

PUBLIC UTILITIES COMMISSION OF SRI LANKA

Guidelines for Parties Expressing Interest in Formulation of Procedure for Detecting Adulteration of Petroleum Fuels

A. Introduction

The Public Utilities Commission of Sri Lanka (“the Commission”), in its capacity as the designated regulator of the petroleum industry, is advising the Ministry of Power & Energy on the matters pertaining to the petroleum industry.

The downstream petroleum industry in Sri Lanka comprises of, amongst other, the importation and refining of crude oil as well as the importation, exportation, distribution, supply and sale of petrol, diesel and kerosene. It is primarily governed by the Ceylon Petroleum Corporation Act, No. 28 of 1961 as amended and the Petroleum Products (Special Provisions) Act, No. 33 of 2002.

While the Ceylon Petroleum Corporation (CPC) was responsible for almost all the activities in the downstream petroleum industry, over time the industry has undergone structural reforms with its activities being unbundled, privatized and liberalized. The activities in petroleum fuels have also been reformed with the entry of a second player and unbundling of principle facilities in distribution and supply.

Presently, the Minister in charge of the subject of Petroleum has overall powers to regulate the downstream petroleum industry. However, there is no mechanism for protecting the interests of consumers by regulating the quality of products.

There have been reports of petroleum fuels being adulterated by mixing kerosene with petrol and diesel, as a result of the large price differential between prices of petrol and diesel versus kerosene which is highly subsidized. In order to address issues related to the quality of petroleum fuels, first and foremost, national standards for petroleum fuels need to be promulgated.

B. Objective

In order to address this issue, the Commission intends to formulate and recommend to the said Ministry a mechanism for testing the quality of petroleum fuels to enable identification of adulteration of petroleum fuels, including the presence of kerosene in petrol and diesel. Towards this end, the Commission invites eligible consultancy firms to indicate their interest in providing the services described below.

C. Scope

The consulting services (“the Services”) include:

- I. Study the existing legal, regulatory and institutional framework pertaining to as well as current practice(s) of testing the quality of petroleum fuels in Sri Lanka
- II. Study international and regional best practices in testing the quality of petroleum fuels
- III. Consult with relevant stakeholders, including those identified by the Commission, throughout the process of formulating a mechanism
- IV. Identify issues and constraints, if any, in testing the quality of petroleum fuels in Sri Lanka and recommend practical, cost-effective and implementable remedial measures
- V. Identify practical, cost-effective and implementable options for testing the quality of petroleum fuels in Sri Lanka, and recommend the most suitable option
- VI. Formulate a mechanism for testing the quality of petroleum fuels in Sri Lanka that would enable:
 - a. Identification of the quality of petroleum fuels in Sri Lanka against Sri Lanka Standards published by the Sri Lanka Standards Institute and/or international standards identified by the Government or claimed by petroleum fuel marketing entities
 - b. Identification of adulteration of petroleum fuels, including the presence of kerosene in petrol and diesel
 - c. Institute legal actions against relevant parties for import, sale, supply or distribution of substandard petroleum fuels
- VII. In respect of the mechanism formulated, inter alia, address the following in sufficient detail:
 - a. Legal, regulatory and institutional framework for implementing the formulated mechanism, including identification of individual institutional responsibilities
 - b. Selection of testing objects – may be based on the complaints, random selection of objects etc.
 - c. Method(s) of:
 - i. Collecting samples and testing the quality of petroleum fuels during raids during raids, periodic market monitoring as well as subsequent verification of same through laboratory tests as well as reporting the test results
 - ii. Identifying adulterated petroleum fuels during raids, periodic market monitoring as well as subsequent verification of same through laboratory tests
 - d. Identification of parties in and outside Sri Lanka qualified to provide laboratory testing services to test the quality of petroleum fuels in Sri Lanka and possessing requisite laboratory facilities and relevant accreditation acceptable to Courts in Sri Lanka

- e. Methodology for conducting investigations and instituting legal action against parties responsible for importing, selling, supplying or distributing adulterated petroleum fuels
- VIII. Include as one of the options the addition of marker chemicals and identification of adulteration, including the presence of kerosene in petrol and diesel, with a portable handheld device for use during raids. In this respect, the mechanism shall address:
- a. Details of the chemical marker(s), including availability, sources, cost, storage etc.
 - b. Procedure for adding the chemical marker, including technical considerations
 - c. Details of the portable handheld device to be used to identify the chemical marker, including availability, sources, cost, technical specifications etc.
 - d. Procedure for calibration and use of the portable handheld device during raids
- IX. Consult with relevant stakeholders including those identified by the Commission where necessary.

D. Conditions

- I. Interested consultancy firms must provide information indicating that they are qualified to perform the Services. Consultancy firms may associate with other firms in the form of an association or a sub-consultancy to enhance their qualifications.
- II. Expressions of Interest should include the following information:
 - a. Description of similar assignments carried out demonstrating knowledge and experience in downstream petroleum industry and chemical engineering along with the name of client (with references), nature of the assignment, location, contract value, date and duration etc. (Please use the format given in **Annex 1**);
 - b. Status of the firm and availability of appropriate skills (technical and managerial), indicating the business registration as well as names and qualifications of the key staff etc. (Please use the format given in **Annex 2**);
 - c. Any intention to associate with another firm(s)/ individual(s) including the information identified in item a) and b) above relating to other firm(s)/ individual(s) (Please use the formats given in **Annex 1** and **Annex 3**); and
 - d. Brochure(s) and any other information.
- III. The Expressions of Interest received will be evaluated and only the shortlisted firms will be invited to submit detailed technical and financial proposals to provide the Services. The shortlisting criteria include:
 - a. Qualifications in the field of the assignment;
 - b. Technical and managerial capabilities of the organization;
 - c. Core business and years in business;
 - d. Qualifications of key staff;
 - e. Client references; and
 - f. Administrative and financial strength
- IV. Interested consultancy firms may obtain clarifications vide the contact details indicated below, from 9.00 am to 4.30 pm during weekdays excluding public holidays.

V. Expressions of Interest must be delivered in a written form to the address below (in person, by post, facsimile or e-mail) by 3:00 pm, 2nd April 2020.

E. Timeline

The selected consultants are expected to complete the study in a period of 8 months.

F. Budget

The estimated budget allocated for the study is LKR 4,293,000

Chairman
Department Consultants Procurement Committee
Public Utilities Commission of Sri Lanka
6th Floor, Bank of Ceylon Merchant Tower
No. 28, St. Michael's Road, Colombo 3,
Sri Lanka.
Telephone: (+94 11) 2392607/8
Facsimile: (+94 11) 2392641
E-mail: regulate@pucsl.gov.lk copy to pucsl.regulate@gmail.com

Annex 1

Status of the Firm

[Using the format given below, please provide all the requisite information in respect of the status of your firm and each associate for this assignment; Any associated Individuals are required to complete only item 1, 2 and 7 below.]

- 1) Name and address of the firm/ individual:
- 2) Nature of association (joint venture, sub- consultancy etc.):
- 3) Business registration no:
- 4) Core business:
- 5) Years of business:
- 6) Annual turnover (US\$), in 2018:, in 2017:, in 2016:
- 7) Qualifications of key staff/individual:

	Name	Area of expertise	Education	Technical & managerial experiences with the firm indicated under item 1 above (refer the assignments mentioned in Annex 1, if any)	Technical & managerial experiences outside the firm indicated under item 1 above
1					
2					
3					

Annex 2

Similar assignments carried out within the last 5 years

[Using the format given below, please provide all the requisite information in respect of each assignment for which your firm, and each associate for this assignment, was legally contracted, either individually as a corporate entity or as one of the major companies within an association, for carrying out consulting services similar to the ones requested under this assignment.]

Name of the Firm ¹			
Name and address of client with references:			
Name of assignment:			
Approximate value of contract (USD):		Duration of assignment (months):	
Location:		Total No of staff-months of the assignment	
No of professional staff-months provided by you:		Approx. value of the services provided by firm (USD):	
Start date (month/year):		Completion date (month/year):	
Name of associated consultants, if any:			
Name of senior professional staff of your firm involved and functions performed (indicate most significant Director/ Coordinator, Team Leader):			
Narrative description of assignment (including international experiences and experience in similar conditions, knowledge in electricity sector, regulation and regulatory accounting, experience in and/or knowledge of Sri Lankan accounting standards or access to same etc.):			
Description of actual services provided by your staff within the assignment:			

¹ Indicate the firms' name or associate firms'/ individuals' name

Annex 3

Details of Associations

Associates name	Nature of association	Role	Responsibility