



TRANSNET NATIONAL PORTS AUTHORITY A

DIVISION OF TRANSNET LIMITED

(Registration No: 1990/000900/30)

SCOPE OF SERVICE

**FOR THE APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT A COAL MARKET INTELLIGENCE
STUDY FOR THE PORT OF RICHARDS BAY FOR A PERIOD OF SIX (6) MONTHS**

1. GENERAL DESCRIPTION OF THE SERVICES

1.1 Transnet National Ports Authority's Objectives

The Transnet National Ports Authority's (TNPA) objective is to appoint a service provider to conduct a coal market intelligence study for the port of Richards Bay located in the city of Umhlathuze in KwaZulu Natal province. TNPA hereby invites proposals from suitable qualified bidders for performing a coal market intelligence and insight study for the Port of Richards Bay in line with the port's current growth strategy as well as projected demand for related goods and services.

The services shall include, but not be limited to:

- Global and local market intelligence and insight with focus on the coal sector;
- Examine the port's demand and supply outlook for the coal commodity (domestic/international) in short, medium, and long-term considering current and projected market conditions;
- Corridor analysis associated with the coal value chain from hinterland to ports;
- Port capacity analysis in relation to market conditions and envisaged shift; and
- Climate change issues and how they are likely to impact port throughput and operations.

A detailed description of the proposed project and services required for the Port of Richards Bay is provided in Section 2 below.

2. PROJECT SCOPE – CONDUCT A COAL MARKET INTELLIGENCE STUDY AND INSIGHT FOR THE PORT OF RICHARDS BAY

2.1 Background

According to section 68 (1) of the National Ports Act of 2005, the Authority must:

- facilitate the building and exploitation of the infrastructure of the ports;
- regulate and control development within ports, in accordance with approved port development framework plans; and
- ensure that the infrastructure of ports is managed and maintained in a manner which ensures efficient, safe and orderly port operations.

The facilitation of the building and maintenance of port infrastructure as mentioned in section 68 (1) above is the responsibility of the Authority. TNPA needs to implement, manage, and update segment

strategies in accordance with anticipated or projected market conditions to ensure effectiveness and efficient functioning as per the responsibilities outlined above. This will help in making well-informed investment decisions that will positively impact the nation's economic growth and development as well as its standing in regional, continental, and international trade facilitation. The coal segment is one of the strategic segments for TNPA, more particularly the Richards Bay port and carefully thought and scientifically prudent investment decision making. The Port of Richards Bay has a short-term plan to build infrastructure associated with handling of coal. This includes, for example, building of additional berth dedicated to handling coal however due to global market dynamics and associated environmental policies (e.g., Paris Agreement), the Authority needs to validate demand for this segment in line with market conditions (current) as well as projected market shift in the long term.

However, due to lack of budget allocation and less priority to fund market intelligence research studies as input to segment strategies, TNPA has been largely relying on publicly available industry reports as well as shared industry reports from Transnet Group Strategy. These industry reports usually contain short term view of the segment market conditions and projected shift and therefore limited in terms of informing long term investments plans associated port infrastructure. Due to changing domestic and global dynamics as well as the market conditions the existing segment strategy is outdated, and not aligned to ever shifting market conditions. This therefore necessitates the need for undertaking up-to date and long-term market study for the port of Richards Bay to inform the coal segment strategy as well as long term growth plan for the port.

2.2 General Description of Services

A market intelligence is the information that a company collects about the market in which it currently operates or wants to operate in and therefore this exercise includes conducting research by compiling external data for the purpose of performing analysis to help the company define market segment, market penetration and overall opportunities available currently and in the future. TNPA must therefore undertake this exercise on all its main segments to gather competitor intelligence, current and future market share, industry developments for the organisation to make informed business decisions. For the Port of Richards Bay, the coal market study is intended to gather intelligence on projected short-, medium- and long-term market conditions and anticipated shift to direct investment on strategic port infrastructure associated with handling of coal as a commodity. The coal market study is expected to be delivered over 6 months period and will be used as a base to either uncover new markets, drive market

expansion, minimise investment risk, gain advantage over competitors or as a tool to expand the port's market share.

Over and above the listed benefits, the study will further help the port in achieving the following:

- Capital planning and allocation for growth projects;
- Alignment of the port investment plan to changing coal market conditions;
- Decision making in relation to diversification of commodities by the ports (if needed); and
- Optimisation of available assets (i.e. minimising whole-life cycle cost) as well as sustainable infrastructure development.

TNPA seeks to appoint a qualified and experienced service provider to conduct the market study for coal segment for the Port of Richards Bay over a period of 6 months to assist the port with decision making regarding any planned infrastructure investment cross-referenced against the future market conditions of the coal sector.

In addition, the market report is expected to demonstrate how changes in the global market affect South Africa's long-term trade prospects on coal. This information will be used by TNPA as segment intelligence to inform the port of Richards Bay's infrastructure development plans, as well as related segment strategy plan. The Service Provider must produce a market intelligence research report with main focus on coal market.

The final deliverables will be an electronic Ms Word and pdf report accompanied by editable Microsoft Excel spreadsheet with all data used for the analysis and forecasting.

2.2.1 Detailed Scope of services

The Coal Market Study will be subdivided into four (3) thematic areas which have a bearing on port's operational performance, logistic networks performance, infrastructure development plans, and capacity creation plans, namely:

Focus Area 1: Market Conditions and Insights

- a) Examine the demand and supply outlook for coal (global and South African) in short, medium and long term (i.e., period to 2030, 2040 & 2050) in line with the Paris Agreement and other related climate commitments.
- b) Study must analyze the sector considering three scenarios, namely:
 - **Scenario 1:** Current trajectory (current supply and demand outlook) and market conditions under current trajectory.
 - **Scenario 2:** Market conditions if countries partially implement their climate commitments.
 - **Scenario 3:** Market conditions (supply & demand dynamics) if countries fully implement their climate commitments.
- c) Considering the various scenarios, what do they mean for the Port of Richards Bay as well as TNPA.
- d) Generate coal demand model for Richards Bay port under different scenarios and time horizons (i.e., Economic and or Econometric Model).
- e) Inputs used to model the demand must clearly be reflected (this includes all key assumptions utilized).
- f) The economic model must clearly define the relationship between coal demand (volume demand) and the suggested variables. Forecasts must be based on assumptions regarding the economic outlook (local, regional and/or international, as an example).
- g) Usability of the demand model in the future? Handover of the model to the Port of Richards Bay for future use.
- h) Examine shift in legislation and policies with potential ramification of the coal sector and Richards Bay port or TNPA's business.

Focus Area 2: Logistics and Supply Chains

- a) Corridor analysis associated with the coal market (e.g., value chain analysis, customers analysis, growth in intermodal infrastructure, analysis of the sectors sustainability plan, any corridor expansions or scaling down plans etc).
- b) Current road and rail split analysis and forecast. What is the ideal and sustainable split for the sector and the Richards Bay port (including road and rail payload, economic cost of rail and road inefficiencies).
- c) Comparative assessment of the port performance indicators (e.g., waiting time, truck turnaround time, rail turnaround time, vessel turnaround time, and truck volume analysis).

Focus Area 3: Capacity, Infrastructure Analysis and Operation

- a) The Richards Bay port's current capacity associated with coal handling versus the envisaged market in the sector.
- b) Current infrastructure investment plan related to coal handling versus the projected market conditions or shift in the market.
- c) Analyze the port's growth strategy in relation to the future market conditions (under various market scenarios).

2.2.2 Technical Evaluation

Technical evaluation will be conducted out of 100 points. The Technical Evaluation criteria for this bid is indicated in tables below including the scoring system and weight allocation that will be used for the evaluation of the bids. Bidders are required to achieve a minimum threshold of 66.67 points out of 100 points to proceed to the next stage (Price and B-BBEE Specific Goals evaluation).

Table 1: Company Experience

Reference Letters	No. of Letters	Points Allocation
Reference letters issued by the Bidder's previous clients for Commodity Intelligence Market Studies, Environmental Impact Assessment, Socio-Economic Impact Studies, Port Capacity Assessment & Planning, Traffic Impact Assessment, Port Infrastructure Planning, Port Development Planning, and Growth Strategy and or Assessment. The letters should have contactable references. Projects should have been completed within the past ten (10) years from closing date of the RFQ. The letters must comply with the following criteria: In a letterhead of company that received	4 Letters or more	3
	3 Letters	2
	2 Letters	1
	1 and less letters	0

Reference Letters	No. of Letters	Points Allocation
the services. - Signed and dated by duly authorized representative of the company. - Clearly indicate the value and duration of the project. - Brief description of the service rendered.		
Weighting	10	

Table 2: Key Resources Qualifications

Key Resources Qualifications	Qualifications	Sub-Weighting	Points Allocation
1. Project Lead/Economist	A degree higher than a Master's degree in Economics/NQF Level 10 Qualification in Economics	14	3
	Master's degree in Economics / NQF Level 9 Qualification in Economics.		2
	Honours' degree in Economics / NQF Level 8 Qualification in Economics		1
	Bachelor's degree in economics/ NQF Level 7 Qualification in Economics or any Qualification lower than Bachelor's degree (NQF Level 7) / Non-submission of qualifications / Irrelevant qualification		0

Key Qualifications	Resources	Qualifications	Sub-Weighting	Points Allocation
2. Project Support / Logistics Specialist / Transport Economist / Transport Planner		Master's degree (or higher) in Logistics / Transport Economics / Civil (Transport Planning)/NQF Level 9 in Logistics / Transport Economics / Civil (Transport Planning) or Higher	10	3
		Honours' degree in Logistics / Transport Economics / Civil (Transport Planning)/NQF Level 8 Qualification in Logistics / Transport Economics / Civil (Transport Planning)		2
		Bachelor's Degree in Logistics / Transport Economics / Civil (Transport Planning) / NQF Level 7 Qualification in Logistics / Transport Economics / Civil (Transport Planning)		1
		Qualification lower than Bachelor's degree (NQF Level 7)/ Non-submission of qualification / Irrelevant qualification		0
3. Project Support / Industrial Engineer		Master's degree (or higher) in Industrial Engineering or Civil Engineering / NQF Level 9 in Industrial or Civil Engineering or Higher		3

Key Resources Qualifications	Qualifications	Sub-Weighting	Points Allocation
	Honours' degree in Industrial or Civil Engineering or Civil or NQF Level 8 Qualification in Industrial or Civil Engineering	10	2
	Bachelor's degree in Industrial or civil engineering or NQF Level 7 Qualification in Industrial Engineering or Civil Engineering		1
	Qualification lower than Bachelor's degree (NQF Level 7)/ Non-submission of qualification / Irrelevant qualification		0
Weighting		34	

Table 3: Experience of Key Resources

Key Resource Experience	Years of Experience	Sub-Weighting	Points Allocation
1. Project Lead / Economist (Experience must be related to Mining Commodities' Market Studies and Demand Forecasting (only assignments/projects in Bulk Mining or Energy Commodities will be considered))	Above 12 years	16	3
	12 years		2
	9 - 11 years		1
	Less than 9 years		0
2. Project Support /Logistics Specialist / Transport Economist / Transport Planner	Above 8 years	10	3
	8 years		2
	5 - 7 years		1

Key Resource Experience	Years of Experience	Sub-Weighting	Points Allocation
(Experience must be related to Freight Trasport Planning and Demand Forecasting)	Less than 5 years		0
3. Project Support / Industrial Engineer (Experience must be in capacity assessment and planning and/or port infrastructure development)	Above 8 years	10	3
	8 years		2
	5 - 7 years		1
	Less than 5 years		0
Weighting		36	

Table 4: Project Implementation Methodology

Project Implementation Methodology Requirements	Level of Details	Points Allocation
Bidders must submit a Methodology and Project Plan specific to this scope of services (plans must not be generic). The methodology and project plan must address at a minimum matter relating to: 1. The project from inception with clear milestones, timeframes and deliverables; 2. Data collection methodology and approach; 3. Detailed stakeholder engagement plan; 4. Data analysis; and 5. Final reporting and feedback as outlined in the scope of work.	The bidder meets all the five (5) requirements	3
	The bidder meets at least 4 of the minimum requirements	2
	The bidder meets at least 3 of the requirements	1
	The bidder meets less than 3 of the minimum requirements	0
Weighting	20	

3. MANAGEMENT AND START-UP

3.1 Documentation Control

The Service Provider shall **submit all documentation complying with TNPA's standards and requirements**. The Service Provider will issue all relevant documentation to TNPA, but control, maintenance and handling of these documents will be the Service Provider's sole responsibility and at its expense and managed with a suitable document control system. Transfer of documents between parties should be submitted through the TNPA Document Control Department.

3.2 Quality Assurance Requirements

The onus rests on the Service Provider to produce work, which will conform in quality and accuracy of detail to the requirements of the activities to be undertaken. Quality control will be managed as per the Service Provider's internal quality control procedures and any additional quality control requirements that may be stipulated in this document.

3.3 Service Provider's Project Management

The Service Provider shall provide a project plan showing all key activities and timelines. Allocation of resources must be clearly indicated and show the Service Provider's ability to provide all required services.

3.4 Reporting Requirements

The standard reporting forms that shall be used will be provided to the Service Provider. The appoint service provider is expected to provide progress report to the project management team on a monthly basis in line with the project scope.

4. PROCUREMENT

4.1 Management Structures

The Contract shall indicate who the TNPA project manager is. The TNPA project manager is fully empowered to act on behalf of TNPA for the services covered by the Contract. The project manager will accept, or not accept, the Service Provider's assessment of the amount due in terms of the contract.

4.2 Consulting Team Requirements

The Service Provider's team requirements are as follows:

- The Service Provider should acknowledge the deadlines and schedules associated with the activities to be provided.
- The Service Provider should demonstrate experience in providing market intelligence information.
- Any outsourcing of part of the work as per the scope of service should clearly divulged by the appointed Service Provider.
- The quotation submission should, as a minimum:
 - Demonstrate the Service Provider's understanding of the Scope of Services.
 - Include a breakdown pricing by segment for undertaking the study and its associated activities.
 - Clearly demonstrate the Service Provider's ability to deliver all required services specified in this Scope of Services document.

4.3 Technical Requirements

The Service Provider in the provision of services shall observe all relevant statutes, by-laws and associated regulations, applicable standards published by the South African Bureau of Standards, the International Organization for Standardisation or learned societies and standards of professional conduct, and "best practice", as laid down, or recommended, by their respective professional associations, if any.

4.4 Ownership of Data

The parties shall agree that copyright in the data shall, after payments by TNPA of the services to the Service Provider, lie with TNPA subject to the indemnification against any claim from any party that may arise as a result of TNPA's use of such a document due to the Service Provider infringement of copyright.

5. INFORMATION TO BE PROVIDED BY TNPA

TNPA will provide all relevant data/information and strategy documentation required to provide the services outlined above.

6. FACILITIES AND EQUIPMENT TO BE PROVIDED BY TNPA

There will be no facilities or equipment that will be provided by TNPA.

7. PRICING SCHEDULE

The final deliverable should be an electronic report in Microsoft Word and PowerPoint. All data used to interpret, and analysis must be submitted in Microsoft Excel format. It is expected that the report(s) must at a minimum contain information reflected under each activity.

It is proposed that pricing schedule for this service should be structured as itemised in the table below:

Activity No.	Item Description	Total Price
1.	Inception Report: • Method Statement; • Activities Schedule; • Risk Assessment; • Organogram of Key Resources; • Stakeholder Engagement Plan; and • Progress Reporting Schedule.	
2.	Situational Analysis Report: • Corridor analysis (Logistics and supply chains analysis associated with coal market). • Road and rail split analysis and forecast. • Current market condition for the coal industry. • Examine Short-, medium- and long-term supply and demand for coal (global & domestic). • Assessment of current capacity associated with coal handling at the port. • Analyse coal segment performance (historical: past 10 years minimum). • Assess current infrastructure investment plan (associated with coal handling) etc. • Analyse current Growth Strategy for Coal Segment. • Comparative assessment of port performance indicators (e.g., waiting time, truck turnaround time, rail turnaround time, vessel turnaround time and truck volume analysis).	

Activity No.	Item Description	Total Price
3.	Modelling Coal Demand for the Port of Richards Bay: • Modelling coal demand under three scenarios (short: 5 years (2030), medium: 15 years (2040) and long term: 25 years (2050). • Estimate coal demand for the Port of Richards under projected market conditions. • Key Demand Drivers under different scenario. • Coal demand model for the port of Richards Bay under each scenario. • Analysis of Segment Growth Strategy versus Projected Demand.	
4.	Draft Report (Ms Word, PowerPoint & Excel Spreadsheets): • Key Findings and Recommendations on Segment Growth Strategy (for inputs)	
5.	Final Report (Ms Word, PowerPoint & Excel Spreadsheets): • Key Findings and Recommendations on Segment Growth Strategy	
	Total Price	
	VAT (15%)	
	Grand Total (Incl. VAT)	

8. INVOICES

All invoices submitted by the Service Provider shall be VAT invoices and shall be accompanied by key activity sheet covering the services together with, where relevant, and a full breakdown of expenses to which receipts relate.
