



TERMS AND CONDITIONS OF CONTRACT

For the

SUPPLY AND DELIVERY OF LUBE OIL (CASTROL RX
SUPER 15W40) TO PNG POWER LTD NATIONWIDE FOR
PERIOD OF TWO YEARS

1. BACKGROUND

PNG Power Ltd (PPL) is a fully integrated power authority responsible for Generation, Transmission, Distribution & Retailing of Electricity throughout Papua New Guinea and servicing individual electricity customers. PPL services customers on almost all urban centres throughout the country encompassing industrial, commercial, government and domestic sectors. Where possible, the services extend to the rural communities adjacent to these urban centres.

With the entity's vision of 'making electricity services accessible and reliable to its customers', PPL continues to spin the turbines and run the generators 24/7 to ensure that the vision is realised. Water is continually released from the dams and fuel and lubricants are refilled every now and then to maintain generation.

Lube Oils play important roles towards the reliability of the machines. Thermal generators requires quality and specified type of lubricant to run the machines up to maximum capacity to ensure required kwhr of electricity is produced.

2. CURRENT SCENARIO

All hydro and thermal power stations nationwide uses specified lubricants recommended by the manufacturers of those generators. The use of lubricants not recommended by the manufactures & technical experts in this area will have severe impact on the machines and the entity as a whole.

95% of PNG Power thermal stations nationwide use Castrol RX Super 15W40 as its main lube product. It has been around for quite long and has proven itself to be genuine and has gain the trust of PPL. The Current scenario here is that, the supplier of this product – Puma Energy PNG Ltd is phasing out this product and trying to push in their own product (X) which were never been tested and used. PPL experts and managements in this area cannot allow for the use of this unknown product for the good and safety of the machines. The approach taken by Puma Energy has endangered the functionality of the machines – stock has run low as result of them reluctant to supply. If this dilemma continuous, the thermal stations will shut down affecting all services nationwide.

3. OBJECTIVE & EXPECTED OUTCOME

It has come to the attention of PPL that Castrol RX Super 15W40 is longer on the shelves of the supplier. Instead, a new product is introduced in place of the mentioned product.

The sole objective of this is to have Castrol RX Super 15W40 readily available at the power stations and supplier's shelves at all times for continuous use to avoid disruptions.

This exercise is highly anticipated after evaluating the benefits associated with.

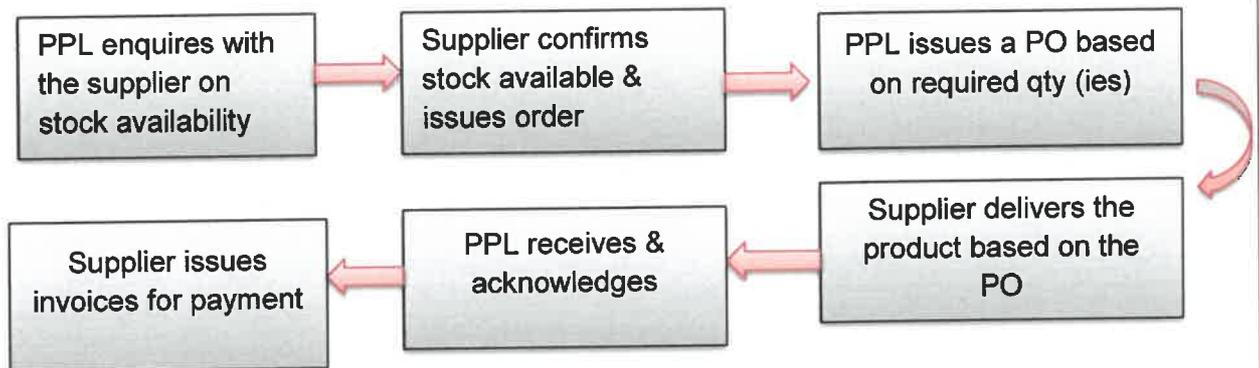
- a) **Save the generators from damages** – the (X) lubricant has never been tested and used in those machines. The properties there can be harmful.
- b) **Save costs associated with change of oil** – at the time of oil change, a complete oil flush is required which would mean a large quantity of oil is required. Thus, more Kina would be spent.

- c) **Save likely loss of revenue** – at the time of oil change, a total shut down will be take place. The number of hours taken for oil change and clean-up will be a loss of revenue for PPL.

4. SCOPE OF WORK

The successful bidder will be expected to effectively and efficiently deliver the mentioned product in a timely manner when required. Product delivery on time is what is required from the bidder considered that without this product, machines will not run affecting everything down the line.

4.1 Delivery Channel



It is envisaged that the delivery channel flows smoothly from the first point of enquiry until Product is received and acknowledged.

5. LOGISTICS & TIMING

The contract will be in effect upon signing and awarding of the contract agreement. The successful bidder to mobilise logistics and effect deliveries straight after signing of the contract. Logistics and Transportation is the bidder's responsibilities. Third party transport agreement will be at the expense of the successful bidder.

6. REQUIREMENTS

7.1 Experience

The Bidder will be required to provide records or evidence of similar contracts successfully delivered. It should be supported with documents and evidences of completed contracts

6.2 Qualification

The bidder is expected and required to provide qualifications and experiences of management and specialised in logistics and also currently engaged in fuel and lubricants business. Employees and personals engaged must be highly qualified and experienced.

6.3 Financial Capacity

The Bidder will be expected and required to have a healthy bank balance with the established banks with the country, PNG. This will be evident through availing of financial statements and bank statements.

6.4 Logistics

The bidder must have adequate logistics and transports available to maintain constant deliveries. Availability of logistics to be given greater attention during evaluation for contract.

7. PAYMENT TERMS

Payment terms to be 30 days after the date of the invoice. All invoices to be processed for payment after 30 days.

8. APPLICATION PROCEDURE

The application should contain:

- Cover letter explaining why the bidder is the most suitable company for the advertised tender and a methodology on how the bidder will effectively and efficiently deliver the lube oil.
- Include historical experiences of fuel & lube oil deliveries

Approved by: _____

18/01/2019
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