately qualified and committed resources to manage the PNG Power account throughout all levels of the organization.
 - (d) Information management and transactional efficiencies
 - (i) PNG Power is seeking to improve its internal processes pertaining to information management and transactional efficiencies.
 - (ii) Over the term of the Contract it is anticipated that PNG Power will move to electronic processing. As such, PNG Power is interested in understanding whether the Contractor is in a position to engage on this basis, and if not, what it would need to undertake to place it in a position to do so.
 - (e) Change management
 - (i) Award of any Contract may require the successful Contractor to provide Fuel to a Centre where it has not previously been the incumbent supplier.
 - (ii) PNG Power is seeking to understand the processes and systems in place that a Contractor will utilise to ensure a seamless transition for supply.
- 26.2 Fuel quality
- (a) Product specification
 - (i) It is PNG Power's expectation that Contractors will provide Fuel that meets specification.
 - (ii) Contractors will be required to demonstrate the infrastructure and methodologies that it has in place to meet this standard and, in the event that the product fails the standard, the processes it has to ensure that this issue does not reoccur.
- 26.3 Competitive pricing
- (a) Specification Price
 - (i) Pricing of Fuel will be an important parameter for Contractor assessment . Transparency in the underlying costs will be a key consideration when evaluating prospective Contractor's RFT Responses. PNG Power recognises that price is a reflection of the cost of, for example, international indices, freight, insurance and handling, terminal throughput fees, overheads etc.

- (ii) All prices proposed in the prospective Contractor's RFT Response must be in the currency of the country appropriate to the supply. PNG Power reserves the right to pay in local currencies at agreed exchange rates.
 - (iii) The prospective Contractor is required to provide pricing as detailed in Attachment B with all assumptions clearly detailed.
 - (b) Input cost movements
 - (i) There is a clear expectation that the Contractor will minimise the impact of input cost movements.
 - (c) Services
 - (i) Contractors are requested to provide hourly rates for resources with the expertise to conduct the identified Services.
 - (ii) It is PNG Power's expectation that the rates represent a direct pass through cost to the Contractor.
- 26.4 Contract ability
- (a) Contract
 - (i) PNG Power is seeking to understand the Contractor's ability to engage with the proposed terms and conditions in the Contract. Evaluation of each prospective Contractor's RFT Response will be based on the attached Contract.

PART 5 – FORMAT FOR RFT RESPONSES
27. Contractor capability

27.1 Introduction

- (a) The following series of questions are intended to assist PNG Power identify Contractor capabilities which will be used in the decision making process.
- (b) Your answers will help ensure that PNG Power has an accurate understanding of your capabilities and distinguishing characteristics.
- (c) Answers should generally be restricted to a maximum of one page in length.
- (d) If you determine that more detail is required, this should be provided in an Attachment to your response.

27.2 Scope of RFT Response

- (a) PNG Power has Centres in the four (4) Regions where it believes synergies may exist for Contractors in the provision of Fuel.
- (b) Please, using the table below, nominate the Centre (s) to which you believe you have the capability and capacity to supply Fuel.
- (c) Contractors may nominate one or more Centres of any Region.
- (d) Responses that nominate individual Centres will also be considered by PNG Power.
- (e) Note - The Contractor may consider Centres to be grouped with a different region, if the Contractor believes greater synergies may be available through grouping these Centres in to a different Region in terms of the supply chain, the Contractor should state this in their responses with a rationale as to why this is so.

Region	Centre	Diesel	Heavy Fuel Oil	Contractor nomination to supply (please tick)
Region 1 – Southern	Alotau	X		
	Daru	X		
	Kerema	X		
	Popondetta	X		
	Kanudi	X		
	National Office	X		

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Region	Centre	Diesel	Heavy Fuel Oil	Contractor nomination to supply (please tick)
	Samarai	X		
Region 2 – Momase	Aitape	X		
	Maprik	X		
	Wewak	X		
	Vanimo	X		
Region 3 – Ramu grid	Finschaffien	X		
	Yonki/Erap	X		
	Goroka	X		
	Kundiawa	X		
	Madang	X		
	Mendi	X		
	Milford	X		
	Taraka	X		
	Rakamanda	X		
	Tari	X		
Region 4 – Niugini Islands	Bialla	X		
	Arawa	X		
	Buka	X		
	Kavieng	X		
	Kerevat	X		
	Lombrum	X		
	Kimbe	X		
	Ulagunan	X		

28. Mandatory criteria

28.1 Health, Safety and Environment (HSE)

(a) HSE

- (i) PNG Power is committed to the highest standards of HSE practices and expects its Contractors to be similarly focused.
- (ii) PNG Power will seek to establish a relationship with a Contractor that can demonstrate it has the appropriate HSE objectives and has the management systems in place to deliver on these objectives.
- (iii) Please:
 - (A) explain your HSE objectives, and the management systems you have in operation to deliver these objectives including copies of your health, safety and environmental policies; and**
 - (B) include the key aspects and impacts of your business and your measured performance in each of these areas over the last 5 years. In the event that these included any environmental incidents, provide details of these and the management strategies adopted to mitigate future occurrences.**

28.2 Organizational stability

(a) Company registration

- (i) PNG Power will only enter a Contract with Contractors whose companies are currently registered.
- (ii) Please:
 - (A) Provide a copy of your company's registration certificate; and**
 - (B) Current IPA Extraction.**

(b) Financial viability

- (i) PNG Power is seeking to enter in to a contract with a Contractor that is financially viable.
- (ii) Please:
 - (A) Provide copies of your last three (3) years audited financial accounts with copies of Annual Tax Returns submitted to IRC.**

- (c) Insurances
- (i) PNG Power is seeking to ensure that its Contractors have adequate insurances in the provision of supply.
 - (ii) Please:
 - (A) Provide copies of current insurance certificates for each head of insurance specified in the relevant clause of the Contract at Attachment F.**
- (d) Merger, takeover or sale
- (i) PNG Power seeks to ascertain whether your company is subject to merger or takeover, or whether you have intended/are intending to sell your business.
 - (ii) PNG Power requires certainty about whom it will be dealing with during any Fuel supply arrangements.
 - (iii) Please:
 - (A) Provide details of any proposed merger, takeover or sale that is in the public domain for your company; or**
 - (B) Provide a statement asserting that there are no such plans in place.**
- (e) Litigation
- (i) PNG Power is concerned to ascertain whether you are currently involved in any litigation, or are aware of any pending or threatened litigation, that might affect your performance under any contract for Fuel.
 - (ii) Please:
 - (A) Advise of material litigation that you are currently involved in; and**
 - (B) Advise of any health, safety and/or environmental sanctions, fines or orders against you in the last five (5) years.**

29. Weighted criteria

29.1 Capacity to contract

- (a) Contractor capability and capacity
- (i) PNG Power has geographically dispersed operations in remote locations.
 - (ii) Ensuring appropriate support to these operations is critical and forms a fundamental basis of the future relationship between PNG Power and its Fuel Contractor.

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- (iii) Please:
- (A) **Outline your organisational structure including relationships at a regional and global level;**
 - (B) **Specify the corporate structure (including subsidiaries) intended to enter in to any Contract with PNG Power;**
 - (C) **Provide the contact details of the individual who will be the key account manager to PNG Power throughout the term of the Contract;**
 - (D) **Provide the contact details of the individual who will be the Contract Manager for the Contractor throughout the term of the Contract;**
 - (E) **Detail the additional resources available in your organisation and their specific areas of expertise that may be deployed to assist PNG Power in each Region with particular reference to the Services identified in Schedule D of the Contract;**
 - (F) **Detail where your organisation is headquartered and how you propose to interact with key PNG Power stakeholders responsible for the oversight of the Contract; and**
 - (G) **Provide CVs for all of the proposed above-mentioned individuals from your company that will be involved in the supply of Fuel.**
- (b) Sub-contractors
- (i) PNG Power acknowledges that certain Contractors may need to engage sub-contractors in order to fulfill all the obligations in their RFT Response.
 - (ii) In this event Contractors should ensure that their RFT Response is consistent with the obligations that they place on those sub-contractors for the delivery of goods and services to PNG Power.
 - (iii) This is to ensure that supply side risk to PNG Power is not increased through a misalignment in expectations or capability.
 - (iv) Please:
 - (A) **Outline each of the sub-contractors that you are proposing to use in the delivery of Fuel products and services for each Region detailing:**
 - (1) **the name and address of the sub-contractor;**
 - (2) **the relevant resources of the sub-contractor including a principal contact; and**
 - (3) **the products or services that the sub-contractor**

will be providing to PNG Power on your behalf and which specific Centre they will be delivered to;

- (B) Identify the assurance processes you have in place to pre-qualify the sub-contractor supply base to ensure that PNG Power supply side risk is not increased; and**
- (C) Identify the processes you have in place to manage their supply performance obligations including ongoing auditing of their safety practices and management of input costs.**

(c) Distributor or third parties

- (i) PNG Power is interested to know whether you are offering to provide the Fuel products and services on your own account, or as the distributor or representative of another.
- (ii) Please:
 - (A) Provide details as to any distributor or third party arrangements for each Region and to which Centre the distributor or third party would be providing supply to; or**
 - (B) Provide a statement asserting that this is not applicable to your response.**

(d) Supply chain management

- (i) PNG Power wishes to understand in detail the complete supply chain proposed by Contractors.
- (ii) Please:
 - (A) Describe the contracts in place that you have with third parties for Fuel, the tenure of the contracts and location from where Fuel is sourced (both domestically and internationally);**
 - (B) Detail each of the storage facilities including any intermediate storage points (location, size, ownership etc.) that will be used to service the needs of the Centres and ownership of these facilities; and**
 - (C) Detail the mode of transport of products to each Centre including whether the Contractor will transport Fuel to the Centres or alternatively use sub contractors.**

(e) Supply chain assurance (contingency planning)

- (i) The Contractor, in conjunction with PNG Power, shall undertake a risk assessment across its supply chain and develop a contingency plan for each Region or Centre within the first two (2) months of the

Contract term.

- (ii) Both parties will review the contingency plans annually or if any change in circumstances occurs (including but not limited to the addition or removal of a Centre, a significant change in market conditions or a significant change in regulations).
- (iii) Please provide a draft contingency plan for a Centre detailing, as a minimum:
 - (A) **The management strategies for ensuring security of supply;**
 - (B) **An assessment of the risks to the continuity of supply across the entire supply chain;**
 - (C) **Plans to ensure continuity and security of supply against a wide range of contingencies including:**
 - (1) **Failure of production e.g. failure of refinery;**
 - (2) **Failure in a supply chain process;**
 - (3) **Specific measures proposed to ensure continuity of supply of PNG Power on a Centre by Centre, basis; and**
 - (4) **Emergency need for supply of Fuel (including from where replenishment would come and approximate time for delivery to Centre).**
- (f) Supply chain optimisation
 - (i) PNG Power is interested in understanding where present and future alignment of your business with PNG Power geographically will result in supply chain optimisation.
 - (ii) Please outline any initiatives or other value propositions you can identify with respect to supply chain optimisation, e.g. ownership or management of infrastructure.
- (g) Governance
 - (i) Alignment to PNG Power governance structure will be important in the ongoing management of the relationship.
 - (ii) Please:
 - (A) **Provide details of the individuals who will interact with PNG Power counterparts throughout the proposed governance structure;**
 - (B) **Detail the commitment that the individuals will have to the management of the relationship;**
 - (C) **Outline whether you have any comments on the proposed meeting and reporting framework proposed by**

PNG Power pertaining to:

- (1) Purpose of the respective meetings;**
- (2) Frequency of meetings; and**
- (3) Composition of participants.**

- (h) Performance management and reporting
 - (i) Contract management post-implementation will be assisted by clearly defined Performance Indicators. Performance Indicators will assist in aligning the expectations of the Centres and their Contractors.
 - (ii) Section 21.4 in this document and Schedule I to the Contract provides proposed Performance Indicators. This pro-forma should not be viewed as limiting Contractor suggestions in any way.
 - (iii) Please:
 - (A) Provide comments against the proposed Performance Indicators including:**
 - (1) how they may be measured;**
 - (2) by whom they would be measured; and**
 - (B) Using past experience, please suggest any additional Performance Indicators that would assist contract management. Leading indicators (as opposed to lagging) are of particular interest.**
 - (i) Information management and transactional efficiencies
 - (i) At the commencement of the Contract payment to Contractors will be effected through a cheque under 60 day payment terms (from date invoice is received by PNG Power). However, over the term of the Contract, PNG Power is seeking to move to electronic processing.
 - (ii) Please:
 - (A) Outline your plans to enable full electronic trading and what level of support you require from PNG Power to achieve this outcome;**
 - (B) Provide an indication of discounts available to PNG Power in the event that PNG Power can pay invoices before the end of the 60 day period (e.g. 45 days from date invoice is received, 30 days from date invoice received).**
- 29.2 Fuel quality
- (a) Product specification
 - (i) Fuel will be delivered to Centre from the Contractor in accordance with PNG Power's desired specification.

-
- (ii) It is PNG Power's expectation that the Contractor can supply certification as to the quality of the product at two key points:
- (A) Depending on source of product, at the in-country refinery prior to discharge to a freight provider or when product is discharged from the ship to an in-country terminal; and**
 - (B) Prior to product being discharged into PNG Power's tanks at the Centres.**
- (iii) For the latter, it is PNG Power's expectation that the Contractor takes a sample of Fuel for testing prior to discharge into PNG Power's tanks.
- (iv) Please detail the approaches you will adopt to ensure that the Fuel supplied to PNG Power meets specification including:
- (A) The processes in place to avoid contamination of Fuel prior to and including delivery at Centre or the delivery point;**
 - (B) Processes in place to test the quality of the Fuel along the supply chain;**
 - (C) Contingency plans and capabilities in the event that the Fuel does not meet the guidelines;**
 - (D) Alternative purchase arrangements that can be extended to PNG Power in the event that the supply does not meet the guidelines; and**
 - (E) Discounts available to PNG Power if the fuel delivered does not meet specification and PNG Power determines, at its absolute discretion, to accept the delivery.**

29.3 Competitive pricing

- (a) Commodity price
 - (i) PNG Power consumes approximately 50M litres of Fuel for the Centres listed in this RFT on an annual basis. Attachment B of this RFT provides forecast volume information to assist Contractors.
 - (ii) PNG Power is seeking full transparency of pricing from its Contractors.
 - (iii) Please complete the Pricing Schedule at Attachment B of this RFT. The Pricing Schedule provides instructions as to its completion.
- (b) Key input costs
 - (i) In keeping with our desire for increased transparency, PNG Power wishes to understand and align itself with Contractors that have a clear strategy for controlling the costs of key inputs for Fuel.

-
- (ii) Please:
 - (A) Outline the variable and fixed elements of your cost base;**
 - (B) Describe how the variable and fixed components are built up to arrive at a price for PNG Power;**
 - (C) Outline the strategies you would seek to employ to minimise the impact of input cost increases.**
 - (c) Associated Services
 - (i) Please:
 - (A) Provide hourly rates by resource in Attachment B of this RFT for the Services identified at Schedule D of the Contract.

29.4 Contractor Ability

- (a) Ability to engage with PNG Power under proposed terms and conditions
 - (i) Contractors will refer to the Contract at Attachment F to this RFT and state their compliance against each of the clauses listed in the proposed Contract.
 - (ii) Please:
 - (A) Indicate whether it complies with the clause; or
 - (B) Indicate whether it does not comply and provide commentary as to what changes it proposes.
 - (iii) Please respond in Attachment G of this RFT.

29.5 Change management

- (a) Implementation plan
 - (i) Contract implementation will be a critical success factor for this project.
 - (ii) PNG Power wishes to align itself with Contractor(s) that have a realistic view of implementation and a detailed planning approach to support this view.
 - (iii) As stated at Part 3 of this RFT it is PNG Power's intention that the Contract would be executed in early June 2022 to allow for an approximate one month period for the incoming Contractor to transition prior to a full 'go live' on 2nd July 2022.
 - (iv) Please provide a detailed draft implementation plan outlining resources, timing and key milestones related to:
 - (A) Recruitment of appropriate resources for the supply;
 - (B) Design of process and implementation of these for reporting against the Performance Indicators;

- (C) Establishment of any contracts for the supply chain;
 - (D) Security of supply assurance process for all Centres;
 - (E) identification and agreement of minimum stock levels required at each Centre; and
 - (F) Provide examples of where you have utilized this methodology successfully with other organizations and provide references that may be contacted to verify the statement;
- (v) Please note that the above is not an exhaustive list and Contractors are invited to cover additional topics as relevant.
- (vi)
- (b) Implementation costs
- (i) PNG Power is cognizant that any change in contractors carries with it an associated cost to transition.
 - (ii) Please:
 - (A) Provide an indicative transition cost appropriate to the Regions that you are nominating under this RFT;
 - (B) Describe the elements of what this cost comprises; and
 - (C) Describe who incurs each element of this transition cost.

ATTACHMENT A - LIST OF CENTRES

(c) The PNG Power Centres for Supply under the Contract are listed by Region in the table below.

~~(d)~~ The ~~se~~ Centres may change throughout the Contract Term in accordance with Clause 3.2 of the Contract.

(d) _____

(e) _____

<u>Region</u>	<u>Centre</u>	<u>Address</u>	<u>Delivery Point</u>	<u>Centre Representative</u>	<u>Contact details</u>
<u>Southern Region</u>	<u>Alotau</u>	<u>PNG Power Limited, PO Box 177 Alotau</u>	<u>Alotau Power House tanks</u>	<u>Septimus Lawenadi</u>	<u>6411339</u>
	<u>Daru</u>	<u>PNG Power Limited, PO Box 50 Daru</u>	<u>Daru Power House tanks</u>	<u>James Onom</u>	<u>4581326</u>
	<u>Kerema</u>	<u>PNG Power Limited, PO Box 94 Kerema</u>	<u>Kerema Power House tanks</u>	<u>Guy Avea</u>	<u>6481173 / 73107057</u>
	<u>Kanudi Titans</u>	<u>PNG Power Limited, P O Box 1105 Boroko</u>	<u>Kanudi Power House tanks</u>	<u>William Karanta</u>	<u>3216044/73994270</u>
	<u>Kanudi GE</u>	<u>PNG Power Limited, P O Box 1105 Boroko</u>	<u>Kanudi Power House tanks</u>	<u>William Karanta</u>	<u>3216044/73994270</u>
	<u>Moitaka</u>	<u>PNG Power Limited, P O Box 1105 Boroko</u>	<u>Moitaka Power House tanks</u>	<u>Elias Kurapa</u>	<u>326 2439</u>
	<u>National Office</u>	<u>PNG Power Limited, P O Box</u>	<u>National office Power</u>	<u>Joseph Jonah</u>	<u>3243345</u>

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Request for Tender 2022 - Supply of Fuel Products and Services

<u>Region</u>	<u>Centre</u>	<u>Address</u>	<u>Delivery Point</u>	<u>Centre Representative</u>	<u>Contact details</u>
		1105 Boroko	house tanks		
	Samarai	PNG Power Limited, PO Box 70 Samarai	Samarai Power House tanks	Bernard Dabero	6411339/70517737
Momase	Aitape	PNG Power Limited, PO Box 49 Aitape	Aitape Power House tanks	Peter Marcus	4572004
	Maprik	PNG Power Limited, PO Box 65 Maprik	Maprik Power House tanks	Isaac Tseraha	458 1326
	Wewak	PNG Power Limited, PO Box 138 Wewak	Wewak Power House tanks	Bustin Joseph	456 2593/71556527
	Vanimo	PNG Power Limited, PO Box 208 Vanimo	Vanimo Power House tanks	James Botuau	457 1072
Ramu Grid	Finschaffen	PNG Power Limited, PO Box 181 Finschaffen	Finschaffen Power House tanks	John Rauli	474 7080/72334869
	Goroka	PNG Power Limited, PO Box 455 Goroka	Goroka Power House tanks	Paul Nao	532 1963/70083079
	Kundiawa	PNG Power Limited, PO Box 302 Kundiawa	Kundiawa Power House tanks	Billy Rabel	535 1375
	Madang	PNG Power Limited, PO Box	Madang Power House	Soma Zazave	422 2538

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<u>Region</u>	<u>Centre</u>	<u>Address</u>	<u>Delivery Point</u>	<u>Centre Representative</u>	<u>Contact details</u>
		677 Madang	tanks		
	Mendi	PNG Power Limited, PO Box 30 Mendi	Mendi Power House tanks	Noah Ipmasua	549 1322
	Milford	PNG Power Limited, P O Box 279 Lae	Milford Power House tanks	Daniel Toropo	472 2007/72527567
	Popondetta	PNG Power Limited, PO Box 32 Popondetta	Popondetta Power House tanks	Iga Raka	629 7337/72885913
	Taraka	PNG Power Limited, P O Box 279 Lae	Taraka Power House tanks	Stanley Gogorea	472 2007/72527567
	Lae GT	PNG Power Limited, P O Box 279 Lae	Taraka Power House tanks	Stanley Gogorea	472 2007/72527567
	Wabag	PNG Power Limited, PO Box 446 Wabag	Wabag Power House tanks	Lucas Ikirai	547 1251/73658391
	Tari	PNG Power Limited, P.O.Box 182 Tari	Tari Power House tanks	Andrew Magaiye	5408616/71050651
New Guinea Islands	Biialla	PNG Power Limited, PO Box 174 Biialla	Biialla Power House tanks	Sale Darius	983 1116/72359039
	Buka	Free Mail Bag- Bougainville	Buka Power House	Cornellius Omi	973 9633/71571458

Request for Tender 2022 - Supply of Fuel Products and Services

<u>Region</u>	<u>Centre</u>	<u>Address</u>	<u>Delivery Point</u>	<u>Centre Representative</u>	<u>Contact details</u>
			tanks		
	Kavieng	PNG Power Limited, PO Box 67 Kavieng	Kavieng Power House tanks	Paul Topa	984 2276/72065044
	Kerevat	P O Box 215, Rabaul ENBP	Kerevat Power House tanks	Nick Tivalu	982 8216/72873558
	Kimbe	PNG Power Limited, PO Box 204 Kimbe	Kimbe Power House tanks	Mozo Livason	983 5193/79139479
	Lombrum	PNG Power Limited, P O Box 106, Lorengau	Lombrum Power House tanks	Brian Masange	970 9127
	Ulagunan	P O Box 215, Rabaul ENBP	Ulagunan Power House tanks	Alphonse Maur	9828100/72873558

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ATTACHMENT B - FORECAST VOLUMES AND PRICING SCHEDULE

2022 Forecast volumes (litres) – Southern Region

Centre	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Kanudi (GE)	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
(Titans)	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Samarai	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Alotau	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Daru	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Kerema	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Popondetta	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
TOTAL	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000	1,645,000

Assumptions;

- (i) Kanudi GT power station running dispatched at 80% capacity
- (ii) Popondetta thermal on stand-by most times.

2022 Forecast volumes (litres) – Momase Region

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Request for Tender 2022 - Supply of Fuel Products and Services

Centre	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Wewak	400,000	400,000	400,000	400,000	400,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Vanimo	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Aitape	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Maprik	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000	335,000

Assumptions;

Wewak new D8 installed by May 2022.

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2022 Forecast volumes (litres) – Ramu System

Centre	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Wabag	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Tari	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Milford	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Taraka PPL	100,000	100,000	100,000	100,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Madang	300,000	300,000	300,000	300,000	300,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Goroka	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Kundiawa	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Mendi	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Finschaffan	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
TOTAL	829,000	829,000	829,000	829,000	879,000	979,000	979,000	979,000	979,000	979,000	979,000	979,000
Centre	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22

Table G.4 - 2022 Forecast volumes (litres) – Niugini Islands Region

Centre	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Kerevat	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
Ulagunan	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Kavieng	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Arawa	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Buka	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Lombrum	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Kimbe	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Bialla	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
TOTAL	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000	1,906,000

Pricing Schedule to be provided as a separate Excel file (Soft Copy)**Example – Southern & Ramu Regions**

	Price Component	Units	Price basis	Source data	Kanudi G.T	Lae Wharf G.Ts	Moitaka	Madang	Taraka	Milford
Import Parity Price	Mean of Platts Singapore (Gasoil 500ppm)	USD/bbl	Monthly							
	Exchange Rate	USD / Kina	Monthly							
	Price per barrel in Kina	Kina	Monthly		0	0	0	0	0	0
	Price per litre in Kina	Kina /Litre	Monthly		0	0	0	0	0	0
	Shipping	Kina/Litre	Monthly							
	Ocean Losses	Kina/Litre	Monthly							

Request for Tender 2022 - Supply of Fuel Products and Services

	Insurance	Kina/Litre	Monthly							
	Demurrage	Kina/Litre	Monthly							
	Landing charges	Kina/Litre	Monthly							
	<i>Total Import Parity Price</i>	<i>Kina/Litre</i>	<i>Monthly</i>	<i>Source Data from ICC (Variable)</i>	<i>IPP</i>	<i>IPP</i>	<i>IPP</i>	<i>IPP</i>	<i>IPP</i>	<i>IPP</i>
Other Costs	Excise	Kina/Litre	Fixed		0.06	0.06	0.06	0.06	0.06	0.06
	Sea freight	Kina/Litre	Quarterly		0	0.1187	0	0.1187	0.1187	0.1187
	Road freight	Kina/Litre	Quarterly		0.0102	0.038	0.05	0.035	0.0516	0.0474
	Wholesale margin	Kina/Litre	Annual variable		0.366	0.366	0.366	0.366	0.366	0.366
	Discount on margin	Kina/Litre	Fixed		-0.17	-0.19	-0.3	-0.25	-0.25	-0.25
	Drums Fillings Charge	Kina/Litre	Fixed							
	<i>Total Import Parity Price and Other Costs</i>					0.2662	0.3927	0.176	0.3297	0.3463
GST @ 10%	Kina/Litre	Fixed								
Contract Price	Contract Price	Kina/Litre	Monthly							

~~Attachment~~ **MATTACHMENT D** - SPECIFICATION

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DIESEL

~~(b)~~(f) The fuel must consist of hydrocarbon compounds only and must be compatible between batches.

~~(e)~~(g) The use of additives is not permitted without prior approval obtained from PNG Power Limited.

~~(d)~~(h) The fuel must comply with the following specifications:-

- (i) BS 2869 – 1970 with amendments Class 'A2'
- (ii) AS 3770 – 1988 with amendments Automatic Diesel Fuel
- (iii) ASTM D975 - 4 Grade I-D and 2-D
- (iv) ASTM D396 – 76 Grade 1, 2 & 4
- (v) ASTM D1655 – Turbine Fuels
- (vi) ASTM D2880 – 76 Gas Turbine Oil Grade 0-GT, 1-GT and 2-GT

~~(e)~~(i) The fuel shall be distillate oil meeting the following limiting specifications: -

<u>Quality</u>	<u>Units</u>	<u>Limits</u>	<u>Test Method</u>
<u>Net Calorific Value</u>	<u>Kj/Kg min</u>	<u>42,100</u>	<u>D240</u>
<u>Kinematic Viscosity</u>	<u>CST @ 40°C</u>	<u>2.0-4.5</u>	<u>ASTM</u> <u>D445</u>
<u>Cetane Index</u>	<u>min</u>	<u>48</u>	<u>ASTM</u> <u>D4737</u>

Request for Tender 2022 - Supply of Fuel Products and Services

Carbon Residue on 10% Residue/Ramsbottom	% mass max	Max 0.2	ASTM D524
Specific Gravity		0.8-0.87	ASTM D4052
Flash Point, closed cup	°C min	64	ASTM D93
Colour	Max	2	ASTM D1500
Appearance	Clear & Bright without undissolved sediment or free water		
Oxidation Stability	mg/litre max	25	ASTM D2274
Copper Corrosion 3 Hr @ 100 °C	Max	1	ASTM D130
Sediment	% mass max	0.01	ASTM D473/D2709
Water	% volume max	0.05	ASTM D95

Request for Tender 2022 - Supply of Fuel Products and Services

Sulfur	% mass max	0.05	ASTM D2622
Ash	% mass max	0.01	ASTM D482
Vanadium	Wppm max	0.5	ASTM D3605/D2788
Sodium	ppm	Max 0.2	D3605
Potassium	ppm	Max 0.2	D3605
Lithium	ppm	Max 0.2	D3605
Lead	ppm	Max 0.2	D3605
Calcium	ppm	Max 0.2	D3605
Phosphorous	ppm	Max 0.2	D3605
Hydrogen Content	%wt	Min 12.7	D5291

Attachment N ~~ATTACHMENT E~~ – CENTRE FUEL STORAGE CAPACITIES

Centre	Total Storage Capacity (Installed)	Estimated average daily usage by Centre (L)	Estimated average Monthly usage by Centre (L)	Estimated Number of Days Storage	Minimum Stock which must be must be maintained at the Centre		Estimated Number of Days that Minimum stock level should supply the centre
					Wet Season	Dry Season	
NGI Region	1,422,000	65,120	1,953,600	22			
Bialla	77,000	1500	45,000	51	2000	2000	1
Lombrum	211,000	6,000	180,000	35	90000	90000	15
Arawa	57,200	3120	93,600	18	40000	40000	0
Buka	79,000	8,500	255,000	9	50000	50000	6
Kavieng	315,000	8,000	240,000	39	80000	80000	10
Kimbe	36,800	12000	360,000	3	30000	30000	3
Kerevat	201,000	12,000	360,000	17	40000	40000	3
Ulagunan	330,000	14,000	420,000	24	100000	1000000	7
Ramu Region	1,882,069	102,550	3,076,500	18			
Finschaffen	21,600	700	21,000	31	5000	5000	7
Goroka	31,000	200	6,000	155	2000	2000	10
Kundiawa	26,000	150	4,500	173	5000	1500	33
Madang	324,000	22,000	660,000	15	20000		1
Mendi	36,400	500	15,000	73	5000	5000	10
Milford	753,000	8,500	255,000	89	20000	50000	2
Popondetta	80,389	7,500	225,000	11	40000	40000	5

Request for Tender 2022 - Supply of Fuel Products and Services

Taraka PPL	207,000	5,000	150,000	41	50000	50000	10
Lae-Port GE	204,880		-		100000	100000	
Tari	36,000	2000	60,000	18	20000	20000	10
Wabag	38,000	1000	30,000	38	5000	5000	5
Momase Region	486,820	87,150	2,614,500	6			
Aitape	21,820	1,400	42,000	16	50000	30000	36
Maprik	48,000	1,750	52,500	27	25000	15000	14
Vanimo	180,000	7,000	210,000	26	60000	60000	9
Wewak	237,000	20,000	2,310,000	3	150000	150000	2
Southern Region	2,093,800	226,890	6,806,700	9			
Alotau	194,000	11,800	354,000	16	100000	75000	8
Daru	40,000	3,000	90,000	13	20000	20000	7
Kanudi (GE)	143,900	60,000	1,800,000	2			
Kanudi (Titans)	247,800	20,000	600,000	12	200000	20000	10
Kerema	24,400	1,850	55,500	13	15000	15000	8
Moitaka (Diesel)	1,440,000	130,000	3,900,000	11	450000	750000	3
National Office	3,700		-		1500	1500	
Samarai	Drums	240	7,200		3500	3500	

~~Attachment~~ ATTACHMENT F – CONTRACT

To be provided as separate Word files including:

General Terms and Conditions

Key Terms

Schedules

Attachment PATTACHMENT G – CONTRACTOR ACKNOWLEDGEMENT OF CONTRACT TERMS AND CONDITIONS

The Contractor is requested to complete the table below with reference to the Contract at Attachment E to this RFT.

Clause Reference	Comply (Please tick)	Do Not Comply (please tick)	Suggested amendments
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