



ALBANIAN POWER CORPORATION

WORKING GROUP

TERMS OF REFERENCE

LOTI 1

“ON-SITE FUEL SUPPLY OF FLOATING POWER PLANTS, TRIPORT, VLORA”

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1. INTRODUCTION

These terms of reference define the requirements for the implementation of the on-site fuel supply service, which will be used by floating TEC located at Triport, Vlora, for the use of the company KESH sh.a.

2. DESCRIPTION OF THE NEED

KESH is the largest electricity production company in Albania, which operates the most important hydropower plants in the country and covers about 70-75% of the consumption demand.

KESH is also a supplier of system services for the Albanian grid, such as coverage of losses from the transmission network or energy balancing.

Through VKM No. 757, dated December 21, 2021, for "Some changes in VKM No. 620, dated October 22, 2021", through which the Government of Albania authorizes KESH sh.a., in accordance with the needs and opportunities that will be presented, to turn to the international market to rent temporarily (1-2 years), additional thermal generating assets, which can be easily installed and connected to the Energy Transmission Network in Albania.

Regarding the implementation of this decision, the company KESH sh.a, on 05.01.2022, has published, in accordance with the provisions of VKM, a Call for Expressions of Interest for the rental of a thermal generating asset.

In April 2022, it was signed between the parties (Exelerate and Renco & KESH sh.a). In September 2022, floating assets were placed in the area of Triport, near Petrolifera.

Under these conditions and at the stage when the floating assets are placed in the final place where they are anchored to the ground and the installation processes for their incorporation with the country's energy infrastructure have been completed, it becomes necessary for the company to supply these generating assets with the fuel of necessary during their commissioning phase.

For this reason, it is evident for the company that for supply purposes, the need for the service to be procured is as follows:

On-site fueling of the asset

The floating assets have fuel management and storage capacities in a total of about 1,000 (one thousand) tons of fuel. The estimated consumption of fuel for 1 MWh is about 229 Kg, which means that, in the case of using the plant at full capacity, the need for supply is about 500 tons

of fuel per day, since the amount of about another 500 tons will serve as a contingency reserve to guarantee the continuity of production.

According to this procedure, the supply of fuel is provided in accordance with the supply need for the period of commissioning and testing of the floating thermal asset.

As above, the working group below has defined the requirements based on the need for fuel supply for Floating TPP, Vlorë.

3. FUEL, METHOD AND LOCATION OF SUPPLY

For operational purposes, these thermal assets need to be supplied with HFO type fuel, defined on the basis of technical specifications and in reference to ISO 8217, such as ISO RME, with a sulfur content of no more than 0.5%, as well as small amounts of LFO hydrocarbon fuel. (as specified in Annex 1 of these terms).

KESH will not accept proposals for fuel different from the one requested, with parameters different from what is foreseen and which does not comply under any classification of the cited or similar international standards.

The on-site fuel supply of the two floating power plants are stationed according to the indicative map in Annex 2. In this location, all the necessary infrastructure for fuel supply, is ready for use.

The contractor must supply the fuel to the place provided in Annex 2, through suitable vehicles for the transportation of this material. The transportation of fuel must be carried out in order to preserve the characteristics of the supply, not to create environmental pollution and in accordance with all Albanian legislation for the transportation of fuel. The supply must be transported with specialized vehicles designed for the transportation of the required supply, with a weight not exceeding 40 (forty) tons/vehicle. The hosting infrastructure built near the floating power plants has the capacity to discharge 2 (two) vehicles simultaneously (as presented in Annex 2). Further details regarding on-site unloading logistics will be made known after finalization of the contract with the winning operator.

4. CONTRACT SIGNING AND DURATION

The contract will be awarded to the operator who will be declared the winner at the end of the evaluation process by KESH sh.a, based on the qualifying criteria and the unit price of the product. (Described in the document "Qualification Criteria"). KESH sh.a will sign a contract with only 1 (one) contractor.

KESH will not bear any responsibility and costs towards operators who are not classified as winners at the end of the procurement procedure.

The duration of the contract will be for a period of 3 (three) months, starting from the initial date of the fuel supply, which will be determined according to the contractual terms and the delivery schedule.

KESH will not accept biofuel or other products with different characteristics of the product described in point 3 (Annex 1).

5. GENERAL OBLIGATIONS OF WINNING OPERATOR

- Has the obligation to provide the product according to all the requirements of this document without any claims or changes
- Has the obligation to possess all the necessary national and international permits and licenses
- Has an obligation to fulfil all environmental conditions according to international best practices and national requirements.
- Must show commitment to communicate regarding orders during weekends and holidays as well as 24h availability during on-site supply.
- Is obliged to present all the necessary information that will be required by KESH sh.a, regarding the origin of the product, the method of processing and/or transportation. This is in comply with the requirements of the legislation in force.
- Has the obligation to allow KESH to carry out all the necessary processes of sampling, quality control and all the necessary procedures to guarantee the quality of the offered service and product.
- Has the obligation to fulfil every term & condition provided in these tender documents without modifying, adapting or neglecting them.
- Has the obligation to connect to the fuel discharge point:
- To apply the technical and safety rules during the transportation and discharging of the supply at the place of use;
- Ensuring the impact on the environment during the transportation process when the shipment is destined to supply the Contracting Authority.
- Has the obligation to ensure the on-site supply of fuel with the appropriate means of transport, meeting all the criteria according to the local legislation in force for fuel transportation.
- To fulfil all the technical requirements provided in point 3 of these documents.

6. OFFER METHOD, QUANTITIES AND SHIPPING SCHEDULE

The quantities and load schedule are described in Annex 3 of these documents.

The economic operators that will be classified as successful for fulfilling the qualification criteria (the Qualification Criteria document) must bid through the following methodology:

For the amount of supply according to the schedule provided in Annex 3:

- For fuel base price / ton reference of the day of supply in PLACE, S&P Platts Global / Commodities / Marine Fuel Oil 0.5%. Fuel with sulphur content no more than 0.5% by weight CIF MED (Marine Residual Fuels, RME)
- Premium / ton through which will cover all the expenses of transportation, and/or deposition, and/or loading - unloading of the material, and/or profits/operational expenses, etc.

The total amount that KESH will pay for this product, will be:

- **Total amount / ton = S&P Platts CIF Med / ton + premium/ ton**

KESH sh.a will not pay any additional fee related to the product received (except of the respective obligatory taxes which will be more clearly described in the Draft Contract document)

6.1. Terms of Service

For Floating TPP it is necessary to guarantee a safe supply of fuel in order to guarantee the availability of the generating asset.

To calculate the need for fuel, the working group has considered the possible production regimes of Floating TPP.

The required quantities of fuel will be determined based on the use of the generating asset, which will be directly influenced by the price of energy in the markets, the demand for energy, the availability of existing capacities as well as the hydrological situation with an effect on the hydrological generation. For this reason, planning a fixed amount of fuel needed for use is currently impossible for a period of up to two years.

The mode of use of the Floating Thermal Power Plant will also affect the availability of fuel storage.

Regarding the price of the requested product, based on domestic practices, it is foreseen that the price will be formed by the reference in the international markets, to which a Premium price will be added.

Participants will compete on the Premium price. The reference price, based on practice and APP Bulletins, will be: Fuel with sulphur content no more than 0.5% by weight, CIF Med, Referred to Platts Marine fuel oil 0.5% CIF Med. The reference price for the supply of Floating Thermal Power Plant at the place of use, will be the price of the day of delivery to the place.

As for the reference price of the supply at the place of deposit, it is considered to be the price of the day of the Notice of Readiness (NoR) of the carrier to deposit it. Summary table of the requested product:

Supply at the place of use Floating TPP

No.	Key terms	Comments
1	Date of first Supply	TBA
2	Buyer	Korporata Elektroenergjetike Shqiptare (Albanian Power Corporation). A State owned, Joint stock company
3	Product / Grade	0.5%Sulfur RME 180ctss as per attached specs. (Specs as per table attached)
4	Incoterm	CFR PIA Terminal, Vlore, Albania. Title, property, and risk shall pass from Seller to Land port Owner as the fuel passes the vessel's permanent flange connection at load port.
5	Delivery Date Range	Delivery as per table 3 (Schedule of delivery)
6	Contracted Quantity	The delivery will be done in comply to provisions in Annex 3
7	Price and Reference fix quantity	0.5% CIF Mediterranean cargo of quotation day as published by Plats, plus a price of X \$/mt.
8	Payment Terms	As specified in the offer
9	Basic payment Terms of cargos	30 days after delivery
10	Payment Security:	No payment security to be issued
11	Period of Supply	3 (three) months
12	Inspector/Inspection Cost	Load port inspection to seller
13	Law & Dispute Resolution	TBA

20	Contract terms and conditions	World Bank standards Fuel Supply agreement for power stations. TBA
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6.2. Service Characteristics

- Supply

The supply will be made according to the specifications defined in this document.

The supplier can use road transportation for supply to the place of use and road or water transportation for carrying out the supply to warehouses.

The supply will be applied according to the schedules determined by the Contracting Authority, based on the timelines determined in advance for the fixed quantities and within the deadlines after the request for the variable quantities.

7. TECHNICAL DOCUMENTS

The operator must provide necessary documentation to prove the technical, legal and economic capacity to carry out the required activity.

Particularly in the technical aspect, it is necessary to declare and provide documentation to prove that they carry out activities in accordance with the technical, health and environmental safety requirements.