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

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:

- Wholesale activities;
- Secondary storage;
- Secondary distribution; and
- 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) depots. 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 replacement cost formula to calculate the replacement cost for all individual depots are utilized to determine the combined replacement cost by company and for the oil industry.

1.4 The value of the fixed asset base (fixed assets 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 service station survey.

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				

Replacement cost (Rm/ml)				
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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 replacement cost 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 replacement cost 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 Replacement cost (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				
Replacement cost (Rm/ml)				

- 3.2.2 Details of each source of the replacement cost and substantiate the use of that source with comparisons to other sources;
- 3.2.3 a replacement cost formula to calculate the replacement cost for all individual depots utilized to determine the combined replacement cost by company and for the oil industry; and
- 3.2.4 all the calculations which were utilized to set the “equation” (replacement cost formula) to calculate the replacement cost for all individual depots to determine the combined replacement cost 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 (6) 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 **10 September 2013 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.

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

8.2.1 Provisions of the Preferential Procurement Policy Framework Act (PPPFA) 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 to substantiate their B-BBEE rating claims.

8.2.3 Bidders who do not submit their B-BBEE status level verification certificates or are non-compliant contributors to B-BBEE will not qualify for preference points for B-BBEE.

8.2.4 In a case of Exempted Micro Enterprise (EMSs), AO/AA must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

- Verification agencies accredited by SANAS
- Registered auditors approved by IRBA

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

B-BBEE Status Level of Contributor	Number of points (80/20 system)
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 as well as research 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 and research.

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 The Team Leader must have a post graduate degree majoring in Cost Accounting and the other members must have a degree/diploma in Cost Accounting as a major, for example, B.Com, B.Compt or CMA.

8.5.2 Copy of certified certificates must be attached. Failure to attach a copy of certificate/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 point system as outlined in the PPPFA of

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.	Company Experience: <ul style="list-style-type: none"> ❖ The company must have at least five (5) years' experience in providing asset revaluation / valuation services and research. ❖ Proof accompanied by correspondence from three (3) contactable referees indicating that such project was executed. 	30 25 5
2.	Team Leader and Members Experience <ul style="list-style-type: none"> ❖ Team Leader must have at least five (5) years' experience in asset revaluations / valuations and research. ❖ Individual team members must have at least three (3) years' experience in asset revaluations / valuations and reserach. ❖ The CV's of the Team leader and Team members must be attached to the technical proposal as proof. 	20 10 5 5
3.	Qualification <ul style="list-style-type: none"> ❖ The Team Leader must have a post graduate degree majoring in Cost Accounting and the other members must have a degree/diploma in Cost Accounting as a major, for example, B.Com, B.Compt or CMA. ❖ Copy of certified certificates must be attached. 	20 15 5

4.	Project Plan	30
	❖ Detailed Project/ Execution Plan and Management should be attached.	10
	❖ Proposed Methodology	15
	❖ Management of the project.	5
	Total	100

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

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

Phase 2:

Bidders will be evaluated on price and B-BBEE compliance

Price	80
B-BBEE compliance	20

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 **19 September 2013 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 7772 / 7748

Rachel.moerane@energy.gov.za/daisy.maraba@energy.gov.za

Technical enquiries can be directed to:

Mr H Baak

Tel: 012 406-7854

E-mail: Hein.Baak@energy.gov.za

Mr M Sinthumule

Tel: 012 406 7377

E-mail: Mashudu.Sinthumule@energy.gov.za