

An Analysis of the Effectiveness of Enemalta Corporation's Fuel Procurement

Analysis of purchases for the period from January 2008 up to March 2009.

Contract	Comments
25/Feb/2008 Fuel Oil 1% Fuel Oil 0.7%	<p>Contract for a year – c. 335,000Mt 1%LS and c. 265,000Mt 0.7%LS 5 bids received Totsa was cheapest for both products as follows: Fuel Oil 1%: -\$6.00/mt (Trafigura -\$3.50) Fuel Oil 0.7%: +\$2.75/mt (AOT +\$10.95)</p> <p>FPC closed with cheapest bidder Totsa and the following discounts were received: Fuel Oil 1%: -\$6.50/mt (\$0.50 discount) Fuel Oil 0.7%: +\$0.00/mt (\$2.75 discount)</p> <p>This result in negotiated savings of c. \$167,000 (1%) and \$729,000 (0.7%)</p> <p>Totsa also ended c. \$1,005,000 cheaper than Trafigura for the 1% Totsa also ended c. \$2,902,000 cheaper than AOT for the 0.7%</p>
27/Feb/2008 Diesel	<p>Contract for a year – c. 100,000mt purchased 4 bids received Totsa was cheapest as follows: -\$3.75/mt (ERG +\$2.00)</p> <p>FPC closed with cheapest bidder Totsa, who allowed a discount: -\$5.85/mt (\$2.10 discount)</p> <p>Negotiated savings of c. \$210,000</p> <p>Totsa c. \$785,000 cheaper than ERG</p>
27/Feb/2008 Gasoil .1	<p>Contract for a year – c. 88,000mt/year purchased 3 bids received Totsa was cheapest as follows: -\$3.50/mt (ERG -\$2.00)</p> <p>FPC closed with cheapest bidder Totsa, who allowed a discount: -\$5.85/mt (\$2.35 discount)</p> <p>Negotiated savings of c. \$207,000</p> <p>Totsa c. \$339,000 cheaper than ERG</p>
06/May/2008 LHO	Contract was not awarded
26/May/2008 Gasoline	<p>Contract for 8 months – c. 43,800mt purchased in 8 months 2 bids received Totsa was cheapest as follows: +\$20.80/mt (Lukoil +\$44.80)</p>

	<p>FPC closed with cheapest bidder Totsa, who allowed a discount: +\$20.50/mt (\$0.30 discount)</p> <p>Negotiated savings of c. \$13,000</p> <p>Totsa c. \$1,064,000 cheaper than Lukoil</p>
<p>25/Jun/2008 Jet A1</p>	<p>Contract for a year – c. 84,000mt/year purchased 4 bids received NAO lists Moch cheapest at +\$12.00 BUT on page 87 NAO mentions that Moch price was based on CIF NWE Jet A1 quotations, whereas Totsa offered pricing based on the FOB MED Jet A1 quotations. Platts Publication dated 25/Jun/2008 (attached) proves that FOB MED quotations were \$38.00 cheaper than CIF NWE quotations (\$1,266.25 vs \$1,304.25). Adjusting for Platts price basis Totsa was cheapest as follows: +\$36.75/mt (MOCH +\$12.00 + \$38.00 = +\$50.00)</p> <p>FPC closed with cheapest bidder Totsa, who allowed a discount: +\$35.50/mt (\$1.25 discount)</p> <p>Negotiated savings of c. \$105,000</p> <p>Totsa c. \$1,218,000 cheaper than Moch</p>
<p>25/Jan/2009 Gasoline</p>	<p>Contract for 8 months – c. 43,800mt purchased in 8 months 4 bids received Fairdeal was cheapest as follows: +\$21.17/mt (Totsa +\$22.50)</p> <p>FPC closed with 2nd cheapest bidder Totsa, who allowed a discount: +\$21.90/mt (\$0.60 discount)</p> <p>Negotiated discount of c. \$26,000</p> <p>Totsa was still c. \$32,000 (\$0.73/mt) more expensive than Fairdeal</p> <p>However: Security stocks: not offered by Fairdeal but offered by Totsa Credit: 60 days Totsa against 30 days Fairdeal Value of Security Stocks: €1.00 x 10,000 x 8 months = €80,000 (\$100,000)</p>

P. Pandolfino
10th September 2013

Summary of the Effectiveness of Enemalta Corporation's Fuel Procurement Committee

Contract	Savings Negotiated	Difference deal closed vs 2nd placed
25/Feb/2008 Fuel Oil 1% Fuel Oil 0.7%	c. \$167,000 (1%) c. \$729,000 (0.7%)	c. \$1,005,000 (1%) c. \$2,902,000 (0.7%)
27/Feb/2008 Diesel	c. \$210,000	c. \$785,000
27/Feb/2008 Gasoil .1	c. \$207,000	c. \$339,000
26/May/2008 Gasoline	c. \$13,000	c. \$1,064,000
25/Jun/2008 Jet A1	c. \$105,000	c. \$1,218,000
25/Jan/2009 Gasoline	c. \$26,000	c. (\$32,000)* c. \$100,000 Security Stocks
TOTALS	c. \$1,457,000	c. \$7,381,000

* margin more expensive, but Security Stocks reverse the situation

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