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## **Proposal to Provide Consulting Services for Fuel Procurement: Light Fuel Oil (LFO) & Liquid Propane Gas (LPG)**

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### **To:**

Ashley Bryan

U.S. Virgin Islands Water and Power Authority (WAPA)  
COO

### **From:**

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November 4th 2024

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### **1. Executive Summary**

Caribbean Utility Services (CuServ) is pleased to submit this proposal to provide comprehensive consulting services to the U.S. Virgin Islands Water and Power Authority (WAPA) for the procurement of Light Fuel Oil (LFO) and Liquid Propane Gas (LPG). This engagement will include the preparation of bid documents, reviewing responses from bidders, assisting with market research, and ensuring the application of best practices in fuel procurement.

CuServ has extensive experience in fuel procurement processes, especially in the Caribbean utility sector, and we understand the intricacies involved in procuring fuel cost-effectively while ensuring regulatory compliance and sustainability. Our goal is to ensure that WAPA's

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fuel procurement process is transparent, competitive, and aligned with industry best practices to secure the best terms and pricing.

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## **2. Introduction to Caribbean Utility Services (CuServ)**

CuServ is a leading provider of consulting services in the energy sector, with a specialization in utility management, procurement, and operational efficiency. We have successfully worked with utilities across the Caribbean, assisting in procurement processes, market research, and strategy development to optimize fuel sourcing and power generation operations.

With a thorough understanding of the energy markets, fuel logistics, and regulatory requirements, CuServ is uniquely positioned to assist WAPA in navigating the complexities of fuel procurement.

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## **3. Scope of Work**

The services CuServ will provide to WAPA for LFO and LPG procurement are as follows:

### **3.1. Bid Document Preparation**

CuServ will assist WAPA in developing comprehensive and transparent bid documents for the procurement of Light Fuel Oil (LFO) and Liquid Propane Gas (LPG). This includes:

- Drafting detailed **Request for Proposal (RFP)** documents, including clear specifications on fuel quality, delivery schedules, and pricing structures.
- Ensuring all necessary **legal and regulatory requirements** are met in the bid documents, aligned with U.S. federal and local laws.
- Defining **evaluation criteria** for bid submissions, ensuring a clear and objective process for selecting the best suppliers.
- Preparing technical specifications for both LFO and LPG, including fuel grade, delivery modes, storage requirements, and quantity estimates.

### **3.2. Bid Review and Evaluation**

Once bids are submitted, CuServ will support WAPA by:

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- Reviewing and **analyzing bid responses** to ensure they meet all technical and financial criteria outlined in the RFP.
  - Conducting a **comparative analysis** of bids, focusing on pricing, delivery terms, fuel quality, and supplier reliability.
  - Identifying any **risks or discrepancies** in the bids and making recommendations to mitigate potential challenges.
  - Preparing a **bid evaluation report** that highlights the strengths and weaknesses of each bid and providing recommendations for WAPA's selection of the optimal supplier.

### 3.3. Market Research and Best Practices

CuServ will conduct in-depth research on global and regional fuel markets, focusing on LFO and LPG, to ensure that WAPA secures the best possible terms. Our market research services will include:

- Monitoring **fuel price trends**, market volatility, and supplier performance across the region and globally.
- Providing insight into the **supply chain** for LFO and LPG, identifying potential supply risks, and recommending strategies to mitigate them.
- Ensuring that WAPA's procurement process follows **industry best practices**, such as competitive bidding, transparent supplier selection, and adherence to regulatory standards.
- Offering recommendations on **fuel contracting strategies**, including options for short-term or long-term agreements, spot purchases, and indexed pricing to optimize cost savings and supply security.

### 3.4. Compliance and Risk Mitigation

CuServ will ensure that WAPA's fuel procurement process complies with all relevant U.S. and local regulations, including environmental standards and import regulations. We will also:

- Identify potential **legal and regulatory risks** in the procurement process and provide guidance on how to address them.

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- Help WAPA **structure contracts** that include clear terms for delivery, fuel quality, penalties for non-compliance, and options for renegotiation in the event of significant market changes.
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#### 4. Fees and Payment Terms

- An **hourly fee** of \$305 (three hundred and five U.S. dollars) will be charged for work performed during the course of each month.

This fee includes regular assessments, strategic advice on all topics listed above, and on-call support for the duration of the agreement.

We estimate the following for this exercise:

- 15 man-hours per week minimum
- 5 months engagement
- $15 \times 4 \times 5 \text{ months} = 300 \text{ man-hours total}$
- Estimated cost =  $300\text{hr} \times \$305 = \$91,500$

#### Duration

This engagement shall cover the period of project negotiation and project execution, subject to review and renewal at the discretion of WAPA (in consultation with the supervisory board of WAPA).

#### Fee Conditions

- Payment of the fee will be sent to an account identified by CuServ.
  - Payments will be due within **15 days** after the invoice is submitted.
  - **Travel expenses**, pre-approved by WAPA in writing, will be billed at cost plus 10% for administration purposes against receipts presented, if any travel is required to fulfill the obligations.
  - Invoices will be sent out on the **1st of each calendar month**.
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#### 5. Conclusion



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Caribbean Utility Services (CuServ) is committed to providing WAPA with the highest level of consulting support for its fuel procurement process. Our extensive knowledge of the fuel markets and experience in utility management will ensure that WAPA secures the most competitive and reliable fuel supply contracts while adhering to industry best practices.

We look forward to the opportunity to partner with WAPA in this critical aspect of its operations and are available to discuss any aspect of this proposal in further detail.

**Sincerely,**

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