



Ministry of Power and Energy

Terms of Reference (TOR) – Preliminary

Selection of Reputed Companies Established in Petroleum Producing Countries for Importation, Distribution, and Selling of Petroleum Products in Sri Lanka, on Long-Term Agreements

1. Background

1.1. Expression of Interest (EOI)

The Ministry of Power and Energy of Sri Lanka invites proposals from established companies in petroleum producing countries paying special emphasis on the feasibility of deployment of a viable business model using their forex reserves for the importation, distribution, and selling of petroleum products in Sri Lanka, on long-term agreements.

1.2. Petroleum industry in Sri Lanka

Sri Lanka annually imports approximately US \$. 6.0 billion worth of petroleum products- crude oil, refined petroleum products and other petroleum-based products. From 2004 onward, Sri Lanka's fuel supply is a "duopoly market" in which there are two major players – the state-owned Ceylon Petroleum Corporation (CPC) and the Lanka IOC PLC (LIOC). Further, the Ceylon Petroleum Storage Terminals Limited (CPSTL) owns the Common User Facility (CUF) consisting of Oil Terminals, Storage Facilities, Pipelines and the Bowser Fleet and engaged in bulk petroleum storage and distribution activities with state of the art infrastructure facilities for management of downstream product handling in Sri Lanka.

At present, the CPC contributes about 90% of the country's total fuel supply and comprised with a network of 1,322 extensive fuel filling stations. Currently, the CPC supplies Petrol 92, Petrol 95, Auto Diesel and Super Diesel for the economic needs including transport of customers. CPC operates its Refinery at Sapugaskanda, and 30% of the petroleum requirements of this country are obtained from refining imported crude oil. The balance 70% requirement is supplied via importation of the refined products.

Lanka IOC PLC is the subsidiary of Indian Oil Corporation Limited (IOC), is the only existing private oil company among Sri Lanka oil companies. LIOC operates about 215 retail fuel stations in Sri Lanka and has a very efficient market network.

2. Scope

2.1 The expected companies are required to be,

- Reputed companies in a petroleum producing country with a permanent presence in any part of the petroleum product supply chain
- Having a minimum of five (05) years' experience in the industry
- Requiring a sound financial viability and possessed the ability of import petroleum products by utilizing their own forex for an agreed period, without depend on Sri Lanka's forex market
- Prepared to invest the required forex reserves with the own sources
- Ready to engage in a long-term contract with,
 - Ceylon Petroleum Corporation (CPC): for using the selected existing fuel stations which are owned or to be opened, and
 - Ceylon Petroleum Storage Terminals Limited (CPSTL): for the use of infrastructure facilities.
- Importing petroleum products which comply with Sri Lanka's safety and quality standards / parameters for the petroleum products

2.2 Standard Operating Procedures (SOPs) for the selected companies

- Importation of fuel up to the port of Sri Lanka, can be conducted according to their own method
- Applicability of government taxes on imported petroleum products, including customs duty, Port & Airport Development Levy (PAL), other applicable port chargers and levies charged by the government, shall be similar to other competitive institutions
- The technical procedures which are currently adopting by the existing players in Sri Lanka's petroleum market i.e: CPC and Lanka LIOC, are required to be followed,
 - Specifications and quality inspections of the relevant fuel stocks
 - Storage and distribution with using the terminal and pipelines and other infrastructure facilities
- Appropriate payments are required to be made to the CPSTL and Sri Lanka Ports Authority (SLPA), similar to CPC and LIOC as acceptance charges, jetty & pipeline charges (local port charges), throughput charges, evaporation loss given to distributor, transportation cost & distributor's margin or any other applicable charges
- The selected companies will have the opportunity to sell fuel through the selected existing Company Owned, Dealer Operated (CODO) fuel stations which are under the ownership of the CPC and operated under the dealers, and the future dealer fuel stations which will be leased out for a period under long-term lease basis. The existing agents at CODO fuel stations will be given the opportunity to operate on the terms and conditions currently in effect, subject to the agreed payment conditions, in order to ensure an efficient and effective supply and distribution of petroleum products in Sri Lanka.

3. Method of selection

The selection of the Companies will be conducted in accordance with the Procurement guidelines of Government of Sri Lanka. The prospective companies who are interested in submitting EOI shall submit their proposal as per the attached format (**Annexure 01**). It is expected that all the particulars requested in the given format to be duly furnished on or before the dead line.

The EOI received will be evaluated and only the shortlisted companies will be issued the Request for Proposals (RFP) for the submission of the detailed proposals.

Shortlisting will be conducted considering, but not limited to, the following criteria:

- a. Qualifications in the field of the business
- b. Experience in petroleum product supply chain
- c. Core business and years in business
- d. Client references
- e. Financial strength
- f. Business proposal

4. Tender Requirement

Potential international companies are invited to submit EXPRESSIONS OF INTEREST (EOI) to the Ministry of Power and Energy by emailing to procu@energymin.gov.lk , Registered Post, Courier, or placed in the tender box kept at the Procurement Unit of the Ministry on or before 16th August 2022 at 2.30 pm.

The prospective parties may join for a pre proposal conference which will be held at 10.00 hrs on 05.08.2022 through physical presence or zoom e-conference platform. To confirm the participation for the pre proposal conference, the information may obtained by contacting via email procu@energymin.gov.lk . The shortlisted firms will be issued the Request for Proposals (RFP) for the submission of the detailed proposals.

5. Agreements

The draft agreements, comprehensive ToR and other details will be provided by RFP document.

* Kindly consider this as a preliminary Terms of Reference (ToR), and this is subject to additions. The finalized ToR to be submitted with the RFP document.

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