

From: Pippo Pandolfino - CFO
Sent: 25 February 2008 17:41
To: 'tranter@mail.com'
Cc: David Spiteri Gingell -CEO-
Subject: Fuel Oil Tender

Chairman,

As agreed I am forwarding a summary of the fuel oil tender.

We received 5 bids in all.

The 5 bids are lower than previous tenders and the main reason for the lower competition was probably the .7% fuel oil requirement (this complicates logistics and shipping considerably)

We concluded the tender with Totsa (our current supplier for fuel oil) as follows:

- a) 1% fuel oil - Platts 1% CIF MED -\$6.50 (as per current contract)
- b) 0.7% fuel oil - Platts 1% CIF MED flat

The above prices were achieved after a round of negotiations (initial offers were -\$6 for the 1% and +\$2.75 for the 0.7%) during which we managed to reduce prices by \$896,250.

As regards the 0.7%, this is a new requirement and the \$6.50 cost compared to the 1% is very reasonable.

In fact the same Totsa trader has indicated \$12 as an indicative budget cost (vide attached).

This 0.7% fuel oil benchmark margin was in fact more in line with the other offers we received.

When compared to the competition, the final Totsa's negotiated contract works out at around \$4.8 million cheaper than the next cheapest bid.

Bidder	1% Margin 335,000 MT	0.7% Margin 265,000 MT	Incremental Cost \$
Totsa (negotiated)	(\$6.50)	\$0.00	n/a
Totsa (offer)	(\$6.00)	+\$2.75	896,250
Shell	-\$1.50	+\$12.00	4,855,000
AOT	(\$1.25)	+\$13.20	5,256,750
Trafigura	-\$3.50	+\$22.75	7,033,750
Vitol	+\$15.00	+\$21.00	12,767,500

Pippo

From: Gatt Austin at MIIIT [mailto:austin.gatt@gov.mt]
Sent: 26 February 2008 12:54
To: Ing Alex Tranter
Cc: Grech Claudio at MIIIT; Carabott Pierre at MIIIT
Subject: RE: Fuel Oil Tender

excellent

Austin

From: Ing Alex Tranter [mailto:tranter@mail.com]
Sent: 25 February 2008 19:05
To: Gatt Austin at MIIIT
Cc: Grech Claudio at MIIIT; Carabott Pierre at MIIIT
Subject: Re: Fuel Oil Tender
Importance: High

Minister

Just finished negotiating the supply of fuel oil to Enemalta for the next year. This is the largest purchase contract for Enemalta, a staggering +\$300million a year.

We received 5 bids in all, Totsa, AOT, Shell, Vitol and Trafigura. The most aggressive price was submitted by Totsa, our current suppliers.

For the first time this tender included the provision of 0.7% Sulphur Fuel Oil, as well as the usual 1% Sulphur Fuel Oil we normally use. Just for you to compare with our current contract with Totsa, we purchase 1% Sulphur fuel oil against Platts CIF Med average of the month, less a premium of \$6.50 per MT. Keep in mind also that there is no published PLATTS price for 0.7%S so the premium quoted below is a premium over the 1%S PLATTS price.

Below is a summary of the bids by the Fuels Procurement Committee today:

Bidder	1%S Margin 335,000 MT	0.7%S Margin 265,000 MT	Incremental Cost \$
Totsa	-\$6.00	+\$2.75	
Shell	-\$1.50	+\$12.00	4,855,000
AOT	-\$1.25	+\$13.20	5,256,750
Trafigura	-\$3.50	+\$22.75	7,033,750
Vitol	+\$15.00	+\$21.00	12,767,500

As you can see from the above table the 2nd best offer after Totsa's, was an additional \$4,800,000 a year more expensivel

Below is what I managed to achieve with Totsa

Bidder	1%S Margin 335,000 MT	0.7%S Margin 265,000 MT	Incremental Cost \$
Totsa (original offer)	-\$6.00	+\$2.75	896,250
Totsa (final negotiated offer)	-\$6.50	\$0.00	Nil

Hence we reduced Totsa's offer by 50cents on the 1% Sulphur to bring it to the same price as per our present contract, and managed quite a big achievement on the 0.7% fuel oil as we will purchase it at a ZERO premium! when today 0.7% S usually commands a +\$10/\$12 premium over the 1%S price being a much more refined product.

The above means that our negotiations have led to an annualized saving of \$896,250 from Totsa's original offer and will be purchasing the more environmentally friendly 0.7%S fuel oil at the SAME market price (i.e. zero premium) of 1%S fuel oil, hence not costing Enemalta or the general public a cent more than what 1% Sulphur fuel oil costs in the market. Major achievement today!

Thanks. Kindly keep pricing info above confidential.

Alex

p.s. Apart from the above, our Security Stock requirement at NO COST has been maintained in this new one year contract.

From: Pippo Pandolfino - CFO [mailto:pippo.pandolfino@enemalta.com.mt]
Sent: 27 February 2008 18:54
To: tranter@mail.com
Cc: David Spiteri Gingell -CEO-
Subject: Gas oil & diesel tender

Chairman,

As agreed I am forwarding a summary of the gas oil and diesel tender.

We received 3 bids in all.

We concluded the tender with Totsa (our current supplier for gas oil and diesel) as follows:

- a) Diesel - Platts CIF MED -\$5.85
- b) Gas Oil - Platts CIF MED flat -\$5.85

When compared to the current contract and the competition, the final Totsa's negotiated contract works out cheaper as follows

Bidder	Diesel 100,000MT	Gas Oil 88,000MT	Difference \$
Totsa (negotiated)	(\$5.85)	(\$5.85)	n/a
Totsa (current)	(\$4.75)	(\$4.00)	\$272,800
Totsa (initial offer)	(\$3.75)	(\$3.50)	\$416,800
ERG	+\$2.00	(\$2.00)	\$1,123,800
BB Energy	+\$6.50	+\$6.50	\$2,321,800

One can mention that in 2004 Enemalta was buying from ENI at margins of +\$3.50 on these products (i.e. \$1.7 million more in margins).

In 2006 we were buying from Totsa at -\$2.25 diesel and -\$1.75 gas oil.

In 2007 we improved further to -\$4.75 & -\$4.00 respectively.

What was concluded today is a very good deal, and obviously the best ever deal on these 2 products.

Pippo

From: Pippo Pandolfino - CFO [mailto:pippo.pandolfino@enemalta.com.mt]
Sent: 17 April 2007 14:47
To: Ing Alex Tranter
Subject: Fuel Oil Tender

Chairman,

We concluded with Totsa (current suppliers) at a discount of \$6.50 when compared to the previous discount of \$7.875 while credit has been reduced to 30 days.

This is slightly worse than the previous contract and worth \$825,000 on the 600kt over 12 months.

However we can be satisfied with what was agreed today because it was very clear that the previous deal would not be repeated and well out of the market (in fact we concluded with Totsa at around \$2 to \$3 better than their competitors).

The existing margin of -\$6.50 is still much better than the -\$0.50 in 2004, the -\$2.25 in 2005 and the -\$4.05 in 2005/6 with Trafigura.

Pippo

From: Gatt Austin at MIIIT [mailto:austin.gatt@gov.mt]
Sent: 17 April 2007 20:41
To: Ing. Alexander Tranter
Cc: Grech Claudio at MIIIT; Carabott Pierre at MIIIT
Subject: RE: Fuel Oil Tender

prosit

Austin

From: Ing. Alexander Tranter [mailto:atranter@makeezi.com]
Sent: Tue 17/04/2007 19:42
To: Gatt Austin at MIIIT
Cc: Grech Claudio at MIIIT; Carabott Pierre at MIIIT
Subject: FW: Fuel Oil Tender

Minister

Today between 10am and 2.30pm we negotiated our big fuel oil contract (\$200million). We have 8 entities who responded with only 6 submitting their bids. Godwin Debono was in attendance as our independent committee member.

The final tie was between Trafigura and Totsa. Totsa won in the end hence they retained their position as our supplier for another year.

We concluded with Totsa at a discount of \$6.50 (based on Platts CIF Med Mean) when compared to the previous discount of \$7.875 while credit has been reduced to 30 days. (Nobody offered more than 30 days without an extra charge.) The 150,00MT Security Stocks were included as part of the tender (in some bids...not TOTSA... this was identified separately at an additional charge of just over \$2 per MT per month). Pricing period remains unchanged.

Although previous contract was indeed better, it was impossible to replicate or better it with the prevailing market conditions and well out of the market (we knew this at the start). Nevertheless I am satisfied with what was agreed today (in fact we concluded with Totsa at around \$2 to \$3 better than their competitors). The discount on this contract is worth \$825,000 on the 600kt over 12 months which is no small amount. Also note that the existing margin of -\$6.50 is still much better than the -\$0.50 in 2004, the -\$2.25 in 2005 and the -\$4.05 in 2005/6 with Trafigura.

Alex