

OIL AND GAS REGULATORY AUTHORITY

Request for

EXPRESSION OF INTEREST

Under Regulation 3(B) of The PPRA Regulations of Consultancy Services Regulation 2010

SELECTION OF CONSULTANT FIRMS FOR UNDERTAKING STUDY ON STRATEGIC STORAGE/STOCKS

1. Oil & Gas Regulatory Authority (OGRA), formed under the OGRA Ordinance, 2002 regulating Oil and Gas Sector in Pakistan and dealing with licensing of Oil infrastructure/logistics vis, Refineries, Storages, Oil Pipeline, Installation oil testing facility, undertake marketing of refined oil products and the related issues. As advised by the GOP, OGRA intends to carry out a study to develop an overall framework for the development of Strategic Petroleum Reserve (SPR) for crude oil and refined oil products, consistent with the government's energy security considerations in line with prevailing international best practices.
2. OGRA invites reputable consultant firms who are on Active Taxpayers List of the Federal Board of Revenue for the services of conducting studies/research, having minimum of **ten years'** experience of carrying out study/research on strategic reserves requirement, specifically Crude oil and Refined Oil Products. The firm must have strong knowledge of the international practices of SPR, as well as the local factors like a country's geographical/geopolitical and economic position in addition to the technical/financial knowledge i.e. local refineries' configuration, capacities, consumption centers, lead time, mechanism for replenishing the stocks, its control, monitoring and cost of SPR etc.
3. Interested consultant(s) must provide detailed CV(s) of member(s) of core team highlighting relevant experience.
4. The applicant consultant firm and /or its personnel must not be incumbent employee of OGRA licensees in mid and downstream oil sector, or have any direct/or indirect relation with OGRA, Petroleum Division or Ministry of Defense, in addition to not having any business, rendering it in conflict of interest with the above assignment as per section 4 of the PPRA Regulation of Consultancy Services Regulation 2010. The Applicant to provide the undertaking in the form of an affidavit to the above effect.
5. The applicant has not been declared blacklisted or debarred by any local procuring agency and/or foreign country, international organization, and/ or other foreign institutions. The Applicant to provide the undertaking in the form of an affidavit to the above effect.
6. Method of selection will be Quality and cost basis in line with section 3 (b) of the PPRA Regulations of Consultancy Services Regulation 2010. The Financial Bid should contain a lumpsum figure, inclusive of all charges. Conditional bids shall not be accepted.
7. The Technical and Financial Proposals shall be received in separate sealed envelopes within 30 calendar days i.e. till **11:00 AM on October 2, 2023** and only Technical Proposals shall be opened in the first instance for technical evaluation on same date at **11:30 AM** in the presence of the bidders, or their authorized representatives, who may like to present bids to the Senior Executive Director (OSC) in OGRA office.
8. The financial proposals of the technically responsive/ or qualified applicant, under regulation 3(B) of the PPRA Regulation of Consultancy Services Regulation 2010, shall be opened in the presence of the bidders on a date and time to be communicated to them in advance. The financial bids should be valid for three months from date of opening of technical bids.
9. Each envelopes containing the proposals, shall clearly be marked separately, "Technical Proposal" and "Financial Proposal".
10. OGRA reserves the right in its sole discretion to accept or reject any bid without assigning any reason thereof.
11. Scope of work/TORs and evaluation criteria can be obtained from the OGRA website www.ogra.org.pk and PPRA website www.ppra.org.pk.
12. In case bid opening date is falling on a holiday, the bid will be opened on next working day at same time. This advertisement is also available on OGRA and PPRA website at www.Ogra.org.pk and www.ppra.org.pk.

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TERMS OF REFERENCE (TORs)

Background

Pakistan is a net Oil Importing Country, meeting around 80 of its requirements i.e. Crude Oil and Refined Oil Products through imports. Our total demand of POL products (Energy and Non-Energy) is around 20 million tons per annum; out of which around 57% requirements (11.4 million tons per annum) are met through local refineries while the rest through imports. Product wise, the leading products consumed are Petrol and Diesel with annual consumption of around 9 & 8.9 million tons respectively. Pakistan imports petroleum products and crude oil to the tune of around 17.4 million tons annually.

2. Crude oil and refined oil products are received at Keamari and Port Qasim. The port facilities are connected to the tankage / storage facilities of the refineries and oil marketing companies (OMCs). There are a few pipeline networks in the country transporting imported crude and refined oil products from the port/refineries to upcountry locations. Most of the domestic crude oil and refined oil products are, however, moved by road bowsers or tank Lorries. There is limited transportation by railway system as well.

3. There are five refineries in the country, producing a range of products. However, most of the refineries except PARCO are old version, producing almost 30-35 % FO, a lower value product. Consequently, local refineries operate on low throughput, consequently refined oil products specifically petrol and Diesel must be imported to meet the national demand. Refineries, OMCs, and storage companies own terminals and storage facilities to receive and store crude oil and petroleum products throughout Pakistan. The installations terminals and storages are primary supply points for transportation of petroleum products to some 23 regional depots. Total commercial storage capacity for major refined oil products like Petrol, Diesel, Jet fuels at OMCs' and entities other than OMCs' installations and depots, amounts to 1,166, 600 M tons, 1,410, 000 M tons and 43,800 M tons respectively, translating into days cover of 46, 57 and 27 in the same order. Further, refineries also possess 935,800 M tons storage for Crude Oil to meet their operational requirement. In addition, they also have storage of 94, 900 M tons for Petrol, 193,572 M tons for Diesel and 45,930 M tons for Jet Fuels. Some refined oil products are marketed ex-depots and / or ex-refineries, but major products, Petrol and diesel, are sold through petrol pumps of around 10,000 in number. Detailed background on Pakistan's petroleum downstream markets can be obtained from the Ministry of Energy (Petroleum Division), Oil & Gas Regulatory Authority (OGRA) or Oil Companies Advisory Council (OCAC), a representative forum of the downstream oil industry.

4. Presently, Oil Marketing Companies are obligated to maintain stocks equivalent to 20 days' demand/sale for meeting their commercial and operational requirements. Unfortunately, no strategic storages have ever been developed in the country, though the Federal War Book 1983 requires maintaining strategic reserves equivalent to 45 days demand at national level, so as to meet any emergency situation in the country. Therefore, there is a pressing need for developing a policy framework for SPR.

Objectives:

5. The main objectives of the proposed study are to develop an overall framework for the development of Strategic Petroleum Reserve (SPR) for crude oil and refined oil products, consistent with the government's energy security considerations and in keeping with prevailing international best practices. The study is expected to inter-alia cover the technical, commercial, financial, institutional, legal and regulatory aspects of developing SPR and should provide a basis for making a policy framework to have dedicated SPR in the country.

6. The study is also expected to result in the provision of a quantitative tool, which could be continuously used by OGRA and Ministry of Energy (Petroleum Division) for logistics, contingency planning, and evaluation of alternative options in the refining sector and petroleum markets in Pakistan.

Deliverables

7. Following is the broad description of major services to be rendered by the Consultant:

7.1 Review the existing petroleum supplies i.e. imports/refining, storage, transportation and distribution infrastructure in Pakistan for suggesting the location for developing the SPR with the objective to safeguard energy security of the country and to have following benefits:

- (i) Exclusive use for emergency purposes;
- (ii) Safeguard against supply disruptions
- (iii) Price stabilization/hedging

7.2 Adopt crude oil and products demand and supply projections for the medium (5 years) to long-term (15 years) in consultation with Ministry of Energy (Petroleum Division), Oil Companies Advisory Committee (OCAC), Oil & Gas Regulatory Authority (OGRA) and Defense Division for arriving at conclusion as to what would be the energy mix for next 15 years, considering the following:

- (a) National / Provincial / Regional projections for major products;
- (b) Disaggregated demand by "market nodes" – based on Main Installations;
- (c) Supply sources, both domestic and imports for major products;
- (d) Supply-demand flows, and market penetration; and
- (e) Sensitivity of supply and demand projections.

7.3 The study should take a modular approach to developing strategic stock infrastructure by looking at other models deployed in South Asia, parts of Asia Pacific and the world as a whole to ascertain their success or otherwise.

7.4 Develop Spreadsheet model to provide indicative extensions / augmentation in the refined oil products flows (port jetty, major storages, cross-country pipelines, rail wagons, road tanker fleet,

distribution depots, retail outlets), compute order-of-magnitude costs, and develop indicative construction program for new storages and other infrastructure.

7.5 Develop an overall framework for SPR (distinct from commercial stock to be maintained by OMCs), considering inter-alia of the following:

- (a) Commercial: product wise demand in different market segments; supply sources and options; proximity of supply sources to the market; cost of foregone demand; price sensitivity of products;
- (b) Financial: capital and operating cost of building and operating strategic stocks infrastructure; cost of dead inventory; financial charge / levy on the consumer; price spikes in international market;
- (c) Technical: recycling /refreshing of stocks; volumetric losses (or gains); infrastructure and facilities for recouping stocks;
- (d) Institutional: structure of “strategic stocks entity” sharing of risks and rewards, interface with the oil industry; government’s role; and
- (e) Legal / Regulatory: rights and obligations of different stakeholders; extent of regulation; rules and regulations.

7.6 Develop a methodology to assign the cost of strategic stocks to crude oil and different refined oil products.

7.7 Undertake a simplified financial and economic evaluation of the proposed scheme for SPR equivalent to 15, 30, 45, 60 and 90 days of product cover over the medium and long-term elaborating in detail the reasons for assuming various days cover.

7.8 Make recommendations on policy matters related to SPR of crude oil and refined oil products, keeping in view the following facts:

- (i) local refineries in Pakistan are old version and produces 30-35 % FO, thereby, operate on low throughput. In that scenario, what will be the utility of SPR in the form of Crude Oil;
- (ii) Shelf life of refined oil products via a vis associated economics and cost in case of having SPR in the form of refined oil products. Further, frequency, and cost of replenishing the product;
- (iii) Strategic location of SPR for optimizing the lead time to keep the storages topped up and supply product to the consumption centers when needed. Plus, viability of floating/super tanker storages or any other viable option like underground to avoid damages in case of a terrorist attack and enemy aerial strikes.
- (iv) Possibility of SPR with a quantity of 0.7 million tons at Gwadar along with an oil jetty at Gwadar Port with perspective to help the country strategically by removing congestion at Karachi and improve efficacy of Gwadar Port.

- (v) Possibility and cost of connecting SPR at Gwadar with Karachi and Mehmood kot through a pipeline, to facilitate transportation of imported oil from Gwadar to Karachi and rest of the Pakistan.
- (vi) appropriate options for charging the levy on account of storage stocks;
- (vii) preferred workable ownership structure of the entity for strategic storage and stocks i.e. common sharing storages between OMCs and third-party storages or public-private partnerships for SPR etc.
- (viii) Mechanism, as to how the strategic storage & stocks will have interface with the oil industry in its operation/replenishment of stocks.
- (ix) Connecting planned storages with existing national pipeline infrastructure and Refineries. In addition, aspects of protection against an interdiction/sabotage be considered during construction.
- (x) Mandatory minimum stock level requirements for SPR:
- (xi) regulation and tools for monitoring stocks level by OGRA/MEPD;
- (xii) options on dealing with inventory gains/losses, etc.

7.9 Advise implementation plan of the proposed scheme. Any further pertinent point which OGRA or MEPD may consider necessary to add, while conducting the study by the selected consultant.

Schedule of work

8. The consultant is expected to provide the required services at various places and times, as required by the Government of Pakistan. The total time estimated for the proposed consulting services is four (4) months. Following are the major milestones envisaged for the study:

- (a) Inception Report: The Consultant would be required to submit the inception report followed by a detailed presentation, no later than two weeks of the date of contract signing. The report shall encompass progress made by the Consultant in the first three weeks. It shall provide activity plan / flow chart, detailing milestones and respective indicative completion date; shall also include details of resources being employed to meet the specified milestones / deadlines.
- (b) Report on Demand-Supply, existing infrastructure, and indicative expansion plan: The Consultant would submit a draft report on review of the existing infrastructure, medium- and long-term demand and supply projections, and details of expansion program to meet future needs. The spreadsheet model structure, input data and assumption, and typical outputs would also be provided. The Report and the Model would be provided no later than six weeks of the date of contract signing.
- (c) Report on Framework for strategic storages: The Consultant would submit a draft report on the commercial, financial, technical, institutional, legal and regulatory aspects, and financial and economic evaluation of the development of strategic storages, no later than twelve weeks of the date of contract signing.
- (d) Submission of Final Reports, model documentations: It may be anticipated that by the end of week sixteen, the Consultant would have finalized all the required reports, completed model documentation, to the satisfaction of the Client

Scheduled of Payments

9. The schedule of payments shall be as under:

Payment phases	% Age of amount to be paid
Mobilization advance on award of contract	10
Submission of comprehensive draft report	40
Submission of comprehensive final report	30
Approval of final report	20

9.1 OGRA may accord approval of the reports, draft or final, whichever applicable, within 30 days, Otherwise, invoices will become due on the 31st day.

9.2 Consultant shall submit the invoices to OGRA upon receiving acceptance and approval of the reports as specified above. Consultant invoices shall be payable within 30 days following the submission. All payments to the consultant shall be made through cross cheques in the name of selected consultancy firm and shall be subject to deduction of all the taxes levied by the Government in accordance with the applicable Law and Rules.

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QUALIFICATION OF THE CONSULTANT(S)

The Consultant firms should comprise of technical personnel with a minimum of 10 years' experience for carrying out study/research on strategic reserves requirement, specifically Crude oil and Refined Oil Petroleum Products. The firm must have strong knowledge of the international practices of SPR, as well as the local factors like a country's geographical/geopolitical and economic position in addition to the technical/financial knowledge i.e. local refineries' configuration, capacities, consumption centers, lead time, mechanism for replenishing the stocks, its control, monitoring and cost of SPR etc. Interested Consultant firm(s) must provide detailed resumes of their members.

2. PRESENTATION

All consultant firms participating in the bid may be required to give detailed presentation which as well covers the following:

- (i) Expertise
- (ii) Experience
- (iii) Similar study carried out before
- (iv) Practices adopted by the other renowned regulators, worldwide
- (v) Resume of their experts
- (vi) Any other related information

3. PROPRIETARY RIGHTS:

All documents prepared by the consultant(s) shall become and remain the sole property of the Authority. Consultant(s) shall not, during the term of contract or after expiration, disclose any proprietary or confidential information relating to the services, or the Authority's business or operations.

4. LOCATION:

Relevant correspondence and meetings will be convened primarily in the office of Oil and Gas Regulatory Authority, currently located at Plot No. 54-B, Fazl-e-Haq Road, Blue Area, Islamabad and /or any other location/venue, as per requirement.

5. COUNTER PARTS:

Senior Executive Director (OSC), Senior Executive Director (Enforcement), Executive Director (Oil) OGRA and Director General (Oil) Petroleum Division shall be the counter parts for providing day-to-day coordination for the project.

EVALUATION CRITERIA

ATTRIBUTES	POINTS	
1.0 Work Protocol	20	
1.1 A comprehensive approach, strategy or methodology along with tools and techniques, which shall be adopted to carryout study as per TOR's, highlighting critical path items.	Approach / Strategy	10
	Tools /Techniques	10
2.0 General Experience of the firm	10	
2.1 No. of years in business / consultancy	Years of expérience	05
2.2 Areas of expertise (general experience, not specific experience)	Expertise	05
3.0 Specific and relevant experience	50	
3.1 Total Work experience and competency of the consultant Firm(s) in undertaking jobs relating to similar assignments (preferably in developing) countries like optimization of oil infrastructure, Strategic Petroleum Reserves (SPR), based on factors like current consumption, war, flood, and/or or any emergency. Suggesting the current and future requirement of SPR, Interface of such storages with Oil Industry to keep them topped up with local and imported product. Mechanism for replenishing stocks to avoid degradation of product and advise on location to minimize lean time for supplying product to consumptions center at the time of need. Devising mechanism and control of SPR. (experience to be substantiated with supporting document).	Expérience w.r.t. 3.1	30
	3.2 Experience of conducting similar assignments and/or work experience with similar agencies and same conditions.	Expérience w.r.t. 3.2
4.0 Key staff/personnel to be assigned with study on permanent basis	10	
4.1 Qualification	Qualification	10
4.2 Experience	Expérience	10
5.0 Financial/Technical Strength of the firm	10	
5.1 Annual turnover	Financial Strength	05
5.2 Organizational Structure (How they handle assignments/professional supervision	Organisation structure	05

NOTE: Minimum requirements for technical pre-qualification shall be 70 points.

For overall evaluation following weightage will be given: -

Technical Proposal = 60 % weightage

Financial proposal = 40 % weightage

