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**TERMS OF REFERENCE FOR THE APPOINTMENT OF A SERVICE PROVIDER TO DETERMINE THE ASSET BASE (VALUE) OF FOUR (4) SECONDARY DEPOT SIZES AND THAT OF A BENCH-MARK SERVICE STATION (BSS) FOR A PERIOD OF SIX (6) MONTHS**

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**1. BACKGROUND**

- 1.1 The Department of Energy has implemented a Regulatory Accounts System (RAS) to set the margins applicable to petrol only for the following activities ex-refinery gate, namely:
- a) Wholesale activities;
  - b) Secondary storage;
  - c) Secondary distribution; and
  - d) Petrol Retail activities.
- 1.2 The margins set in line with RAS have two components, namely (i) a recovery on investments; and (ii) a recovery of operating expenses. The capital investments into Secondary storage facilities are based on four (4) depot sizes. The capital investments into Petrol Retail activities are based on a so-called Bench-mark Service Station.
- 1.3 The nameplate capacities (“volumetric nameplate capacity measurement determined through the calibration of the tank after the construction of the tank at the storage facility”) of the four reference depots are (i) one [1.0] million litres; (ii) ten [10] million litres; (iii) fifty [50] million litres; and (iv) one hundred [100] million litres. A formula to calculate the asset base (value) for all individual depots is utilized to determine the combined asset base (value) by company and for the oil industry.
- 1.4 The value of the fixed asset base (fixed assets are based on physical design plus working capital) of a BSS is a function of the annual average petrol and diesel throughput volumes. The Department of Energy will provide nine (9) officials, one per province, to assist with the study if required.

## 2. SCOPE OF WORK

### 2.1 Secondary storage reference depots replacement values:

Determine the replacement values (Rands million per million litres) of four secondary storage depots with nameplate capacities of 1, 10, 50 and 100 million litres for each of the main descriptions of the asset base for each depot size indicated in the table below:

Capacity (million litres)	1	10	50	100
Land				
General Civil Works				
Building Works				
Road loading gantry				
Road receipt				
Rail gantry				
Tank Farm				
Site Product Piping and Equipment				
Fire Protection facilities				
Electrical Infrastructure				
Security Systems				
Asset base (value) (Rm/ml)				

### 2.2 Bench-mark Service Station (BSS)

Conduct a survey of all the licensed and operational service stations in the country to determine the following;

- (i) the annual average petrol and diesel throughput;
- (ii) the asset base (value) of a service station that would pump the total average throughput;
- (iii) the value of intangible assets of a service station which will have the ability to accommodate the required annual petrol and diesel throughput;
- (iv) Submit a template wherein each of the tangible and intangible assets values is indicated in Rands and cents/litre.

### 3. PROJECT OUTPUT AND / OUTCOMES

#### 3.1 The service stations survey must achieve the following outcomes:

- 3.1.1 Design a service station which will have the ability to accommodate the required annual petrol throughput.
- 3.1.2 The asset base (value) of the designed service station.
- 3.1.3 The value of intangible assets of the designed service station which will have the ability to accommodate the required annual petrol and diesel throughput capacity; and
- 3.1.4 A template wherein each of the tangible and intangible assets values is indicated in Rands and cents/litre.

#### 3.2 The secondary storage study must achieve the following outcomes:

- 3.2.1 The asset base (value) (Rands million per million litres) of four secondary storage depots with nameplate capacities of 1, 10, 50 and 100 million litres for each of the main descriptions of the asset base for each depot size to be indicated in the table below:

Capacity (million litres)	1	10	50	100
Land				
General Civil Works				
Building Works				
Road loading gantry				
Road receipt				
Rail gantry				
Tank Farm				
Site Product Piping and Equipment				
Fire Protection facilities				
Electrical Infrastructure				
Security Systems				
Asset base (value) (Rm/ml)				

- 3.2.2 Details of each source of the asset base (value) and substantiate the use of that source with comparisons to other sources;
- 3.2.3 an formula to calculate the asset base (value) for all individual depots utilized to determine the combined asset base by company and for the oil industry; and
- 3.2.4 all the calculations which were utilized to set the equation (formula) to calculate the asset base (value) for all individual depots to determine the combined asset base (value) for individual oil companies / investors.

#### **4. REPORTING REQUIREMENT**

- 4.1 Two (2) written reports in hard copies and one report in electronic format must be submitted to Mr Robert Maake, Director – Fuel Price Mechanism, who will manage the project on behalf of the Department.
- 4.2 The service provider would be required to submit monthly progress reports to the Department.

#### **5 INTELLECTUAL PROPERTY**

- 5.1 All the information, documents and reports that would be compiled for this project would become the property of the Department of Energy and must be handed over to the Department before the final payment is made.

#### **6 DURATION OF THE PROJECT**

- 6.1 The duration of this project would be six months from the date of signing the contract with the successful service provider.

#### **7. COMPULSORY INFORMATION SESSION**

- 7.1 A compulsory information / briefing session will be held on **13 August 2014 at 10h00** at the Department of Energy – 192 Visagie Street, Pretoria.

## **8. EVALUATION METHODOLOGY**

### **8.1. Cost**

- 8.1.1 The service provider will be required to provide a quote regarding the work to be undertaken for this project. The total cost must be VAT inclusive and should be quoted in South African currency (i.e. Rands). A detailed breakdown of the total bid must be attached.
- 8.1.2 The service provider should provide the hourly rates as prescript by the Department of Public Service and Administration (DPSA) and or the body regulating the profession of the consultants.
- 8.1.3 The service Provider should provide (S&T) rates that are in aligned to the National Treasury instruction note as follows:
- (i) Hotel Accommodation – R1300 per night per person, including breakfast, dinner and parking
  - (ii) Air travel must be restricted to economy class
  - (iii) Claims for kilometres may not exceed the rates approved by the Automobile Association of SA
- 8.1.4 Costing should be aligned with the project activities/ project phases.
- 8.1.5 A ceiling price (all-inclusive capped total) should be specified.

### **8.2 Broad-Based Black Economic Empowerment (B-BBEE)**

- 8.2.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) of 2011 and its regulation will apply in terms of awarding points.
- 8.2.2 Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids to substantiate their B-BBEE rating claims.
- 8.2.3 Bidders who do not submit their B-BBEE status level verification certificates or certified copies thereof together with their bids to substantiate their B-BBEE or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.
- 8.2.4 A trust, consortium or joint venture must submit a consolidated B-BBEE status level verification certificate for every separate bid.

8.2.5 The B-BBEE status level verification certificates submitted must be issued by the following agencies

8.2.5.1 For bidders who qualify as Exempted Micro enterprises:

- (a) Accounting officers as contemplated in the CCA;
- (b) Verification agencies accredited by SANAS; or
- (c) Registered auditors (registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EME's with B-BBEE Status Level Certificates).

8.2.5.2 For bidders other than EMEs:

- (a) Verification agencies accredited by SANAS
- (b) Registered auditors approved by IRBA

The table below depicts the B-BBEE status level of contribution:

<b>B-BBEE Status Level of Contributor</b>	<b>Number of points (80/20 system)</b>
1	20
2	18
3	16
4	12
5	8
6	6
7	4
8	2
Non-compliant contributor	0

### **8.3 Company Experience**

8.3.1 The company must have at least five (5) years experience in providing asset revaluation / valuation services and should provide proof accompanied by correspondence from three (3) contactable referees indicating that such project was executed.

### **8.4 Team Leader and Members Experience**

8.4.1 Team Leader must have at least five (5) years' experience and individual team members must have at least three (3) years' experience in asset revaluations / valuations. Service providers must demonstrate a good understanding of the service station industry in South Africa

8.4.2 The CV's of the Team leader and Team members must be attached to the technical proposal as proof.

### **8.5 Qualification**

8.5.1 Team leader must have a B-degree majoring in Accounting or Cost Accounting.

8.5.2 Team members must have a degree/diploma in Cost Accounting as a major, for example, B.Com, B.Compt or CMA.

8.5.3 Copy of certified certificates must be attached. Failure to attach a copy of certificates/s will lead to forfeiture of functionality points.

### **8.6 Project Plan**

8.6.1 Project plan with intermediate and final outputs and identified timeframes/milestones.

8.6.2 Proposed Methodology.

8.6.3 Management of the project.

8.6.4 The successful service provider will be required to present their Project Execution Plan.

## 9. EVALUATION CRITERIA

9.1 Bids will be evaluated on **80/20 preference point system** as outlined in the PPPFA

9.2 The proposals will be evaluated in two phases:

### Phase 1:

Bidders will be evaluated based on functionality. The minimum threshold for functionality is **70 out of 100 points**. Bidders who fail to meet minimum threshold will be disqualified and will not be evaluated further for price and preference points.

No.	Criteria	Weights
1.	<b>Company Experience:</b> <ul style="list-style-type: none"> <li>❖ The company must have at least five (5) years' experience in providing asset revaluation / valuation services and research.</li> <li>❖ Proof accompanied by correspondence from three (3) contactable referees indicating that such project was executed.</li> </ul>	<b>20</b> 15 5
2.	<b>Team Leader and Members Experience</b> <ul style="list-style-type: none"> <li>❖ Team Leader must have at least five (5) years' experience in asset revaluations / valuations and research.</li> <li>❖ Individual team members must have at least three (3) years' experience in asset revaluations / valuations.</li> <li>❖ The CV's of the Team leader and Team members must be attached to the technical proposal as proof.</li> </ul>	<b>30</b> 15 10 5
3.	<b>Qualification</b> <ul style="list-style-type: none"> <li>❖ Team leader must have a B-degree majoring in Accounting or Cost Accounting.</li> <li>❖ Team members must have a degree/diploma in Cost Accounting as a major, for example, B.Com, B.Compt or CMA.</li> <li>❖ Copy of certified certificates must be attached. Failure to attach a copy of certificates/s will lead to forfeiture of functionality points.</li> </ul>	<b>10</b> 5 3 2



4.	<b>Project Plan</b> ❖ Detailed Project/ Execution Plan and Management should be attached. ❖ Proposed Methodology. ❖ Management of the project.	<b>40</b> 20 10 10
	<b>Total</b>	<b>100</b>

For purpose of evaluating functionality, the following values will be applicable:

<b>0=</b>	<b>Very Poor</b>	Do not meet the requirements
<b>1=</b>	<b>Poor</b>	Will not be able to fulfil the requirements
<b>2=</b>	<b>Average</b>	Will partially fulfil the requirements
<b>3=</b>	<b>Good</b>	Will be able to fulfil the requirements
<b>4=</b>	<b>Very Good</b>	Will be able to fulfil better in terms of the requirements adequately
<b>5=</b>	<b>Excellent</b>	Will fulfil the requirements exceptionally

**Phase 2:**

Bidders will be evaluated on price and B-BBEE compliance

<b>Price</b>	<b>80</b>
<b>B-BBEE compliance</b>	<b>20</b>

**10. FORMAT AND SUBMISSION OF THE PROPOSAL**

10.1 All the standard bidding documents (SBD) that are included in the bid document must be completed in all respects by bidders. Failure to comply will invalidate a bid.

10.2 Bidders are requested to submit two (2) copies: 1 original plus copy of the proposal and bid documents.

## **11. CLOSING DATE**

11.1 Proposals must be submitted by **22 August 2014 at 11H00** at 192 Visagie Street, Pretoria in the bid box marked Department of Energy. **No late bids will be accepted.**

## **12. ENQUIRIES**

All general enquiries relating to bid documents should be directed to:

**Rachel Moerane/Daisy Maraba**

Tel No: (012) 406 7747 / 7748

E-mail: [rachel.moerane@energy.gov.za](mailto:rachel.moerane@energy.gov.za)/daisy.maraba@energy.gov.za

**Technical enquiries can be directed to:**

Ms Xoliswa Macingwane

Tel: 012 406-7350

E-mail: [xoliswa.macingwane@energy.gov.za](mailto:xoliswa.macingwane@energy.gov.za)

Mr M Sinthumule

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