

SCOPE AND SPECIFICATION

PNG POWER LTD



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SOURCING SPECIFICATION

1. (Collection Agent Tender)

[User note: it is not necessary to use all the headings shown below – headings can be amended, combined and/or removed as required. Additional documents, drawings and/or standards may also need to be attached.]

Terms of reference for the appointment of a suitable Collection Agent to provide assistance in collecting final bill (credit meter debt) accounts over one year or more.

PNG Power Retail Business Unit is requesting for interested Collection Agents to submit proposals lodging your interest for the debt recovery project.

PURPOSE AND BACKGROUND

2. Purpose

[User note: understanding the purpose and the objectives of the procurement is critical in assisting a prospective supplier to understand an agency's needs and the outcomes sought.]

The purpose of this procurement is to place on tender appointment of a suitable Collection Agent that can act on behalf of PPL to collect outstanding defaulting debtors for final bill credit meters one year or more.

3. Background

[User note: this section can be used to set the scene. Giving prospective suppliers an understanding of how and why the requirement arose may help them put together the best solution.]

PNG Power Ltd Retail Business Unit is responsible for sale of electricity and revenue collection. The debtors for bills consumed by customers under Credit Meter is manageable, however once finalised the debt is considered irrecoverable once all recovery actions are exhausted. PPL Retail Business Unit has taken the initiative to outsource all credit meter debt in the final bill category to a collection agent to exhaust other recovery measures before debt is considered irrecoverable. The debtors listing is for all accounts nationwide

DETAILED DESCRIPTION OF SCOPE

4. Overview

(Insert a description of what goods and/or services are required – this should include a description of the outcomes/outputs sought.)

4.1 The appointed Collection Agent will;

4.1.1 Commence recovery action on all Credit meter finalised debt ranging from aging one year and over. The debt recovery action plan is for all consumers under the aging of one year and over. Normal recovery actions by way of default notices can be initiated for the purpose of recouping the debt except legal avenue.

4.1.2 Refrain from pursuing Legal Action on defaulting debtors.

5. Mandatory requirements

[User note: these are yes/no scenarios where a failure to meet the specified requirement would render the offer as non-compliant. This may include some of the headings provided below under 'Desirable requirements'. Mandatory requirements may include things such as:

- National Standards
- accreditation requirements
- legislative reporting requirements or other obligations.]

(Insert information.)

5.1 The Collection Agency must be a current registered business Entity with over two (2) years of experience in debt collection and has proven record of debt recovery and references from other engagement. The Collection Agency must be equipped with the required resources to initiate this debt recovery project. The Collection Agency must possess sound knowledge of debt collection practices, regulations and procedures. The Collection Agent must qualify PPL Vetting requirements.

6. Expected output and deliverables

6.1 The Collection Agency is responsible for the following outputs and deliverables

- 6.1.1 Weekly reporting of all debt collection matters successfully collected.
- 6.1.2 Recovery action on all defaulting debtors as per PPL debtors listing
- 6.1.3 Full payment of debtors to be remitted directly to PPL for receipting
- 6.1.4 Full report of irrecoverable debt listing referred to PPL

7. Powers and Authority

The duties and responsibilities of the Collection Agent should be executed in line with PPL Customer Standard Supply and Sales Contract, Electricity Act, Company Act Rules and Regulation and relevant Laws.

8. Detailed requirements

8.1 The Collection Agent will undertake the following roles;

8.1.1 **Work with Final bill credit meter debtors listing.**

- a) Gather details of final bill debtors listing for all credit meter ranging from one year and more from Retail Debt Management Debt Recovery Section.
- b) Obtain customer billing system record history from Retail Debt Management Debt Recovery team or Customer Service at PPL Centres

8.1.2 Pursue normal collection action on debtors over one year.

- a) Tracing and locating all the debtors as per debtors listing and obtaining any other necessary information needed to recover by sending out notices of unpaid debt
- b) Debtors over one years with all avenues exhausted to be referred to PPL with full supporting documents on actions exhausted for Bad Debt write-off recommendation.
- c) Debtors successfully located but cannot be pursued further through legal avenues can be referred to PPL to pursue further recovery action.

8.1.3 Bill Disputes

- a) All Bill disputes to be referred to PPL Retail Debt Management Section to assess in liaison with Revenue Billing. Resolved bills will be referred to Collection Agent to pursue recovery action. There should be no further recovery action until a bill dispute is resolved.

9. DUTIES AND RESPONSIBILITIES OF COLLECTION AGENT

The Collection Agent will be responsible for the following duties and responsibilities;

- 9.1.1 Retrieve details of customer debtors and Billing statement from Retail Debt Management Section.
- 9.1.2 Take normal recovery action in line with the scope of work commencing with issuing of default notice.
- 9.1.3 Submit weekly report end of every week to Retail Debt Management Section. This report should have full record of debt recovery transactions.
- 9.1.4 Receipt debt payment into the customer's debtor account with PPL to update debtor account.
- 9.1.5 Pursue recovery action in line with PPL Standard Customer Supply and Sales Contract, Electricity Industry Act and other relevant laws.
- 9.1.6 Make copy of all information, documents and actions taken for PPL record. Reporting on a monthly basis on the status of the various debtors as well as the successful collection of default debtors collected.
- 9.1.7 All travel, accommodation and recovery related cost will be borne by the debt Collection Agent as part of its operational cost.

10 TERMS OF PAYMENT

- 10.1 The amount of commission fee payable will be awarded against the aging of debt
- 10.2 Debtors over six (6) years – forty percent (40%) of finalised account per customer
- 10.3 Debtors over one year – Twenty -five percent (25%) of finalised account per customer
- 10.4 No additional charges to be borne by PNG Power Ltd for this project.

- 10.5 Collection Agent will be paid a one off payment by way of commission through successful recovery of debt.

Terms of payment will be done monthly depending on successful performance

Note: Assessment of commission is done;

- against operational costs for debt recovery factored into the commission in terms of travel, accommodation and other operational expense
- Research done online on similar external agent commission concepts;
- Ref: Fair Capital; <https://www.kaplancollectionagency.com/how-much-...>
- Ref; <https://www.kaplancollectionagency.com/how-to-select-a-collection-agency/how-much-does-the-collection-agency-charge/>

(Insert information as applicable.)

Statistical and technical information

[User note: list any statistical information provided to help suppliers or attach any technical drawings.]

Final Bill Debt Portfolio by Region

No.of Acc	Region	Current	6 years plus	Unall Cr	Total	Efficiency ratio
4389	Highlands	357,759.15	6,098,518.50	-519,360.51	5,936,917.14	59%
1572	Momase	158,489.95	1,126,103.45	-407,664.12	876,929.28	9%
1444	NGI	153,758.64	2,057,837.54	-412,571.27	1,799,024.91	18%
784	Southern	191,717.47	1,786,273.03	-445,155.66	1,532,834.84	15%
8189	Grand Total	861,725.21	11,068,732.52	-1,784,751.56	10,145,706.17	100%

(Insert information or attach as appropriate.)

Compliance with standards

[User note: any standards of relevance to the procurement should be mentioned and the importance m

PPL Credit/payment terms as per Standard Customer Supply and Sales Contract

(Insert information if applicable.)

Relevant legislative and policy requirements

[User note: any legislation and/or policy of relevance to the procurement should be mentioned and the importance made clear.]

(Insert information if applicable.)

PPL Standard Customer Supply and Sales Contract,
Electricity Industry Act
Company Act, 1997
Criminal Code Act
Credit Data Bureau

Term

[User note: insert for how long the goods and/or services will be required.]

The Duration of this engagement is for a period of six (6) months and any extension is subject to performance and agreement by both parties.

(Insert information.)

Delivery timetable

[User note: where appropriate a timetable for the production of periodic reports and the achievement of specific results should be included.]

The project time frames in terms of this bid are indicated as follows

Activity	Due Date
Advertisement of the Bid	5 th September 2022
Questions related to the Bid	19 th September 2022
Answers to questions	26 th September 2022
Bidding close	30 th September 2022

(Insert information.)

Number and location of suppliers

[User note: use this section to insert details about where the goods or services are required. For example, does the agency require contractors located in each region, or a single contractor that can service the whole state?]

Collection Agency to concentrate on all Centres with high debt ratio or debtors that can be successfully recovered.

(Insert details about where the good or services are required.)

NA

Goods inspection/tests required

[User note: use this section to detail any inspections and/or tests the offered goods/services will be required to undergo prior to acceptance.]

(Insert information if applicable.)

NA

Training, service, support and warranties

[User note: use this section to detail any training, service, warranties and/or other support services the supplier will be required to provide.]

During engagement of contract any liabilities incurred by Collection Agent, PPL will not be liable for the Agency's conduct.

(Insert information.)

Key performance indicators

[User note: key performance indicators are used to measure and report progress and are generally chosen to reflect the critical success factors of a project/deliverable.]

No. of Acc	Region	Total	Efficiency ratio	MEASURES				
				No. of default customer collected	Collection in %	Total Debt reduc	Total Debt reductio	Bad Debt
				Monthly	Monthly	>6 yr	>1 yr < 6 yr	Monthly
4389	Highlands	5,936,917.14	59%	100	40%	30%	25%	5%
1572	Momase	876,929.28	9%	100	40%	30%	25%	5%
1444	NGI	1,799,024.91	18%	100	40%	30%	25%	5%
784	Southern	1,532,834.84	15%	100	40%	30%	25%	5%
8189	Grand Total	10,145,706.17	100%	400	40%	30%	25%	5%

Key performance indicator assessment based on;

- Number of default customers collected in a month
- Monthly Collection in monetary value
- Aged debt reduction for debt six (6) years and over
- Aged debt reduction for debt one (1) year and over and less than six (6) years
- Monthly Bad Debt submissions

(Insert information.)

Reporting

[User note: use this section to include details about any reports that the supplier is required to provide.]

(Insert information if applicable.)

Submit weekly report end of every week to Retail Debt Management Section including an overall Monthly Debtors performance report.

Implementation and/or transition requirements

[User note: use this section to include implementation and/or transition requirements that the supplier is required to provide.]

(Insert information if applicable.)

Copyright and intellectual property rights

[User note: the specifications should contain information about the ownership of any intellectual property, if applicable.]

PPL system record and customer information released by PPL for the purpose of this project should be used solely for this debt recovery project. This project is confidential and to be used only for the sole purpose of this project.

(Insert information if applicable.)

Confidentiality requirements

(Insert information if applicable.)

The Collection Agent is to maintain confidential all records provided by PPL and only upon endorsement by PPL should any information be released.

Resources provided by the principal

[User note: use this section to document any resources that will be provided to the supplier by the agency. For example, this may include office accommodation, documentation, or access to key stakeholders.]

None

(Insert information if applicable.)