

TENDER No.
MOPM/ONT/09/2021-2022
FOR
PROVISION OF CYLINDER SMART METER (CSM) SERVICES, DISTRIBUTION,
AND TECHNICAL SUPPORT FOR DISPENSING LIQUEFIED PETROLEUM GAS
(LPG) FROM 6KG LPG CYLINDERS FITTED WITH COMPACT VALVES –
THREE (3) YEARS CONTRACT

CLARIFICATIONS

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No.	Query	Clarification
1	Are the 6Kg LPG cylinders by the Ministry of Petroleum and Mining already fitted with compact valve or tenderers need to provide the compact valve	The 6Kg LPG cylinders by the Ministry of Petroleum and Mining already fitted with compact valve as per Kenya Standard
2	If the cylinders are already fitted with the compact valves, are the dimensions of the valves as provided in KEBS standard KS 201:2010 – Unified Valve for LPG Cylinders - Specifications	Yes – as per the Standard referenced
3	It is unclear how a tenderer may meet the requirements that apply to foreign tenderers. The tender document guides tenderers to Section III- Evaluation and qualification criteria, item 9 which does not exist within the document. Any tenderer would require confirmation that it would meet applicable requirements in order for its tender submission to be binding. Bidders would wish to receive advance confirmation that the procuring entity accepts a bidder as suitably qualified notwithstanding it having foreign ownership.	The criteria referenced under item 9 is no applicable. The tender is a national one and not international. Tenderers who meet eligibility criteria are encouraged to apply.
4	Asset tracking requirement: The CSM service provider relies on the location of the customer's premises being geotagged; this is accurate only to a distance of 20-30 meters. If, after installation the cooking solution is moved from the	Asset location pinning would be sufficient for the purposes of this tender (CSM). LPG cylinders are serialized for tracking by the procuring entity.

	<p>customer's premise to a different location or the components of the cooking solution are separated from each other, the CSM service provider is only able to trace the location of the cooking solution or the relevant component through liaising with the customer. Each tenderer would require confirmation that these capabilities are sufficient to meet the asset tracking requirements in order for its tender submission to be binding. The smart meter may be upgraded to provide more accurate GPS tagging capabilities; however in our view these are prohibitively expensive and require frequent battery changes battery to continue to operate. However, if this capability is of key importance to the procuring entity, it should at the outset to provide at no cost to the tenderer a tag for each LPG cylinder, cooking stove and smart meter in advance of installation of each of these with the customer.</p>	
5	<p>Pricing: In order have all the information necessary to be able to provide pricing to the tender from a properly informed position, each tenderer would need to receive the price build up for 'x' (Cost of LPG per Kg (variable)); starting from the prevailing Saudi Aramco price, and providing supporting evidence for any uncertain cost items including freight and refilling charges. The pricing payable to CSM service provider must change at least annually at a rate not lower than the rate of inflation in Kenya. In our view, the procuring entity and the LPG Supplier should consider accepting a fixed margin over the prevailing Saudi Aramco price from month to month to supply LPG in cylinders at a suitable delivery point in the Nairobi area, so that there are no variables other than the world</p>	<p>To be discussed with the successful tenderer at the contract negotiation stage.</p>

	<p>LPG price. Considering that it is likely to be 4-6 weeks between changes of the LPG cylinder at the customers' premise, in order to allow the tenderer to avoid a heavy cash flow deficit of financing LPG for a lengthy period there should be a 40 day credit period after delivery of the LPG cylinders before payment becomes due.</p>	
6	<p>Customer pricing: the tender is set up so that the tenderer takes full commercial risk in connection with customers purchasing LPG; therefore it is fair for the tenderer to have sole discretion to identify and select which persons become customers (and which customers it can decide to discontinue supplying), and to determine the price it will charge for the supply of LPG to customers.</p>	<p>To be discussed with the successful tenderer at the contract negotiation stage.</p>
7	<p>The tender document is unclear regarding whether the LPG cylinders, cooking stoves, hoses and clamps will be provided to customers for free: please confirm the position for these. We presume there are no restrictions on the tenderer imposing a requirement on each new customer to pay an initial down-payment towards the supply of LPG, but please confirm that this is correct.</p>	<p>To be discussed with the successful tenderer at the contract negotiation stage.</p>
8	<p>In order for the tenderer to sustain provision of the CSM service to 60,000 customers and to ensure those customers are always able to use the cooking solution, please confirm the procuring entity will provide without cost to the tenderer additional numbers of each of the LPG cylinders, cooking stoves, hoses and clamps of not less than 15% of installed customer numbers. Please also detail how the procuring entity will collect faulty assets that the tenderer collects from customers.</p>	<p>The procuring entity will provide additional float of LPG cylinders for purposes of refilling and swapping but at a cost to be agreed with the successful bidder during contracting. The details of handling faulty assets and float of the accessories to be agreed with the successful bidder at the contracting stage.</p>

9	<p>Please clarify over what period the procuring entity expects the CSM service to be built up to 60,000 customers and confirm that the procuring entity's supply chains will guarantee they can provide the supporting equipment (cooking stoves, LPG cylinders, hoses and clamps) to support that timetable with requisite additional stock of replacements/spares as mentioned above.</p>	<p>Roll out schedule to be agreed with the successful tenderer at the contract negotiation stage. However, the procuring entity will provide supporting equipment in a timely manner.</p>
10	<p>Please clarify the position regarding which party bears the risk for lost or damaged smart meters, LPG cylinders, cooking stoves, hoses and clamps as well as non-payment by customers for LPG supplied to them. In our view, the procuring entity should accept responsibility for replacing with a new asset any faulty/damaged LPG cylinders, cooking stoves, hoses and clamps which the tenderer returns to the procuring entity or its designated supplier. Further, the procuring entity should also compensate the CSM service provider for any additional costs it incurs in connection with the collection and replacement of faulty equipment supplied through the procuring entity because there will inevitably be additional costs incurred in making such replacements.</p>	<p>The CSM service provider bears for the loss or damage of the CSM. The brand owner bears the risk for the loss or damage of the cylinder. The beneficiary bears the risk for the loss or damage of the accessories. No replacement or repairs will be done by the procuring entity once custody transfer takes place during installation.</p>
11	<p>The tenderer provides a single physical asset (the smart meter) and so can only accept liability for loss or damage caused solely by the smart meter. The procuring entity must retain responsibility and liability for all other loss or damage arising, including from LPG cylinders, cooking stoves, hoses and clamps. The CSM service provider will either identify itself the fault with a cooking solution component or rely on the customer notifying it of a cooking solution component having a fault. The CSM service</p>	<p>Refer to number 10 above</p>

	<p>provider's only obligation will be to collect the faulty component from the customer and (during the same visit to the customer) install a replacement component; the CSM service provider has no responsibility to diagnose or remedy any fault identified. The procuring entity should also compensate the CSM service provider for any additional costs that it incurs in connection with the replacement or repair of any smart meter and its collection and replacement where the loss or damage caused to the smart meter arises as a consequence of any faulty equipment supplied through the procuring entity because there will inevitably be additional costs incurred in making such replacements.</p>	
12	<p>The CSM service provider should have no liability for defects of the smart meter any sort, because if any defect were to arise, the customer would be unable to cook using the cooking solution which means that the CSM service provider would not be able to collect any revenue at that time. Accordingly, the CSM service provider is motivated to ensure that all customers can cook at all times, so that the CSM service provider is able to collect revenue from such customers.</p>	<p>Refer to number 10 and 11 above</p>
13	<p>Please clarify for all tenderers the age and the brand of the LPG cylinders which will be provided, and how each of the LPG cylinders will be inspected and certified for compliance with applicable standards before they are delivered to customers.</p>	<p>At the start of this project, the cylinders are new and straight from production. The cylinders are inspected and certified for compliance with the applicable standards by a third-party inspector during production.</p>
14	<p>The procuring entity must make available to the CSM service provider a replacement LPG cylinder each time an LPG cylinder is identified as faulty or due for revalidation when it must be</p>	<p>To be discussed with the successful tenderer at the contract negotiation stage.</p>

	<p>inspected. If any LPG remains in that LPG cylinder at the time, the procuring entity must provide a refund to the CSM service provider for the value of the residual LPG returned with the relevant LPG cylinder.</p>	
15	<p>The tender document contains no information regarding the terms of the refilling/hospitality agreement. These terms are important to all tenderers because there is much value to be gained/lost through the filling rate, filling losses and credit to be given to the CSM service provider on the residual LPG in those LPG cylinders to be refilled. We require the following terms as part of the hospitality arrangements: refilled cylinders to be ready for collection within 24 hours of delivery, refilling services to be provided 6 days each week, credit for all residual LPG in cylinders delivered for refilling</p>	<p>To be discussed with the successful tenderer at the contract negotiation stage.</p>
16	<p>If the LPG supplier requires the CSM service provider to deliver empty and collect filled LPG cylinders from its filling plant, the CSM provider should have absolute discretion to select the area in which it will serve customers, or at a minimum determine the maximum distance between the filling plant and the arear of operations, thus the LPG supplier should be able to secure hospitality arrangements with filling plants around those areas.</p>	<p>The procuring entity reserves the right to select areas where customers shall be served in consultation with the CSM service provider. Where the LPG bulk supplier does not have own filling plant, hospitality arrangements shall be made by the supplier.</p>
17	<p>No exclusivity restrictions should apply to the refilling/hospitality arrangements been the LPG Supplier and CSM service provider. The CSM service provider must be free to engage any third party to undertake refilling of the LPG</p>	<p>Filling/refilling reserved exclusively for the brand owner through own filling plants or selected hospitality service providers. Any other alternative arrangements shall be made at contracting</p>

	<p>cylinders, and it should be for the LPG Supplier to provide refilling services at discounted rates and on such terms which attract the CSM service provider to utilise its refilling services and not those of third parties. The LPG Supplier must provide to the CSM service provider its written consent to have its LPG cylinders refilled by a third party refiller.</p>	
18	<p>The CSM service provider should be entitled to purchase LPG from the LPG Supplier in bulk for delivery in Nairobi (at a discount to the margin, because that incorporates cylinder filling costs), and arrange for refilling of cylinders at a filling plant of its choosing.</p>	<p>Filling/refilling reserved exclusively for the brand owner through own filling plants or selected hospitality service providers. Any other alternative arrangements shall be made at contracting</p>
19	<p>Please confirm that the procuring entity will provide a double burner cooking stove for each of the customers to be served by the CSM service provider, and which brand of cooking stoves will be provided.</p>	<p>The procuring entity shall provide Gas Yetu branded cookstoves (two-burner tabletop cookstoves) at a discounted price. Upon payment, the customer takes ownership and full responsibility of the cookstove and hosepipe</p>
20	<p>Please clarify how each of these stoves will be inspected and certified for compliance with applicable standards before they are delivered to customers. Please also confirm the useful life of these cooking stoves: our view is that all cooking stoves should be written off within three years.</p>	<p>For all cookstoves, there is a pre-verification of conformity (PVOC) certificate done by an appointed agent of KEBS.</p>
21	<p>The procuring entity should confirm for the benefit of all tenderers that on at least three non-consecutive days each week it will collect from the CSM's distribution centre faulty cooking assets which the tenderer has collected from customers and at the same time deliver new replacement cooking solution components.</p>	<p>The procuring entity shall provide Gas Yetu branded cookstoves (two-burner tabletop cookstoves) at a discounted price. Upon payment, the customer takes ownership and full responsibility of the cookstove and hosepipe.</p>

22	Please clarify for the benefit of all tenderers that the procuring entity will provide to the tenderer without cost for onward delivery to the customers a 1.5m long 8mm internal diameter LPG flex hose that complies with applicable Kenya standards, which are accompanied by 2 clamps to securely fasten this to the cooking stove and the smart meter.	The procuring entity will provide 1.5m long 8mm internal diameter LPG flex hose for onward delivery to customers at a discounted price. The meter and the cookstoves should have a male tapered inlet/outlet that automatically fits into the hosepipe without clamps.
23	It is not appropriate for the procuring entity itself to be granted access to the CSM service provider's system. As an alternative, the CSM service provider should provide monthly reports to the procuring entity detailing agreed key metrics and performance measurements which are derived from the CSM service provider's existing systems.	To be discussed with the successful tenderer at the contract negotiation stage.
24	The tender document contains no information regarding timelines and milestones. Although it would be helpful for all tenderers if the procuring entity were to indicate its expectations, the CSM service provider should have discretion to state timelines and milestones which it is confident that it can commit to, in order to ensure delivery of 60,000 smart meters and the success of this tender	To be discussed with the successful tenderer at the contract negotiation stage.
25	It is not appropriate for the CSM service provider to be restricted from undertaking those actions set out in the special conditions without prior approval of the producing entity. If the CSM service provider will take full commercial risk, then it must have full discretion to decide how it will best provide the CSM services.	To be discussed with the successful tenderer at the contract negotiation stage.

26	Customer service costs (i.e. the provision of a call centre and response teams to assist customers who are having difficulties in any respect) should be reimbursed monthly to the CSM service provider at an agreed fixed rate per call received, index linked.	CSM service provider to set up and operate a call center at own cost (not reimbursable)
27	The tender document contains no information regarding termination/expiry of the tender project, particularly as this could happen before the intended term of the project has elapsed. The tender document should clarify for each tenderer how the CSM service provider will receive full value for the residual LPG in the LPG cylinders, how it will collect each of its smart meters, how/whether the procuring entity will receive back the cooking stoves and LPG cylinders or only a percentage of such assets to reflect the attrition/loss of such assets as part of the tender (and that the CSM service provider will be reimbursed for any costs it incurs in attempting to collect these on behalf of the procuring entity) and how the CSM service provider will be compensated by the procuring entity for any of its smart meters which have been deployed in the course of the tender but which are not returned to it at the end. Alternatively, all cooking stoves and LPG cylinders used in connection with the tender shall pass to the CSM service provider at no further cost to it.	<p>Termination will be as per the exit clauses contained in the contract.</p> <p>For the residual LPG, batch filling shall be done and the differential shall be payable by the CSM provider. Batch filling shall be clarified during contracting.</p> <p>The delivery and collection of the Cylinder smart meters to/from end users shall be the reserve of the CSM provider.</p> <p>The CSM service provider bears for the loss or damage of the CSM hence no compensation from the procuring entity for any loss. The beneficiary bears the risk for the loss or damage of the accessories.</p> <p>The ownership of the cylinder remain with brand owner/procuring entity and title shall not pass to the CSM provider at any point in time. The title of the cookstove and the hosepipe shall pass from the procuring entity to the end user at the point of initial payment at a discounted price and at no point shall the title revert to the procuring entity or be passed to the CSM service provider.</p>