

Lubricating oil supplier (RFT)

1 Sept. 2015

Invitation

Your company is invited to submit a tender to provide lubricating oils and greases for CESM's LNG vessels and also to provide after-sales services such as lubricating oil analyses.

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1. Evaluation criteria

In the event your company decides to participate in this RFT, then please note CESM's evaluation methodology. CESM has three (3) layers of tendering criteria, the first is a technical 'go' / 'no-go' criteria, the second is a technical matrix that needs to be completed by the tenderer and the third is a commercial bid in the form of a tenderer-submitted contract of terms, conditions and costs being charged to CESM.

1.1. Technical go / no-go criteria

Tendering companies MUST be able to comply with the go / no-go criteria in the following table:

Criterion No.	Description
1	Be able to supply lubricating oil that is suitable for the machinery described in the attached oil list and suitable for the ambient conditions that prevail on the vessel's trading pattern between Australia and China.
2	Be able to demonstrate compliance with ISO9001 and ISO 14001 accreditation / and be able to demonstrate the ability to make bulk deliveries to other customers in the trading pattern ports.
3	Bulk oils must be delivered by barge.
4	Tenderers' proposed lubrication solutions must be compatible with the initial fill supplied by the shipyard. See Attachment 1.
5	Tenderers' proposed lubrication solution must comply with equipment manufacturer's criteria.
6	Tenderers' must offer an after sales lubricating oil analysis service, such that CESM is able to conduct condition based monitoring on board its vessels.
7	Tenderers must be able to provide a lubrication solution for CESM's dual fuel diesel electric generating engines and such solution must be able to demonstrate the ability to provide optimal lubrication across a wide range of fuels. <ul style="list-style-type: none"> • Note that CESM's long-term charterer has indicated the vessels will run on gas burning mode on both laden and ballast passages. • CESM will use diesel as pilot fuel for such generating engines at all times. • CESM will use HFO and gas on pilotages, always consistent with safety and the IGC Gas Code.

1.1.1. Technical matrix

The RFT contains a technical matrix, which is to be completed by the tendering company. (See relevant attachment – Appendix 4).

1.2. Commercial bid

The tendering company is to complete its commercial bid and dispatch it to CESM in a separate, sealed envelope. Since it is understood that the tendering company will likely have different pricing structures in different ports, the tendering company is strongly urged to provide costs in each of the ports listed herein, that CESM's fleet is likely to attend. Tendering companies may also provide additional information for other, world-wide ports for CESM's consideration.

1.3. Transparent evaluation

CESM is a joint venture company and has committed to its board of directors to carry out its commercial activities transparently, and as a result, CESM is obliged to transparently evaluate this RFT for accreditation / oversight services as follows:

1. Any company that cannot comply with the go / no-go criteria will have their commercial matrix (bid) returned to them unopened, since a 'no-go' or low-scoring bid will be unacceptable to CESM.
2. In the event the tendering company provides a technical matrix score that does not pass CESM's pre-determined limit then such tendering company will have its commercial matrix (bid) returned unopened.
3. Those tendering companies that have passed the go / no-go criteria and have successfully completed the self-scoring technical matrix, will then progress to the commercial bid process.
4. CESM will open all the commercial bid envelopes at the same time with the lowest bidder being awarded the contract for accreditation and oversight work always subject to such tenderer's terms and conditions being reasonable, and in the normal course of business.

5. CESM herein commits to all tendering companies that it will keep any technical and commercial RFT bids submitted strictly confidential with respect to each individual bidder.

2. Participation

Any tendering companies participating in this transparent RFT indicates by such participation that it understands and accepts the above transparent evaluation process as set out in this RFT and its attachments.

3. Attached documentation

CESM attached documents for tenderers' review and understanding:

1. Attachment 1 – This is an oil list from H&Z Shipbuilding (Group) Limited, from Shanghai in China, as amended by the initial fill provided by Castrol / BP.
2. Attachment 2 – This is an oil list that is to be completed by the tendering company, such that CESM can be advised or the tendering company's proposed lubricant solution.
3. Attachment 3 – This is a spreadsheet to be completed by the tenderer and to be assessed by CESM.
4. Attachment 4 – To be supplied by each tenderer. It must be submitted to CESM in a sealed envelope. In the event the tenderer does not pass the technical criteria, then this envelope will be returned unopened.

4. Focal points

To simplify information exchange, tendering companies are requested to nominate a focal point of contact (together with any nominated deputy) with relevant contact details, within ten (10) working days of receipt of this document.

Please direct any questions regarding the RFT process to the CESM focal point of contact, Mr. Huang Xin, PMS Coordinator, who is responsible for managing this RFT process.

5. Clarification questions

As part of this RFT, CESM is committed to transparency and in this regard, any clarification questions asked of CESM will be answered transparently to all tendering companies, without exposing the tendering company that asked the clarification question. CESM will be pleased to meet with tendering companies to conduct reality check meetings.

6. Term

CESM seeks a five (5) year term of supply with an option to extend, subject to mutual agreement and understanding.

7. Terms and conditions

CESM requests the tendering companies to submit their proposed terms and conditions within their sealed, commercial bid package.

7.1. Applicable law

Please note that CESM's joint venture agreement has been executed under the laws of England and Wales. Commercial agreements under the Laws of England and Wales, under the laws of Hong Kong and under the laws of the Peoples' Republic of China will be acceptable to CESM. Commercial agreements submitted to CESM that do not have one of these legal jurisdictions will be commercially less attractive and will become the subject of discussion.

8. Time lines and closing dates

This RFT and its documents shall be assessed under strict time lines:

RFT issue date 1st September 2015.

Tenderer to submit proposals by 1st October 2015.

Review, clarification and award by 1st November 2015.

9. CESM fleet delivery dates

See CESM's website – www.cesm.com.hk, for the latest shipyard delivery dates for its fleet. These delivery dates indicate when each vessel will need to be supplied with lubricating oil and grease. The shipyard is responsible for supplying sufficient oils and greases such that each vessel will be handed to CESM with a working level of lubrication (Castrol supply) plus safety. CESM will then fill the vessel up to 90% capacity, as soon as the vessel is delivered to us. The likely port for such 90% capacity filling will be Kong Kong.

10. Ports used by CESM fleet

LNG Loading Terminal: Gladstone, (Queensland, Australia)

LNG receiving terminals in Peoples' Republic of China:

1. Beihai
2. Lianyungang
3. Qingdao-Shandong
4. Tianjin
5. Wenzhou

Other ports (the LNG vessel may deviate for fuel / lubricating oil from time to time) are likely to be as follows:

1. Hong Kong SAR, Peoples' Republic of China
2. Shanghai, Peoples' Republic of China
3. Pusan, Korea

For the first few years of the contract, CESM will likely deliver its cargoes (LNG) at Sinopec's LNG terminal in Qingdao. It will be possible to deviate from the normal route between Qingdao and Gladstone from time to time. Any deviations will likely be to Hong Kong, and / or Pusan, Korea. The LNG vessels will dry-dock after thirty six months in Singapore. These three ports should be included in any cost structures offered in the tenderer's commercial bids, since CESM understands there may be different charges for lubricating oils in different ports. Tenderers are encouraged to provide costs for all ports mentioned above as a minimum requirement and are encouraged to provide world-wide costs for back-up and good understanding.

11. Closing remarks

Please review this RFT carefully and we will be pleased to answer (and share) clarifications. CESM thanks all companies that decide to participate in this RFT process in advance of participation / consideration. CESM is looking forward to receiving responses from participating companies in due course.

Yours very truly,

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