

REQUEST FOR TENDERS

File: AP 6/5/4
Date: 28 June, 2018
To: Interested suppliers
From: Anthony Talouli, Pollution Adviser

Subject: Request for tenders: Transfer, export and recycling of used oil from the Northern Pacific (POPs Release Reduction Project)

1. Background

- 1.1. The Secretariat of the Pacific Regional Environment Programme (SPREP) is an intergovernmental organisation charged with promoting cooperation among Pacific islands countries and territories to protect and improve their environment and ensure sustainable development.
- 1.2. SPREP is executing a Pacific Persistent Organic Pollutant (POPs) reduction Project that is funded by the Global Environment Facility, and implemented by the United Nations Environment (UNEP) and the Food and Agriculture Organization (FAO). The goal of the project is to reduce POPs release through the improved management of solid and hazardous wastes. This is to be achieved in part, through the provision of assistance in the development and implementation of an improved regional waste oil and export system.
- 1.3. For more information, see: www.sprep.org.

2. Specifications: statement of requirement

- 2.1. SPREP is calling for tenders from qualified and experienced contractors to collect, export and recycle used oil from Pohnpei, FSM.
- 2.2. Interested Contractors are also encouraged to nominate to collect, export and recycle used oil from Ebeye and Majuro (RMI), where stockpiles also exist. (It is anticipated that economies of scale will decrease collection and transport costs if more than one location is nominated by the tenderer).
- 2.3. Detailed information describing the used oil stockpiles at the three locations is contained in Appendices 1,2 and 3 of this document.
- 2.4. The Terms of Reference and the Specific Duties of the Contractor are set out in Attachment "A".
- 2.5. Pricing Schedule

- (a) The tender price submitted will be based on a quoted per litre price to collect, load, transport and recycle the used oil from the specified collection location(s).
- (b) The present budget is anticipated to be sufficient to finance the export and refining and recycling of a minimum of 500,000 litres of used oil by December 2018.
- (c) The quoted price (per litre) to export and refine and recycle used oil will be paid on the presentation of a Bill of Lading to SPREP for each used oil export shipment.

3. Conditions: information for applicants

- 3.1. To be considered for this tender, interested suppliers must meet the following conditions:
- (a) Have a demonstrated record of successfully managing the transportation of petroleum products in the northern Pacific;
 - (b) Have a demonstrated pre-existing relationship with a licensed and established used oil refining and recycling facility that recycles used oil to an appropriate standard (Appendix Four);
 - (c) Submit details of previous relevant experience;
 - (d) Have demonstrated experience in shipping under the provisions of the Basel and/or Waigani Conventions;
 - (e) Agree to export and refine and recycle a minimum of 20,000 Litres of used oil;
 - (f) Provide at least 3 referees as part of their tender application, including the most recent work relevant to this tender; and
 - (g) Be able to complete infrastructure works within 60 days of contract signature.
- 3.2 A standard penalty clause of five percent (5%) of the total contract value will be deducted from the final contract amount for every 5-day overrun from the required delivery date in completion of all the contract deliverables.

4. Submission guidelines

- 4.1. Tender documentation should demonstrate that the interested supplier satisfies the conditions stated above and is capable of meeting the specifications and timeframes. Documentation must also include supporting examples to address the evaluation criteria.
- 4.2. Tender documentation should outline the interested supplier's complete proposal and include:
- (a) The CVs of proposed personnel highlighting related experience relevant to the tender;
 - (b) **A Technical Proposal** which should outline the interested supplier's complete proposal including timelines to achieve the tasks outlined in the Terms of Reference (Annex A);
 - (c) **A Financial Proposal** which must be priced on a lump sum basis for the successful export and recycling of a minimum of 20,000 litres of used oil quoted in USD and inclusive of all taxes, freight, insurance, handling and disposal (recycling) costs; and
 - (d) A Completed **Tender Application Form**.

- 4.3 Tender submissions must be in United States Dollars (USD).
- 4.4 The Proposal must remain valid for 60 days from date of submission.

5. Tender Clarification

- 5.1. Any clarification questions from applicants must be submitted by email to maraeap@sprep.org and copy anthonyt@sprep.org before **13 July 2018**. A summary of all questions received with an associated response will be posted on the SPREP website www.sprep.org/tender by **18 July 2018**.

6. Evaluation criteria

- 6.1. SPREP will select a preferred supplier on the basis of SPREP's evaluation of the extent to which the documentation demonstrates that the tenderer offers the best value for money, and that the tenderer satisfies the following Technical criteria:
- a) Have a demonstrated record of successfully managing the transportation of petroleum products in the northern Pacific;
 - b) Have a demonstrated partnership with an accredited used oil refiner and recycler compliant with all necessary national standards (see Appendix Four as a guide);
 - c) Have a demonstrated understanding of, and experience in meeting relevant national and international convention (Basel and/or Waigani) requirements for the international shipping of used oil;
 - d) Have demonstrated experience in petroleum product transportation project management;
 - e) Employ practices that minimise occupational health and safety risk to workers employed to transport used oil;
 - f) Ability to complete the assignment within the timeframes specified in the Terms of Reference (that is before December 2018); and
 - g) Preference will be given to bids that include proposals to export used oil from Pohnpei (FSM) and one or both of the nominated RMI locations.
- 6.2 Assessment of proposals will be based on the evaluation of the Technical Proposal (80%) and Financial Proposal (20%).
- 6.3 The Financial Evaluation will award maximum points to the lowest priced bid. Subsequent bids will be awarded points calculated as a percentage of the lowest price.

7. Deadline

- 7.1. **The due date for submission of the tender is: 08 August 2018, midnight (Apia, Samoa local time).**
- 7.2. Late submissions will be returned unopened to the sender.
- 7.3 Please send all tenders clearly marked 'TENDER: **Contract to Export Used Oil from the Northern Pacific for Recycling**' to one of the following methods:

Mail: SPREP

Attention: Procurement Officer
PO Box 240
Apia, SAMOA
Email: tenders@sprep.org

Person: Submit by hand in the tenders box at SPREP reception,
Vailima, Samoa.

SPREP reserves the right to reject any or all tenders and the lowest or any tender will not necessarily be accepted.

**For any complaints regarding the Secretariat's tenders please refer to the
Complaints section on the SPREP website**
<http://www.sprep.org/accountability/complaints>

ATTACHMENT “A”

TERMS OF REFERENCE

BACKGROUND:

This Pacific POPs Release Reduction project is a GEF funded project under the Pacific Alliance of Sustainability, with components co-financed by the French Development Agency (l'AFD). The project is being co-implemented by the United Nations Environment (UNE) and the Food and Agriculture Organization of the UN (FAO). This project component focuses on prioritising the collection and recycling of used oil stockpiles from the northern Pacific.

Used oil audits and cost benefit analyses have identified Pohnpei, (FSM), and Majuro and Ebeye (RMI) as priority locations for intervention to remove significant national stockpiles of used oil (Appendix 1, 2 and 3). The estimated quantities of used oil stockpiled at each location are presented in Table 1. Whilst all care has been taken in compiling these estimates, Tenderers should be aware that the actual recoverable amount of oil at these locations may be significantly different from the quantities stated in Table 1.

Table 1: Estimated used oil quantities (2018)

Used Oil Location	Estimated Quantity of Used Oil (L)	Used oil storage mechanism
Pohnpei	660,000	55 US gallon/208 litre drums
Pohnpei	122,000	Two open sumps
Pohnpei	155,000	Bulk Storage Tanks
Majuro	2,433,000	Bulk Storage Tanks
Ebeye	200,000	Bulk Storage Tanks

OBJECTIVES:

The objective is to commence the collection, export and recycling of used oil currently stockpiled in Pohnpei, Majuro and Ebeye.

SCOPE OF WORK:

The scope of work covers the collection, export and refining and recycling of used oil: collected from one, two or all three locations*:

1. Commence export and refining and recycling of used oil from Pohnpei, and, if agreed, from Majuro and/or Ebeye*

*It is anticipated that economies of scale will decrease collection and transport costs if more than one collection location is nominated by the tenderer.

USED OIL REFINING and RECYCLING STANDARDS

All used oil collected and exported for refining and recycling must be processed at an accredited and nationally licenced recycling centre. Minimum suggested oil refining standards are provided at Appendix 4.

REPORT TO:

The Consultant will report to SPREP.

TIMEFRAME:

1. A bill of lading will be presented for payment for the first shipment of a minimum of 20,000 litres of used oil within 60 days of contract signature.

Supporting Information: Appendix One: Used Oil Stockpiles Pohnpei (March 2018)

a. Existing Stockpiles

The Pohnpei Utilities Corporation (PUC) site has approximately 122,000 litres of used oil in two open sumps, situated under disused generators sets in an unused area of the power house; approximately 53,000 litres in two large storage tanks outside the power plant, and approximately 260,000 litres in an estimated one thousand three hundred, 200 litre, steel oil drums, mostly stored under cover and generally in reasonable condition.

The landfill, managed by Pohnpei Waste Management Services (PWMS) under contract to the State Government, has approximately 400,000 litres of used oil in approximately two thousand 200 litre steel drums. Many of these drums have been there a long time and some will have leaked their entire contents. Many are overgrown, and some are visibly sinking into the landfill (see photos in the report). The landfill operator will conduct all work required to handle and empty these drums as a facility to do this will be constructed on site (see below). The landfill operator has heavy machinery on-site suitable to lift the drums for emptying, and empty drums can remain on-site. This work will be conducted at the landfill operator's cost.

The FSM PetroCorp (FSMPC) stockpile is in two large storage tanks, one of approximately 75,000 litres and one of 26,000 litres, giving a total of around 102,000 litres of used oil.

b. Removal of Stockpiles

This large Pohnpei used oil stockpile must be exported to an overseas facility where it can be re-refined and recycled.

1. For the PUC power plant stockpile, used oil can be pumped directly from the sumps in the generator house into an ISO Tanktainer (TT) or into a road tanker. The used oil stored in drums could then be emptied into the sumps for subsequent removal by the same system. PUC will fill tankers that are provided to the site, at their cost.
2. For the FSMPC stockpile, used oil stored in the two large storage tanks can be pumped directly into a TT or into a road tanker for removal and export. FSMPC will fill tankers provided to the site at their cost.
3. For the landfill stockpile, infrastructure is currently being built that will allow drainage of drummed used oil directly into a TT or a road tanker onsite for removal and export. This infrastructure will be operated by the landfill operator, who will be responsible to empty the drums into any TT or road tanker provided for the purpose, and at the landfill operator's cost.

c. Oil Transport

The most economic method of removal is highly likely to involve the use of T14 ISO Tanktainers (TT) as these are coming into Pohnpei containing liquid fuels. These TTs can be backfilled with used oil, but a cleaning charge does apply after emptying at the receiving end, in addition to freight costs. A TT will hold approximately 21,000 litres at the fill rate that is expected, the TTs typically having a nominal maximum capacity of 25,000 litres.

Supporting Information: Appendix Two: Used Oil Stockpiles Majuro (March 2018)

a. Existing Stockpiles

The Majuro Energy Corporation (MEC) site has 2,433,000 litres of used oil in two large storage tanks on their tank farm, one with 1.78 million litres (tank # 3) and one with 650,000 litres (tank # 8). Much of this oil is contaminated diesel 'slops', and it may have a high water content. However, some water content reduction should be possible at the MEC tank farm prior to shipment.

b. Removal of Stockpiles

This large Majuro (MEC) used oil stockpile must be exported to an overseas facility where it can be re-refined and recycled.

Used oil stored in the two large storage tanks can be pumped directly into a TT or into a road tanker for removal and export.

Tank No	Oil Quantity (L)	Water Quantity (L)	Notes
3	1,782,900	minimal	This tank needs repair and is a priority for oil removal. Stored oil understood to have minimal water content
8	650,350	120,000	Higher water content, would require 140,000 of oil/water to be separated before shipment offshore

c. Oil Transport

The most economic method of removal is highly likely to involve the use of T14 ISO Tanktainers (TT) as these are coming into Majuro containing liquid fuels. These TTs can be backfilled with used oil, but a cleaning charge does apply after emptying at the receiving end, in addition to freight costs. A TT will hold approximately 21,000 litres at the fill rate that is expected, the TTs typically having a nominal maximum capacity of 25,000 litres. Any tankers provided to the site will be filled by MEC at their cost.

Supporting Information: Appendix Three: Used Oil Stockpiles Ebeye (March 2018)

a. Existing Stockpiles

The Kwajalein Atoll Joint Utilities Resources (KAJUR) power plant site on Ebeye stockpile is contained in two 25,000 US gallon tanks, and one is reported as full whilst the other is 'nearly full', which means that the stockpile is around 190,000 litres. There is reported to also be a buried 6,000 US gallon tank containing an unknown quantity of used oil in it. This is estimated at an additional 10,000 litres.

b. Removal of Stockpiles

This large KAJUR used oil stockpile must be exported to an overseas facility where it can be re-refined and recycled.

For Ebeye, the situation is slightly more complicated than for Majuro. Ebeye has no capacity to move shipping containers off the wharf. However, KAJUR has a small 1,000 US gallon (3,800 litres) road tanker maintained for emergency use. The small tanker could be used to transport used oil from the Ebeye power plant (over 5-6 trips) to fill an empty TT located at the dock that had been unloaded by ships crane. The filled TT would be loaded onto a container ship using the ships crane. Nine to ten TTs should be sufficient to remove the used oil stockpile at KAJUR. KAJUR will fill used oil transport tanks provided to Ebeye wharf at their cost.

c. Oil Transport

The most economic method of removal is highly likely to involve the use of T14 ISO Tanktainers (TT). Currently, MEC has a fuel contract with Mobil for fuel for the power station, but KAJUR buys fuel from MEC, which MEC ships to Ebeye by fuel barge fortnightly. One suggested option is that if KAJUR bought diesel in from overseas in TTs for a short period of time, then those TTs could be backfilled with used oil. A cleaning charge does apply after emptying at the receiving end, in addition to freight costs. A TT will hold approximately 21,000 litres at the fill rate that is expected, the TTs typically having a nominal maximum capacity of 25,000 litres.

Supporting Information: Appendix Four: Suggested re-refined base oil criteria

1. Mutagenicity

The oil must be non-carcinogenic, demonstrated by having a mutagenicity index of less than 1 using the Modified Ames Test.

2. Poly-aromatic hydrocarbons

(1) The oil must contain less than the following for each kilogram of oil:

- (a) 10 mg of benzo(a)pyrene;
- (b) 10 mg of dibenz(ah)anthracene;
- (c) 100 mg of benz(a)anthracene;
- (d) 100 mg of benzo(b)fluoranthene;
- (e) 100 mg of benzo(k)fluoranthene;
- (f) 100 mg of chrysene;
- (g) 100 mg of indeno(123-cd)pyrene.

(2) The total amount of poly-aromatic hydrocarbons mentioned in subclause (1) that the oil contains must be less than 400 mg for each kilogram of oil.

(3) The total amount of all poly-aromatic hydrocarbons that the oil contains (including poly-aromatic hydrocarbons mentioned in subclause (1)) must be less than 1 000 mg for each kilogram of oil.

3. Polychlorinated biphenyls

The oil must contain less than 2.0 mg of polychlorinated biphenyls for each kilogram of oil.

4. Polychlorinated dibenzo-p-dioxins

The total amount of dioxins and furans that the oil contains must be less than 10 picograms Toxic Equivalent for each gram of oil.

5. Total acid number

The oil must have a total acid number of less than 0.07 mg of potassium hydroxide for each gram of oil.

6. Heavy metals

The oil must contain less than the following for each kilogram of oil:

- (a) 5 mg of arsenic;
- (b) 2 mg of cadmium;
- (c) 10 mg of chromium;
- (d) 100 mg of lead.

7. Appearance

The oil must have a clear and bright appearance.