EUROPEAN REGIONAL DEVELOPMENT FUND

LO-PINOD PROJECT REPORT BY SESTRAN

August 2014

LO·PINOD
LOGISTICS OPTIMISATION FOR PORTS

The Interreg IVB North Sea Region Programme
Investing in the future by working together for a sustainable and competitive region

Transport Research Institute

Prepared by

SEStran
South East of Scotland Transport Partnership

Contact: South-East Scotland Transport Partnership (SEStran)

Claremont House, 130 East Claremont Street, Edinburgh EH7 4LB
E-mail: info@sestran.govuk, Telephone: +44 (0) 131 524 5150
Internet: http://www.sestran.gov.uk/

Table of Contents

Introduction

LO-PINOD (Logistics Optimisation for Ports Intermodality: Network, Opportunities, Development) challenges traditional practices of freight distribution and offers a more sustainable alternative. Through improvements to short sea routes, multi-modal connectivity between regional ports and their hinterland, and diversified port land use and operational models, LO-PINOD will help deliver social and economic benefits to communities and businesses across the North Sea Region (NSR).

The project itself focuses on six main areas:

Improving multi-modal landside links: Optimising rail, road and inland shipping links to enhance access to and from regional ports.

Partners are also promoting policy change nationally and at EU level to encourage greater use of regional ports, short sea shipping and multi-modal transport chains.

Exploring access to commercial markets by sea: Developing maritime connections between large transport hubs and regional ports to help provide a more efficient and robust transport network. Partners are exploring new short sea services to encourage the shift of freight, including fresh produce and bulk cargoes, from road onto more sustainable modes of transport.

Sustaining regional ports and developing local jobs: Creating efficient and diversified ports and freight handling facilities makes ports more attractive and gives greater choice for freight movement. Activity includes benchmarking and implementing best practice in areas such as port security, safety, operational procedures and general management, as well as developing new markets and business opportunities to increase port traffic.

Port diversification into the maritime energy sector: Using ports' locations and connectivity to explore new opportunities to diversify their activity and apply their operational and management experience to emerging sectors such as maritime renewables. This includes developing the skills and networks to fully maximise opportunities to benefit the local economy and secure jobs.

Enabling ports to lobby with one voice: Bringing regional ports together to identify issues and assessing impact of key policies and regulation. This includes enabling ports to co-operate and lobby both at national and EU level to raise the profile of regional ports and access innovative funding mechanisms.

Improving linkages with towns: Partners are exploring ways in which ports can regain a more prominent place in their local community. This includes using their heritage status to encourage better engagement with their local community and attract visitors.

LO-PINOD is led by the UK-based Institute for Sustainability and project partners include a range of ports, local community authorities and other relevant organisations in each of the North Sea Region countries of Belgium, Denmark, Germany Netherlands, Norway, Sweden and the UK.

Project leader:

- Institute for Sustainability (UK)

Partners:

- AG Port of Oostende (Belgium)
- Brunsbüttel Ports GmbH (Germany)
- Harlingen Seaport (The Netherlands)
- Kilbride (UK)
- Municipality of Meppel (The Netherlands)
- Port of Bodø (Norway)
- Port of Drammen (Norway)
- Port of Esbjerg (Denmark)
- Port of Hanstholm (Denmark)
- Port of Karlshamn (Sweden)
- Port of Sheerness (Peel Ports Ltd) (UK)
- Provincie Drenthe (The Netherlands)
- SEStran (UK)
- Thanet District Council – Port of Ramsgate

The Lo-Pinod project is funded by the EU Interreg IVB North Sea Region Programme. In Scotland, one of the aims of the project was to assess the potential for barge movements in the Forth Estuary. SEStran worked with fellow Scottish partners, TRI and the port authority, Forth Ports Limited to determine the feasibility and related issues involved in implementing a river container service. A large shipper was identified that could provide enough demand to utilise the new service, and further demand could then be added to the service once it was up and running.

The report prepared by TRI on Establishing a Container Freight Service in the Forth Estuary, initially reported in 2009 and refreshed in 2011, examined the issues as a precursor to discussions with shippers, before an actual service could then be proposed. This work provided the basis for more detailed analysis and project development under the Lo-Pinod work stream.

The following summary is not intended to replicate the various pieces of work carried out in developing this project, but to highlight the key facts and conclusions and also to identify the lessons learnt.

Container Freight Service Study

"Establishing a Container Freight Service in the Forth Estuary." (initial report 2009 , refreshed 2011 prepared by TRI)

The above report produced by TRI provided the basis for developing the feasibility and potential implementation of the project. The main issues highlighted in the report are as follows:

- *"From the base year of 2007, freight demand is expected to rise by between 4% and 6% over thirteen years, which will put a considerable strain on pinch points in the network, notably the Forth crossings. The recession will obviously impact on the predicted levels of growth, but growth is still expected to continue when the recession comes to an end.*

- *Road freight is predicted to rise considerably across all areas of Scotland; therefore a co-ordinated strategy is required to ensure that the increased demand can be met via sustainable modes.*

- *The potential client currently drives approximately 12,000 FEU (forty-foot equivalent units) per year from Cameron Bridge in Fife, across the Forth Road Bridge to the international port at Grangemouth, from where it is shipped overseas. Each lorry takes one FEU therefore 24,000 lorry movements (full one way and empty the other) across the bridge could potentially be saved by this project. At a one-way net distance of approximately 39 miles, this would equate to approximately 939,900 lorry miles per year removed from the roads, or 1,503,840 lorry kilometres.*

- *The proposal was to drive the containers from Cameron Bridge to Methil, then ship them by water to Grangemouth.*

The Port of METHIL

- *The port of Methil is a small port located on the coast of Fife, owned and operated by Forth Ports PLC. Current usage of the port is summarised below:*

    - *The Port of Methil on the northern shores of the Firth of Forth has two docks able to take vessels up to 3,000 dwt. The Port currently specialises as a wood pulp and timber distribution centre. These two commodities contribute most of its traffic. Dry bulk, fertiliser imports, road salt in winter for Fife Council and export stone and coal are further commodities handled through the Port. (Forth Ports website)*

    - *According to Ports of Scotland 2009, the port has 50 acres of development land available, and is currently equipped with two ten-tonne cranes (Maritime*

Publications Ltd, 2008). The stevedoring is handled directly by Forth Ports. Key figures for the port of Methil include the following:

- *Tidal range 4.8m*
- *Entrance width 15.2m*
- *LOA 102.1m*
- *Beam 14.47m*
- *Draft 5m*
- *NAABSA (not always afloat but safely aground) berth available*

Establishing a container freight service in the Forth Estuary.

- *New handling equipment at Methil could be sourced by Forth Ports for the proposed service. The most likely scenario is to source a mobile container crane.*

- *Methil is an under-utilised port and is also located in a deprived area, which makes it a good candidate for regeneration that can help to bring economic activity to the area. It therefore makes a good case study as it is a suitable site for development that appeals to different government priorities at local, regional and national level.*

- *While the overall aim of the government freight policy is to reduce lorry miles by shifting freight onto rail and water, another aspect that will be investigated in the current project is the potential to contribute to other policy areas and local issues.*

- *While there are other Forth crossings, congestion on the Forth Road Bridge is of primary concern and it is the crossing used by the freight in this case study*

- *Of the 78 wards in Fife, the 2001 census showed that Methil is one of the most deprived areas in Fife. The performance of Methil against the Fife average presents a clear argument for bringing economic development to this ward.*

The Feasibility Study

- *The initial feasibility study has been carried out on the basis that the first year of the service will be based on an output of 6,000 loaded forty-foot containers. Therefore the annual lorry miles removed by the service will be approximately 469,950 (=751,920km), based on the removal of 6,000 return journeys of 132km minus the new road journey to the port of roughly 7km return.*

- *Even being conservative and using average load figures, the current scheme would remove in the region of 12.29m tonne kms annually from the road network. Therefore it is clear that significant volumes of freight could potentially be shifted to water.*

- *Environmental Benefits (EBs) were calculated using the calculator on the DfT website, resulting in £14.57 for the current road journey from Cameron Bridge to Grangemouth, from which we subtract the new road journey to Methil, valued at £0.93, giving a net value of £13.64 per journey.*

- *Emissions saved by the water service were calculated using estimated factors for grams of CO2, NOx SO2 per tonne km of freight (IFEU, 2008). It is also the case that if the service were to be tendered, limits could be placed on the successful vessel. For instance, low sulphur fuel could be specified"*

The above study work provided the basis for further more detailed work to try and establish a container freight service between Methil and Grangemouth in co-ordination with Forth ports and the manufacturer.

1. Soft Market Testing

In order to establish the practicality of operating the service, shipping operators were approached to discuss the options and identify the most practical approach in terms of type of vessel and operation. Visits to see potentially suitable vessels were arranged in Holland and Newcastle-upon-Tyne. These visits gave a good understanding of the practicalities of ship operation and basis for developing the specification of the proposed vessel/service. Below are two of the vessels that were seen in operation:

(a) Frisian Lady Vessel

(b) Frisian Summer Vessel

2. Service Definition

We worked with Forth Ports to determine the Service Specification and requirements of the vessel which was supplied to tenderers as part of the tender process. The specification was constrained by the operational and physical limitations of Methil port.

3. Tender Process

The procurement of the proposed service followed guidance outlined in the Scottish Procurement Policy Handbook produced by Scottish government in 2008.

The tender programme was as follows

The OJEU notice posted	**28th March 2011**
Deadline for submission of notice of interest	**19th May 2011**
Issue of tender documents to Tenderers	**20th May 2011**
Submission of proposals closing date	**30th June 2011**
Appointment of selected Tenderer	**31 July 2011**
Services to commence	**1st September 2011**

SEStran worked with Forth Ports Limited to produce an invitation to **tender** ***("Lo-Pinod Coastal Service – Invitation to Tender promoted by Forth Ports PLC") [see Appendix I]***

The document was set out in five sections:

Section 1 General - Covering contractor policy objectives, tender procedure/timetable.

Section 2 Notices and Instructions - Sets out terms and conditions for involvement and detailed procedures for submission of tenders.

Section 3 Service Specification - Sets out the minimum requirements for the service and the evaluation procedure.

Section 4 Content of Technical Submission - Technical issues to be addressed in the submission.

Section 5 Evaluation Criteria (see Appendix II)

The detailed specification of the vessel to be used was left up to the tenderer to define but it had to comply with certain requirements i.e. low sulphur emissions, draft and beam requirements to enter Methil docks and a minimum capacity. The tender also had to include the operation of the service for one year including all staffing and operational requirements.

Also provided was supporting material for tenderers **(*Supporting Brochure for Tender process produced by TRI in March 2011)[see Appendix III]***

This gave more detailed information on:-

- **The current and proposed transport arrangements** between Methil and Grangemouth.
- **The port of Methil**, especially its operational constraints
- **Service Specification** – minimum operation required

Forth Ports put together a useful description of the potential operation of the port **(*Port of Methil – Container handling Operation Review – June 2011*) [see Appendix IV]**

This report detailed the operation of the port with the proposed service looking at the operational process and plant requirements, labour requirements and infrastructure requirements. Options were fully costed and detailed plans of the proposed port arrangements produced **(*Conceptual Masterplan – Port of Methil, produced for Forth Ports Limited in June 2011)[see Appendix IV]***

These documents were supplied to tenderers to inform their submissions

4. Outcome

During the tender process Forth Ports Ltd were continuing confidential negotiations with the potential client on the operation of the service, in which SEStran was not party to. Although the potential client was initially keen to develop the project, unfortunately no agreement with Forth Ports Limited was forthcoming and the process had to be abandoned at the end of the tender process.

The obvious lesson to be learnt from this is not to start the tender process until there is total agreement in writing by all those involved, that the project should go ahead although partners can access the tender procedure for their own future use.

Bulk Freight Shipping

Study of Bulk Freight Shipping in Scotland (***Market study on Bulk Shipping Opportunities March 2014 – prepared by TRI)***

1. As part of the Lo-Pinod work package our partner TRI examined the role of small ports in Scotland to identify the potential for future port development.

2. The main elements of the report were:-

   i. Research Objectives
   ii. Develop a baseline of the existing Scottish Bulk freight market;
   iii. Describe and analyse the underlying economics of the bulk shipping market;
   iv. Identify key barriers and opportunities in practical operations.

3. The report examined in detail the types of bulk cargo being handled at the 11 main ports around Scotland in relation to the Domestic and international markets. The main focus of the report was to examine the role of each of the ports, analyse the cargos being shipped and the future potential of the main cargos being shipped.

Conclusions and recommendations for action

4. *In general, the bulk cargo market is less prone to fluctuation than the container market. Publicly available statistics on the movement of bulk and neo-bulk cargo flows tend to be aggregated, without breakdowns of the detail of different sub-categories of commodities. This study has explored such categories in more detail through both desktop and interview research, in order to identify and discuss categories relevant to Scotland, and particularly to the SEStran area.*

5. *The key findings were the continuing importance of traditional cargoes and new trends relating to renewable fuels, both importing and exporting. These latter trends are tied to a large degree to political decisions which may change in the future (e.g. waste and biomass). For example, a plan of the largest biomass power plant near Grangemouth, about 120 MW for both heat and power purpose (CHP), had been approved by the Scottish government and is expected to be put in operation in 2017.*

6. *Besides the large liquid bulk categories relating to the oil sector and dry bulk relating to coal and aggregates, neo-bulk categories identified in this study were primarily forestry products (raw and processed timber and pulp for paper mills in eastern Scotland), scrap metal, biomass and waste.*

7. *Timber has been a relatively stable commodity for the last few decades and is expected to remain so, or at least any changes should be predictable through consultation with industry associations such as the Timber Transport Forum. It is generally processed wood products that are imported through east coast ports, while Scotland exports raw wood, moving mostly out via the west coast.*

8. *Fluctuations do occur due to changes in the external economic environment. Timber imports and domestic consumption dropped significantly along with the construction business decline due to the economic recession since 2008. This has been evidenced by consulting with one specialised timer shipping company whose imports from Sweden dropped about 40% and its Irish export market almost disappeared between 2008 and 2010.*

9. *Therefore it appears that the specialised bulk products are currently well catered for by Scottish Ports but there is potential for growth in more general type bulk cargoes. The future for the oil trade remains positive, as new fields are coming online and more difficult fields are becoming economically viable now that prices are rising. Up to the late 90s oil was a very volatile business, but the last decade has been more stable. However, development has slowed recently due to the political complexity of new developments, such as companies looking for tax breaks before making large investments. In addition, a lot of offshore projects have been cancelled due to safety issues, e.g. helicopters. Aberdeen and Peterhead are the main offshore ports but they are at capacity. Montrose benefits from this capacity constraint.*

10. *New forms of energy for the UK economy (both import and export) need to be monitored over time. Coal imports are expected to wane as coal-fired power stations are shut down. New flows like biomass and w There are also some business uncertainties in the oil refinery industry in Scotland. For example, the petrochemical plant of Petroineos in Grangemouth was threatened to be shut down permanently due to the dispute of changing pay and conditions in 2013. New forms of energy for the UK economy (both import and export) need to be monitored over time. Coal imports are expected to wane as coal-fired power stations are shut down. New flows like biomass and waste will be future growth areas.*

11. *Unlike unitised cargo, bulk cargo is tied much more to the economy of the region, being based on specific local resources (exports) or local businesses with specific input requirements, such as coal or barley (imports). This means that, while on the whole such flows tend to be fairly stable, they can also be cut drastically if a business closes down or relocates. On a positive note, it means that action by public authorities to attract a particular business to an area can result in a large sudden demand for specific commodities. It also means that SECA restrictions are less of a problem as, unlike the container market, bulk flows are more tied to specific locations and will continue to use the closest ports to those locations.*

12. *Recommendations :*

i. *SEStran should consider the role of bulk flows at ports in the region in their next RTS. Grangemouth and Rosyth remain important but the roles and functions of other smaller ports require clear strategies. For example, consumption of imported timber and aggregates are concentrated in the central belt area. Whether local ports could offer specialised terminals and improved services to meet the demand instead to leaving this business to ports in the north of Scotland.*

ii. *Rapid expansion of wood fuel biomass identified in this report suggests that SEStran should keep abreast of changing regulations on waste and biomass. Local supplies, especially those from remote and less accessible areas, should be shipped by efficient and sustainable transport mode, while there is also a risk of significant level of imports due to the surge of demand.*

iii. *It is suggested that hub and cluster policies should be encouraged and developed when reshaping relevant transport policies, especially for those traditional bulk freight flows.*

13. *In analysing the types of cargo being moved through the above ports, it was noticeable that most ports tended to specialise in the transfer of certain bulk products linked to their location. E.g. Sullom Voe, Grangemouth, Cromarty Firth were linked focused on Crude Oil and Oil products with Glensanda and Clyde ports focusing on dry bulk products. Therefore it would appear to be more economic potential for ports*

to develop more generalised bulk handling facilities and services in the South East of Scotland."

Empty Container Repositioning

Study of Empty Container Repositioning (Empty Container Repositioning For Scottish Shippers – March 2014- prepared by TRI)

14. A need was identified among project partners to analyse the role of empty container repositioning in the North Sea, as a problem of particular relevance for regional ports. The work is initially based on empty container repositioning in Scotland (and the wider UK). Sharing the results will be beneficial in two ways. First, as an exemplar of issues faced by several partners and an analysis of best practice in resolving them, this can then be applied in other contexts. Second, as a precursor to expanding the analysis to include connections to partner regions with a view to developing a pilot project of mutual benefit to partners.

15. In the analysis of empty container movements through British ports, the Scottish ports show significant imbalances in the requirement for empty containers, specifically Grangemouth, which is Scotland's main container port, This reflects that Scotland is an overall exporter of container goods but the variation in the sizes of containers used complicates the situation in terms of repositioning containers back in Scotland.

Conclusions and next steps

1. *The first conclusion from the analysis carried out must be pessimistic, as the geographical and economic realities causing the imbalance cannot simply be removed. The only way to resolve the underlying trade imbalance is to balance flows of loaded containers, which means increased containerised imports to exporting regions, either on a global level (e.g. western exports into China) or, in this case, regional (e.g. more containerised imports into an exporting region like Scotland).*

2. *The second conclusion relates to feasible practical solutions. Two practical solutions were found in the literature (foldable and "tworty" containers), but require greater availability before they can be used successfully. A new practical option was uncovered in this research, being the sharing of equipment between northbound and southbound shippers, so northbound retail shipments could utilise ISO containers rather than trailers and swap bodies, thus providing availability of empty containers in Scotland for the southbound whisky trade. This is operationally feasible, but commercially and institutionally difficult due to sensitivities involved. It may be possible to run a trial of this operation in a future project to test the feasibility and operational limitations.*

3. *Even where immediate solutions are not feasible, the experience from the interviews has shown that the situation can be improved. Local and regional stakeholders can lobby shipping lines and ports to achieve better services and lower costs in some instances, where it is in their interests. This is mostly due to the issue of governance scale, where decisions are often made at the global level and local information can result in a better solution for all involved. It suggests that greater knowledge sharing and stakeholder interaction can achieve positive results and should be pursued by public sector actors.*

4. *A fourth conclusion is that, not only is the imbalance between exporting and importing regions a difficult problem to solve, but that it is likely to get worse for peripheral regions due to the rising size of feeder vessels resulting from the cascading of ships down from other trades, as well as rising costs from sulphur emissions restrictions, thus favouring larger regional ports. It may be in the future that larger continental feeders may call only at Teesport and Liverpool, with onward service to Scotland either overland, or by smaller feeders, which may even be internal moves (e.g. Peel Ports using their own feeder line BG Freight to move containers between their west coast ports of Liverpool and Greenock). Peripheral regions may in future be faced not simply with rising costs of feeder services but fewer direct services, further embedding their peripheral status. Policy actions available to such peripheral regions may therefore be less about reducing empty repositioning costs but more about securing connectivity to second-tier regional hubs."*

EU Sulphur Directive Summit

The implementation of new sulphur limit requirements by the EU in 2015 and in 2020 will have significant impacts on shipping fuel costs and the viability of coastal shipping. The implications were examined at an EU Sulphur Directive Summit, held on 12th March 2014 in Edinburgh.

The concern is based on the requirement to reduce the current sulphur emissions limit from the current 1.5% for the Baltic and North Sea ports to 0.1% by 2015 and by 2020 in all EU waters.

The potential options for ship owners are:

1. Switch to low sulphur fuel
2. Use abatement technology (scrubbers) (£5m-£7m per ship)
3. Switch to alternative fuels (possible if commissioning a new vessel)

All these options involve higher ship operating costs which will impact on the economics of coastal shipping.

The move to low sulphur fuels would require the use of fuels used by land transport, increasing the demand and price for these fuels (currently limited supplies available), not only impacting on the cost of sea transport but also road transport.

Overall Project Summation

Although the final aim of the project to implement a sea barge type service from Methil to Grangemouth was never achieved, very useful analysis of the economics and practicalities was carried out indicating the considerable benefits that could be achieved.

The process and documentation carried out to provide the proposed service provides guidance for any other authority considering tendering for a similar service.

The main lesson to learn is not to assume that all partners are totally committed to the project and to proceed through the tendering process. Therefore all partners need to be fully signed up to the project before proceeding with the implementation.

Taking a wider view, very useful analysis was carried out looking at the role of ports in Scotland in relation to bulk shipping. The specific problem of repositioning of empty containers was examined in detail with a future issue of the implications of the Sulphur Directive being identified.

This provides an excellent basis for the future development of small ports in Scotland.

APPENDIX I : ITT

CONTENTS **PAGE**

1. GENERAL

1.1 Introduction

1.1.1 The Methil-Grangemouth Container Service (the "**Container Service**") is an initiative promoted by Forth Ports PLC (the "**Charterer**"), with support from SEStran (Regional Transport Partnership for the Southeast of Scotland). Tenderers are invited by the Charterer to submit proposals to provide a service for containerised freight between the ports of Methil and Grangemouth, UK, as specified in this Invitation to Tender ("**ITT**").

1.1.2 The contract to be entered into by the Selected Tenderer with the Charterer will be based on a BIMCO time charter, likely to be Baltime 1939 (rev 2001). A project-specific draft of the charter party will be posted in the online Information Room (see below). Tenderers will be deemed to have accepted this form of contract. Any queries relating to this charter document must be submitted through the normal query process (see below).

1.1.3 The aim is to run a one-year pilot of this service, utilising part-funding from the EU, with a view to continuing the service on a commercial basis after that point.

1.1.4 The estimated value of the service is expected to be approximately £1m per year.

1.1.5 This ITT has SIX sections:

(a) **Section 1 General**. This section sets out the policy objectives of the Charterer and an outline of the tender procedure/timetable.

(b) **Section 2 Notices and Instructions**. This section sets out the terms and conditions for involvement in this tender competition including the detailed procedure for submission of tenders.

(c) **Section 3 Service Specification.** This section sets out the Charterer's minimum requirements for the Container Service.

(d) **Section 4 Content of Financial Submission.** This section sets out the financial report to be provided by Tenderers in response to this ITT.

(e) **Section 5 Content of Technical Submission.** This section sets out the technical issues to be addressed by Tenderers in response to this ITT.

(f) **Section 6 Evaluation Criteria.** This section sets out the evaluation criteria which will be used by the evaluation panel in the evaluation of tenders.

1.1.6 In addition, there are **3 Appendices** which provide further background information about the Container Service.

1.1.7 Tenderers will be given access to an online Information Room containing additional essential information and copies of the tender documents. Responses to tender queries will be posted in the Information Room and accessible to all Tenderers.

1.2 **Objectives**

1.2.1 The Charterer"s objectives for the Container Service are as follows:-

(a) the establishment of a container route between the ports of Methil and Grangemouth, UK;

(b) to contribute to modal shift, from road to sea; and

(c) to reduce emissions.

1.2.2 The Charterer also strongly encourages Tenderers, where possible, to provide innovative solutions and responses when submitting their proposals for meeting the service level requirements for the Container Service.

1.3 Tendering Procedure

1.3.1 The objective of this tender competition is to allow the Charterer to select an operator for the Container Service.

1.3.2 Tenderers will be required to submit to the Charterer a Tender Submission containing developed proposals for the service by Monday 18th July 2011. Full details on Tender Submission procedure are set out in Section 2.7.

1.3.3 Tender Submissions must include details of the proposed vessel specification and environmental performance details, together with a detailed plan and associated costs for implementing the Container Service. Full details of the structure and content of Tender Submissions are set out in Sections 4 and 5.

1.3.4 Following receipt of Tender Submissions the evaluation panel will evaluate the Tender Submissions in accordance with the evaluation criteria set out in Section 6 to identify the Selected Tenderer. Prior to completion of the evaluation, Tenderers may be required to give a presentation to the Charterer and answer any clarification questions. In addition, the Charterer may require to inspect the proposed vessel(s) in order to be satisfied of their clean and operational condition.

1.3.5 In order to meet this deadline, the tender process will follow the programme set out below.

Process	Timescale
OJEU prior information notice posted	Wed 23 March 2011
OJEU open tender notice posted	Friday 3 June 2011
Clarification period ends	Fri 8 July 2011 (12:00 UK time)
Deadline for submission of interest	Fri 8 July 2011 (12:00 UK time)
Deadline for submission of tender	**Mon 18 July 2011 (12:00 UK time)**
Appointment of selected tenderer	Fri 29 July 2011
10 day standstill period ends	Mon 8 August 2011
Service commences	Mon 5 September 2011

2. NOTICES AND INSTRUCTIONS

2.1 Introduction

2.1.1 Tenders are invited in accordance with the following Notices and Instructions. Tenders not complying with these instructions may be rejected.

2.1.2 Any expenditure, work or effort undertaken during the tendering process is a commercial judgement for the Tenderer and is at the Tenderer‟s own risk and expense. The Charterer will not be liable for any costs incurred by Tenderers.

2.1.3 While every effort has been and will be made to provide accurate information, Tenderers should note that the Charterer does not guarantee the accuracy of the information provided and it is provided for guidance only. It is for Tenderers to satisfy themselves fully as to the accuracy and relevance of all of the information provided in connection with this ITT. It is the responsibility of the Tenderers to verify and interpret the information provided and to obtain, at their own expense, any additional information necessary for the preparation of their Tender. Tenders will be accepted by the Charterer on the understanding that the Tenderer is deemed to have satisfied itself on the scope of the requirement from the information provided.

2.1.4 The Charterer reserves the right not to accept any tender. The Charterer also reserves the right to issue supplementary documentation at any time during the tender process to clarify an issue or amend any aspect of this ITT. Any additional documentation issued by the Charterer during the tender process shall be deemed to form part of this ITT and shall supersede any part of the ITT where indicated. The Charterer may also exercise the option to extend the tendering period and/or postpone the Tender Return Date if subsequent documentation is issued.

2.1.5 Except when specifically authorised by the Charterer, Tenderers shall not approach any member, officer or employee of the Charterer or the evaluation panel who is not named in this document with a view to providing additional information in respect of any part of their submission or proposals or attempting to support or enhance their tender evaluation. Any such approach or attempted approach by a Tenderer may lead to the Tenderer's exclusion from the process. Any collusion between Tenderers will also lead to the exclusion of all or any of the Tenderers involved. Tenderers are

required to submit the signed Certificate of Non-Collusion as attached at Appendix 2.

2.1.6 All information supplied by the Charterer in connection with this Invitation to Tender and the tender documents must be treated as private and confidential. Tenderers must not disclose the fact that they have been invited to tender or release details of the tender document, other than on an “In Confidence” basis to those who have a legitimate need to know or whom they need to consult for the purpose of preparing the tender.

2.1.7 Tender prices are to be in pounds sterling and inclusive of VAT (Value Added Tax).

2.1.8 The Charterer is not bound to accept the lowest or any tender and shall not be bound to use the Selected Tenderer as a sole supplier.

2.1.9 Tenders must remain open for acceptance for a period of 3 months from the return date.

2.1.10 The tender document should be written in English.

2.1.11 For the convenience of Tenderers, an electronic version of this Invitation to Tender document will be provided.

2.2 Clarification

If any tender is found not to comply with the Charterer's requirements, or to lack any information necessary to enable evaluation or to contain inconsistent information, the evaluation panel may:

a) evaluate the tender as submitted;

b) seek additional information or clarification from the Tenderer; or

c) reject the tender.

2.3 Communication during the Tender Period

Should Tenderers have any questions or wish to seek clarification on any element of this ITT or the tender process, they should submit a query through the Public Contracts Scotland website (see below).

2.4 Tenderers' Queries and Requests for Clarification

2.4.1 The tender process will be managed via the Public Contracts Scotland website:

www.publiccontractsscotland.gov.uk

Interested parties are required to register with the website (registration is free), and log in to view the details of the tender. All correspondence during the tender period and submission of tenders will be conducted through the website.

2.4.2 Should Tenderers wish to contact the Charterer, they should submit their query electronically through the website. All queries and requests for

clarification or meetings during the period prior to submission of tenders must be made through the website. Neither the Charterer nor any member of the Evaluation Panel will enter into any discussion relating to the Tender outside this system.

2.4.3 Tenderers must nominate a representative who will be responsible for submitting queries and requests for clarification on behalf of the Tenderer. Queries and requests for clarification submitted by any other individual will not be considered by the Charterer.

2.4.4 All requests for Tender documentation or subsequent queries must be submitted through the website at least 7 days before the Tender Return Date. No correspondence will be entered into after that date.

2.4.5 The Charterer will endeavour to respond to Tenderers' requests for clarification within 3 business days. Tenderers should note that responses to queries and requests for clarification will be published on the website without publishing the identity of the Tenderer seeking the clarification. Tenderers are therefore advised to submit their requests as early as possible.

2.4.6 This procedure is designed to preserve equity between Tenderers by ensuring no premature disclosure of information can take place.

2.5 Information Disclaimer

While every effort has been and will be made to provide accurate information, Tenderers should note that the Charterer does not guarantee the accuracy of the information provided and it is provided for guidance only. It is for Tenderers to fully satisfy themselves as to the accuracy and relevance of all of the information provided in connection with this ITT. It is the responsibility of Tenderers to verify and interpret the information provided and to obtain for themselves, at their own expense, any additional information necessary for the preparation of their tender. Tenders will be accepted by the Charterer on the understanding that the Tenderer is deemed to have satisfied itself on the scope of the requirement from the information provided.

2.6 Changes in Circumstances

2.6.1 Tenderers are required to inform the Charterer immediately of:

(a) any changes to the corporate structure or membership set out in their Tender Submission; and

(b) any other changes to their circumstances (financial, business activity or safety incidents/investigations) or their Tender Submission which might affect the Charterer's decisions as to the suitability of their Tender Submission.

2.6.2 Tenderers must include, as part of their Technical Submission, a clear statement confirming that they have complied and will continue to comply with this requirement.

2.7 Guidelines for Submitting a Tender

2.7.1 Tenderers must provide their detailed proposals for operating the Container Service in their Tender Submission. Tenderers should note that the operational details, service standards and other statements on service provision and legislative compliance made by the Tenderer as part of their proposals will form a binding part of the Tender Submission.

2.7.2 Tenderers should submit their Tender Submission using their own text creation facilities. The Tender Submission shall be structured as follows –

(a) Part 1: Financial Submission; and

(b) Part 2: Technical Submission.

2.7.3 Detailed guidance on the two parts of the tender is provided in sections 4 and 5 of this document. The two parts of the tender will be evaluated separately, therefore they must be submitted in two separate documents.

2.7.4 Tender Submissions must include all relevant certificates and schedules attached to this document, all completed and duly signed where necessary. Unless otherwise stated, all documents requiring a signature must be signed by a Director and/or the Secretary of the company, or such person being duly authorised for that purpose.

2.7.5 Tenderers will wish to be aware that the evaluation will be based solely on the content of their Submissions, any follow up clarification and any audit of the Tenderers' current operations. Tenderers will not, therefore, be able to assume knowledge on the part of the evaluator. Tenderers should therefore consider in particular the level of detail they include in the Technical Submission as regards how they would intend to operate the Container Service.

2.7.6 Tenderers should submit their proposals as follows:

(a) All copies of the Tender Submission shall be submitted not later than 12.00 (UK time) on the Tender Return Date;

(b) One copy in electronic format submitted through the website submission process on the Public Contracts Scotland website: www.publiccontractsscotland.gov.uk;

(c) one original signed paper copy contained in ring binders clearly labelled with the Tenderer"s name and an index of contents with each section suitably segregated; and

(d) one copy in electronic format contained in a CD-ROM. The CD-ROM shall clearly identify the Tenderer"s name and an index of contents, should be stored in either Acrobat (PDF) or Word/Excel format and should be compatible with Word XP.

2.7.7 Each element of the Tender Submission must include the following information relating to the principal contact for the Tender Submission:

(a) name;

(b) position;

(c) address;

(d) telephone number;

(e) fax number; and

(f) e-mail address.

2.7.8 The tender should consist of at least the following:

(a) Covering letter;

(b) Financial submission;

(c) Technical submission;

(d) Form of tender (see appendix 1); and

(e) Certificate of non-collusion (see appendix 2).

2.7.9 The hard copies of the Tender Submission shall be submitted not later than 12.00 (UK time) on the Tender Return Date to –

Ian Mathie
Programme Manager
SEStran

Claremont House

130 East Claremont Street

Edinburgh
EH7 4LB
UK

Tenders received after the closing date and time shall not under any circumstances be opened or considered.

2.8 Freedom of Information

The Charterer is committed to open government and to meeting their responsibilities under the Freedom of Information (Scotland) Act 2002. Accordingly, all information submitted to the Charterer may need to be disclosed and/or published by the Charterer. If Tenderers consider that any of the information included in their tender is commercially confidential it should be identified and an explanation given (in broad terms) of what harm might result from disclosure and/or publication. Tenderers should be aware that, even where they have indicated that information is commercially sensitive, the Charterer may be required to disclose and/or publish it, whether or not the tender is accepted. The Charterer may also be required to disclose and/or publish details of unsuccessful tenderers. The Charterer may publish the names and contact details of companies who have been issued with an ITT document.

2.9 Compliance with EU and Domestic Law

2.9.1 The Selected Tenderer will be required to ensure compliance with all applicable International Conventions, EU Council Directives and Regulations, and national regulations and to ensure that relevant industry codes, guidance and standards are fully taken into account.

2.9.2 The Selected Tenderer will be required to comply with international, European and national regulations, codes and procedures at all times and, in particular, with the requirements of the International Safety Management (ISM) Code and merchant shipping legislation enforced in the provision of the Container Service.

2.9.3 The Selected Tenderer will be required to comply with all relevant rules and regulations including Health and Safety at Work Regulations enforced by the Health and Safety Executive and the Port Marine Safety Code as applicable.

2.9.4 The Selected Tenderer will be required to comply with the terms of the Terrorism Act 2000 (as amended by the Anti-Terrorism, Crime and Security Act 2001), in relation to the collation and distribution of information on the carriage of passengers, cars, and loose freight and parcels.

2.9.5 The Contract into which the Charterer and Selected Tenderer shall enter will be based on a BIMCO time charter, likely to be Baltime 1939 (rev 2001). It shall be governed by English law.

3. SERVICE SPECIFICATION

3.1 Introduction

3.1.1 This section provides details of the outputs and core requirements for the Container Service (the "**Service Specification**").

3.1.2 The requirements in this Service Specification set out the minimum standards which each proposal must meet. The Technical Submission should set out how the Tenderer intends to provide the Container Service so as to satisfy the Service Specification.

3.1.3 The Selected Tenderer will be responsible for ensuring that the Service Specification requirements are achieved in full.

3.1.4 Additional information on the ports of Methil and Grangemouth and the service requirements can be obtained through the query process on the Public Contracts Scotland website.

3.2 The Route

The aim of the tender is to deliver a regular Container Service between the ports of Methil and Grangemouth, UK.

3.3 Vessel

Container Service on a time charter basis.

3.3.2 The Selected Tenderer will be responsible for the operational management of its vessel(s), including manning, repairs, running maintenance (including annual overhauls), insurance, etc. A contingency plan must be provided by the Tenderer, relating to vessel maintenance and repair.

3.3.3 The vessel(s) must be within class for the duration of the service. It shall be the operational and financial responsibility of the Selected Tenderer to maintain service continuity in the event of class inspection, dry docking, etc.

3.3.4 The vessel(s) to be provided by the Selected Tenderer must be able to transport a minimum of 400 TEU each way per week. While Tenderers are invited to submit innovative proposals detailing the most efficient and economic manner in which to schedule the operation, regular service is desired by the Charterer therefore it is expected that a minimum of 5 sailings

3.3.5 Tenderers should assume that containers will be loaded to weight limits.

3.3.6 Expected initial weekly demand for the service is 400 TEU (approximately

70% forty-foot containers, 25% twenty-foot containers and 5% other sizes), loaded from Methil to Grangemouth, returning with a mixture of empty and loaded containers. However Tenderers are required to provide a contingency plan setting out how they would provide additional capacity in the event of

3.3.7 The vessel(s) to be provided by the Selected Tenderer must run on diesel, low sulphur fuel or use scrubbers. In addition, the Tenderers will be required to provide details of the emissions profile of the proposed vessel(s), based on engine, fuel and service speed.

3.3.8 The vessel must be registered under a European flag.

3.3.9 Reliability is a key feature and Tenderers should take into account the need for sea-keeping, even during adverse weather conditions. For details on sea and weather conditions, see information room.

3.3.10 The maximum dimensions of the vessel can be 5m draft, 102.1m LOA, 14.47m beam and able to manage an entrance width of 15.2m.

3.3.11 While the core service requirement will be the round trip between Methil and Grangemouth, the Selected Tenderer may be required to provide service on other routes, at the discretion of the Charterer.

3.3.12 Fuel provision and costs shall be the responsibility of the Charterer.

3.3.13 It is a requirement of the service that the Tenderer allows the application of branding/advertising on the vessel, at the discretion of the Charterer.

3.4 Harbours

3.4.1 Forth Ports PLC is the harbour authority at both ports at which the Container Service is required to call.

3.4.2 Pilotage is compulsory for vessels over 45m length. This is currently done by Forth Ports but captains can achieve exemptions after gaining experience and passing an exam. Information has been provided in the online Information Room, but if further clarification is required, Tenderers are directed to submit a query through the Public Contracts Scotland website. Pilotage costs up to the point where the exemption is gained will be the responsibility of the Selected Tenderer.

3.4.3 Stevedoring is handled directly by Forth Ports.

3.4.4 Key information regarding the port of Methil includes:

a) Tidal range 4.8m;

b) Entrance width 15.2m;

c) LOA 102.1m;

d) Beam 14.47m;

e) Draft 5m;

f) NAABSA (not always afloat but safely aground) berth available; and

g) If further detail on the operation of the gate at Methil is required, Tenderers must submit an electronic query through the Public Contracts Scotland website.

3.4.6 New handling equipment at Methil will be sourced by Forth Ports for this service. The most likely scenario is to source mobile container cranes (expected handling speed in the region of 10-12 moves per hour) but innovative solutions from Tenderers are welcome, subject to meeting the service specifications. It is the responsibility of Tenderers to ensure that their proposed vessel(s) can be accommodated at both ports.

3.4.8 Key information regarding the port of Grangemouth includes:

a) Entrance lock 237.6m long and 29.1m wide;

b) Depth of entrance 11.7m at MHWS;

c) LOA 187m;

d) Beam 27.4m;

e) Draft 7.7m;

f) Impounded dock; and

g) Gantry cranes.

3.5 **Provisions for Carriage**

Tenderers must include, as part of their Technical Submission, detailed proposals setting out provisions for carriage of containerised cargo.

3.6 **Timetables**

3.6.1 The core minimum timetable requirement is the transportation of 400 TEU (approximately 70% forty-foot containers, 25% twenty-foot containers and

5% other sizes) each way per week, 50 weeks, for the period of one year. This period may be extended in the future, subject to agreement between the Charterer and the Selected Tenderer.

3.6.2 Regular service is desired by the Charterer therefore it is expected that a minimum of 5 daily sailings per week will be required.

3.6.3 Tenderers are required to submit a suitable timetable, ensuring that services are coordinated in respect of tides and turn-around times at the ports. It is the responsibility of the Tenderers to demonstrate that the proposed vessel(s) and crew can meet these requirements. In addition, a contingency plan must be provided, demonstrating how the Tenderer can provide increased capacity in the event of fluctuations or increases in demand.

3.6.4 The Tenderers must prove to the satisfaction of the evaluation panel that they will be able to commence service on the required date.

3.7 **Safety**

3.7.1 The safety of crew must not be compromised or diluted. Accordingly, it is a requirement that the Container Service, including shore side activities, is managed and operated in a manner that consistently provides the highest standards of safety. The Selected Tenderer shall, therefore, ensure compliance with all applicable International Conventions, EU Council Directives and Regulations, and National Regulations and ensure that relevant industry codes, guidance and standards are fully taken into account.

3.7.2 In particular, the Selected Tenderer shall comply with all Merchant Shipping Legislation enforced by the MCA and other state control authorities, and shall ensure that the vessels to be used on the Container Service, and all matters concerning their operation, comply with relevant UK and EU legislation. The vessel employed, and the Selected Tenderer, must comply with the requirements of the ISM Code.

4. CONTENT OF FINANCIAL SUBMISSION

4.1 General

4.1.1 The Tenderer must submit prices by completing a Financial Submission.

4.1.2 The Financial Submission must include all costs incurred for the provision of the Container Service as set out in the Service Specification.

4.1.3 All costs, other than fuel and harbour costs, will be the responsibility of the Selected Tenderer.

4.1.4 As the sailing schedule shall be determined by the Charterer, fuel provision and costs will be the responsibility of the Charterer.

4.1.5 Harbour costs are not required in the Financial Submission as they are the responsibility of the Charterer.

4.1.6 Pilotage costs up to the point where the captain gains an exemption (see 3.4.2) will be the responsibility of the Selected Tenderer and must be included in the Financial Submission.

4.1.7 The Tenderer must certify that the Financial Submission is a bona fide tender, intended to be competitive, and that they have not fixed or adjusted the amount of the tender in accordance with any agreement or arrangement with any other person.

4.1.8 The Charterer reserves the right to require further information from any Tenderer whose Financial Submission is 20% or more lower than the average bid.

4.1.9 The Charterer reserves the right to reject any bids that are not considered to be deliverable financially.

4.2 Payment of accounts

4.2.1 Payment shall be made in accordance with the conditions of contract as set out in the charter party to be agreed between the Charterer and the Selected Tenderer.

5. CONTENT OF TECHNICAL SUBMISSION

5.1 General

The Technical Submission must be structured in accordance with the headings of this Section, and shall include a comprehensive description of how the Tenderer proposes to meet the Service Specification insofar as applicable to each heading in addition to addressing the specific requirements of each heading.

5.2 Safety

Tenderers must demonstrate how they will meet the requirements of Section 3.7.1. Copies of all relevant safety and operational certifications must be provided.

5.3 Management Structure

Tenderers must provide a full description of the proposed management structure of the service. Complete details of all partners including their role within the service should be included. Partners should indicate their support for the proposal by means of a letter of commitment.

5.4 Technical Ability

Tenderers must provide evidence of at least 3 years of experience in the provision of container services, including written references.

5.5 Economic & Financial Standing

5.5.1 Details of company structure (including guarantee of parent company, if applicable) must be provided.

5.5.2 Proof of financial solvency must be provided, including 3 years of accounts.

5.6 Confidential Information

Each Tenderer should flag up any sensitive or confidential information contained in the Tender submission. Tenderers will wish to note the Charterer"s policy on Freedom of Information (section 2.8).

5.6 Mobilisation Plan

5.6.1 A detailed Mobilisation Plan including a timescale must be provided. This will be subject to discussion and final agreement with the Charterer. The quality of the Mobilisation Plan will be a material consideration in the evaluation of Tenders. Tenderers able to commence the service sooner than the programmed date of 5 September 2011 will attract a higher score for the Mobilisation Plan.

5.6.2 The Mobilisation Plan must address all the key issues, and include a detailed timetable with estimated dates for their achievement. As a minimum, the Mobilisation Plan should address the following issues:

(a) Provision of the vessel, including timetable of delivery of vessel at Grangemouth in fully operational condition.

(b) Identifying all facilities (other than the vessels) necessary for the provision of the Container Service; and

(c) A detailed technical description of the proposed plan to implement the service, including an indicative timetable of the planned actions

and investments. Tenderers must indicate the status of preparation and/or implementation at the time of submission of the proposal.

5.7 Arrangements for Staff

5.7.1 Tenderers must provide details of the crewing configuration per sailing.

Tenderers must provide a clear statement confirming that they will have an adequate number of qualified crew at all times.

5.7.2 Tenderers must provide details of the management structure that they will put in place for service and contract delivery. Technical Submissions should contain an overview of reporting lines for key operational and administration staff. Tenderers should provide satisfactory evidence that staff will be appropriately qualified and experienced.

5.7.3 Tenderers must provide details of any sub-contractors which it is proposed will be used for the service (including details of the services they shall be providing). The Charterer reserves the right to request further details of any proposed sub-contract including outline terms and conditions.

5.8 Vessel to be used, Deployment, Maintenance and Relief Arrangements

5.8.1 Tenderers must provide details of the vessel(s) to be used. Proposed vessels must be capable of meeting the timetables in most weather conditions and the projected carryings. If any modifications to existing shore infrastructure are required, these should be highlighted. The Technical Submission must include details of the vessel to be used, such as the vessel's name and previous names; when and where built; evidence of title or contingent right of use of vessel; flag and harbour of registry; service speed and fuel consumption; carrying capacity and class; and dimensions.

5.8.2 The Technical Submission must include details of the proposed operating schedule, demonstrating that the proposed vessel can provide the required capacity, taking account of tides, loading times, etc. Tenderers must provide detailed proposals setting out provisions for carriage of containers.

5.8.3 Tenderers must provide evidence of up to date operating certificates, insurance and safety certificates and class documents for vessel, crew and cargo, ensuring compliance with all relevant laws and regulations;

5.8.4 Details of the contingency plan for meeting increases in demand must be provided. The manner in which this is done is at the discretion of the Tenderer (for instance increased trips, larger vessels, etc.), however the evaluation panel must be satisfied that the proposed plan is technically and financially feasible. The contingency plan must include details of the proposed operating schedule, demonstrating how the increased capacity will be provided, taking account of tides, loading times, etc. Letters of confirmation should be provided from any parties who have agreed to provide transport capacity in such an instance. The quality of the contingency plan, demonstrating in detail how increased capacity will be provided, will be a material consideration in the evaluation of the tender.

5.8.5 Details of the relief and contingency arrangements must be provided. The relief arrangements must be sufficient to provide service continuity and take account of both planned and unplanned events. It is the operational and financial responsibility of the Tenderer to ensure that the minimum container throughput between Methil and Grangemouth can be met in the case of the vessel being unable to fulfil the Service Specification. The contingency plan must include details of vessel replacement, other means of transport for the containers, or any means of ensuring service continuity. Letters of

confirmation should be provided from any parties who have agreed to provide transport capacity in such an instance. The quality of the contingency plan, demonstrating in detail how continuity will be ensured, will be a material consideration in the evaluation of the tender.

5.8.6 Adverse weather conditions preventing operation of the service shall be the responsibility of the Charterer.

5.9 Port Operations

5.9.1 The Technical Submission must set out how the Tenderer will carry out responsibilities in relation to all activities associated with the „day to day" vessel/harbour interface including details of required on shore facilities.

5.9.2 Tenderers must set out a detailed explanation of how the Tenderer will manage operational requirements. This will include compliance with legislative and regulatory Requirements (in particular Health and Safety legislation, applicable regulations and Codes of Practice and the Port Marine Safety Code).

5.10 Environmental

The Technical Submission must include details on the engine type, fuel type and quantity used, and emissions produced per round-trip at proposed speeds for meeting the Service Specification. The proposed vessel(s) must run on either diesel, low sulphur fuel or make use of scrubbers. The emissions profile of the proposed vessel(s) will be a material consideration in the evaluation of the tender. See section 6 for further details on the evaluation criteria.

EVALUATION CRITERIA

6.1 Overview

6.1.1 The Selected Tenderer will be the Tenderer who submits the most economically advantageous compliant tender using the detailed selection and evaluation criteria set out in 6.2 and 6.3.

6.1.2 Tenders that do not comply with the tender submission requirements (both as to form and content) and/or do not meet the Service Specification may be rejected by the Charterer without further evaluation. Tenders which are not considered to be deliverable technically or financially will be rejected.

6.1.3 The tenders will be evaluated in two stages. The first stage will be to evaluate compliance with set criteria that must be met by all Tenderers in order to proceed to stage two. These criteria will be assessed from the Technical Submission.

6.1.4 At stage two, compliant Tenderers will be evaluated according to price, based on the Financial Submission, and quality, based on the Technical Submission.

6.15 Compliant tenders will be evaluated using a detailed scoring system. The most economically advantageous tender will be identified from the remaining tenders on the basis of the overall scoring.

6.2 Compliance Stage

6.2.1 At the compliance stage, the following criteria must be met to ensure the economic and financial standing and technical ability of the Tenderer:

a) Provision of 3 years" accounts which demonstrate financial stability of company;

b) Stable company structure satisfying audit requirements (including European guarantee of parent company, if applicable, or bank bond).

This criterion includes the company management as well as the management of the actual service operations.

c) Satisfactory references from customers in relation to previous shipping services provided by the Tenderer; and

d) Provision of short narrative (maximum 500 words) giving an overview of satisfactory experience in the operation of container services, with details of customers, routes, etc., with evidence where appropriate.

6.2.2 At the compliance stage, the following criteria must be met for the vessel:

a) Evidence of title to or contingent right of use of the proposed vessel(s);

b) Up to date operating certificates, insurance and safety certificates and class documents for vessel, crew and cargo, ensuring compliance with all relevant laws and regulations as set out in earlier sections of this document;

c) The proposed vessel(s) must be in class;

d) The proposed vessel(s) must be registered under a European flag;

e) The proposed vessel(s) must run on either diesel, low sulphur fuel or make use of scrubbers. An emissions profile must be submitted, the quality of which will be assessed in the next stage;

f) The proposed vessel(s) must be in clean and operational condition, with adequate staffing arrangements, able to meet the required service specification, taking account of demand requirements and port facilities; and

g) Tenderers must demonstrate their ability to commence operation on the required date, including the feasibility and deliverability of any planned actions and investments as detailed in the Mobilisation Plan. The quality of the Mobilisation Plan will be assessed at the next stage.

6.2.3 The following must be provided:

a) A contingency plan demonstrating the ability to meet increases in demand. The quality of this plan will be assessed in the next stage; and

b) A contingency plan to ensure service continuity at the Tenderer"s expense in the case of vessel maintenance and/or repairs. The quality of this plan will be assessed in the next stage.

6.2.4 The evaluators reserve the right to inspect any proposed vessel before awarding the contract in order to be satisfied that it meets the above requirements and that its condition is clean and operational.

6.2.5 Tenderers satisfying the above minimum criteria will proceed to stage two.

6.3 Identifying the Most Economically Advantageous Tender

6.3.1 The second stage will score Tenderers according to price and quality criteria.

The relative weight of each component will be 60% (price) and 40% (quality). For example, if a bidder scored 83/100 for price and 64/100 for quality, the final score would be 0.6*83 + 0.4*64 = 49.8 + 25.6 = 75.4.

6.3.2 The price component will be scored by awarding 100 to the lowest bidder and then scoring other bidders on a percentage basis relative to this score. This information will relate solely to the Financial Submission.

6.3.3 The quality component will also be scored out of 100. Scoring will be based on the Technical Submission, broken down into the following criteria:

a) Quality of the contingency plan for maintenance/repair (30%);

b) Quality of the contingency plan for increased capacity (30%);

c) Emissions profile of the vessel(s) (20%); and

d) Quality of the Mobilisation Plan (20%).

6.3.4 Each of the quality criteria will be scored on a scale of 0-10, using the scoring system as set out below:

0 = totally fails to meet requirements

1 - 2 = substantially fails to meet requirements

3 - 4 = partially meets requirements

5 - 6 = substantially meets requirements

7 - 8 = meets requirements in full

9 - 10 = exceeds requirements

6.3.5 The scores will then be scaled up to the indicative weights for each of the criteria, which will then add up to the score out of 100 for the quality component.

6.4 **Evaluation Panel**

The evaluation panel will consist of the following three parties:

(a) Forth Ports PLC (the Charterer);

(b) SEStran; and

(c) The Transport Research Institute.

APPENDIX 1

FORM OF TENDER

(* DELETE AS APPROPRIATE)

*I/We agree to hold this tender open for acceptance for a period of 3 months from today's date;

and

*I/We further undertake to execute a Contract to be prepared at your expense for the proper and complete fulfilment of the Container Service; and

*I/We understand that the Charterer is not bound to accept the lowest or any tender and shall not be bound to use the Selected Tenderer as a sole supplier; and

*I/We certify that this is a bona fide tender.

Signature:

Name: (BLOCK CAPITALS)

Designation:

Duly authorised to sign Tenders for and on behalf of:

Name of Tenderer:

Nature of Firm:

Address:

Telephone No:

It must be clearly shown whether the Tenderer is a limited liability company, statutory corporation, partnership, or single individual trading under his own name.

Where the Tenderer is an incorporate association, the Company Secretary and a duly authorised Director should sign. In the case of a partnership, at least two duly authorised partners should sign. In the case of an individual, the individual should sign and have his signature witnessed.

APPENDIX 2

CERTIFICATE OF NON-COLLUSION

AGREEMENT FOR THE PROVISION OF CONTAINER SERVICES

Certificate of Non-Collusion

The essence of selective tendering is that the Charterer shall receive bona fide competitive tenders from all firms tendering. In recognition of this principal, we certify that this is a bona fide tender, intended to be competitive, and that we have not fixed or adjusted the amount of the tender by or under or in accordance with any agreement or arrangement with any other person. We also certify that we have not done and we undertake that we will not do at any time before the returnable date for this tender any of the following acts:

a) communicate the contents of the Tender to any person other than the Tenderer‟s professional advisers, funders and partners;

b) enter into any agreement or arrangement with any other person that he shall refrain from tendering;

c) offer or pay or give or agree to pay or give any sum of money or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender for the said work any act or thing of the sort described above.

In this Certificate, the word "person" includes any persons and anybody or association, corporate or unincorporate; and "any agreement or arrangement" includes any such transaction, formal or informal and whether legally binding or not.

SIGNED:.....

FOR AND ON BEHALF OF:.....

DATE:.....

APPENDIX 3

FOR OFFICE USE ONLY

TENDER FOR: HIRE OF VESSELS AND CREW: GRANGEMOUTH, UK

TO: Ian Mathie SEStran
Claremont House

130 East Claremont Street

Edinburgh
EH7 4LB
UK

Date and time received:

Received by:

Tender opened on (date):

Opening time:

Opened by:

In presence of:

APPENDIX II: Evaluation Framework

Lo-Pinod

Note on Tender Assessment Spreadsheet

Introduction

This short note summarises SEStran's the spreadsheet assessment system describing its use in procuring framework consultants from the preparation of guidance to tender assessors through to the preparation of feedback to unsuccessful tenderers.

Location of Tender Assessment Documentation
Tender documents for all three framework commissions are held in \\server0\Company\O-SESTRAN Projects\O5-Term Framework Contract\. In this note the Transport Advisor Framework commission is used as an example. The files used for this example are therefore held at \\server0\Company\O-SESTRAN Projects\O5-Term Framework Contract\2. Transport Advisor Framework Agreement

The relevant files are:

- Assessment Spreadsheet . The operation of the assessment workbook (spreadsheet)is described in detail below
- Feedback Spreadsheet. Feedback is prepared from the information contained in the assessment spreadsheet as describe below.
- Assessment Sensitivity Spreadsheet. This was used to examine the sensitivity of the quality/ price weighting algorithms in the tender assessment
- Transport Advisor Framework Agreement. This is the formal agreement for the Framework Commission.
- Pre-Tender Information Form. This is the questions (with appropriate guidance) that was issued to tenderers and formed part of the quality assessment of the tenders
- Pre-Tender Information Form with Assessors Guidance. This is the same document issued to the tenderers but includes (in red font) the guidance to the assessors on how they should approach the quality marking of tenderer returns
- Post Tender Questions The specific questions tailored for each tenderer and put to the tenderers at the post interview stage

Assessment Spreadsheet

General
The assessment workbook (spreadsheet) contains all the information necessary for the evaluation of the tenders submitted. The Transport Advisor workbook is set up for 6 tenderers and 4 assessors and contains 28 individual but interlinked sheets and was made

available as a shared file to each assessor for direct input of their quality assessments on the SEStran sever. Each assessor therefore input their own scores directly into the same document. However, if used as a template, the workbook can handle up to 10 tenders and 9 assessors. The format of the workbook automatically adjusts to accommodate the number of tenders received ,the number of assessors being used and the numbers of questions in the pre-tender information form and in the post tender interview. The formatting adjustment includes highlighting cells to which input is permitted and automatically varies (and tab names) the number of sheets to match the number of tenderers and assessors. The tender manager inputs the number of tenderers and assessors in the cover sheet (the first sheet in the workbook) and this sets up the workbook formatting. The tender manager also inputs the respective weighting parameters for quality/price and the relative weighting to be attached pre-tender information and post tender interview questions respectively. Tender prices were input to the spreadsheet after all assessor scores were input all the final weighted price / quality scores to be computed.

Note that some areas of the workbook are protected prohibiting cell editing. The password to unprotect those sheets is "daisy".

Worksheet Functions

The second sheet contains appropriate notes on the function and use of each sheet within the workbook. This sheet is reproduced in the table overleaf.

Input Sheets Tender Manager

It should also be noted that the following data are input in the initial sheets and linked automatically to later sheets

- Names of Tenderers
- Tender Prices
- Names of Assessors
- Names of Interview Panel (interview assessors)
- Pre-Tender Information Form Questions and weights attached to each question
- Post –Tender Interview Questions and weightings
- Resource allocations. Assumed use of staff resources for calculation of hypothetical tender costs for each tenderer.
- Charge rate bands for each staff grade as given in each tender

Input Sheets Assessors

The worksheets Ass1 through to Ass4 in this example workbook are used for input by pre-tender assessors 1 to 4 respectively. Note that tender names, question numbers, question weightings and question headings are input automatically to these worksheets. The assessor inputs his awarded score for each question (all marked out of 20 points) in the appropriate cell for the question and tenderers **and inserts comments in that cell to explain/ justify the**

score given. Those comments are later compiled in the feedback questionnaire workbook. The weighted total of quality scores are summed to give the total pre-tender quality score

Similarly the worksheets IntAss1 through to IntAss4 in this example workbook are used for input by the interview assessors 1 to 4 respectively. Again tender names, question numbers, question weightings and question headings are automatically input to these worksheets. The weighted total of quality scores are summed to give the total post-tender interview quality score

Tender Assessment Workbook Notes Sheet

Worksheet Protocols

Cell Type	Colour	Description
Input		*These are the only cells where input is permitted.* *Do not attempt to change the information on any other cells.* *Most other cells are locked and attempts to change these could introduce errors in the Workbook*
Calculated		*Present the results of calculation performed using data held in input and other cells* *Do not attempt to change the information on calculated cells.*
Label Cells		*Describe contents of Input and Calculated Cells* *Font colour and size may vary*
Unused Cells		*Input or calculation cells that are not needed for particular project* *For example the workbook can cope with upto 10 tenderers* *If there are say 5 tenders only five rows of data cells would be available* *Others would be coloured gray*

Worksheet Functions

Sheet	***Description***
Cover Sheet	*Input Basic Project Parameters* *Note that entries for tenderers, assessors and questions need to be confirmed by pressing respective OK buttons*
Notes	*How to use the workbook*
Tenderers	*Input Tenderer names and their tender prices* *No more than 10 tenderers permitted* *A minimum tender price of £1.00 is required for each tenderer*
Assessors	*Input names, initials and organisation of each assessor* *No more than 9 assessors permitted*
Questions	*Input quality assessment questions to be answered by each assessor* *Input weight to be attached to each question on each question row* *No more than 6 questions permitted*

Combined Assessment	*Summarises the price and qualitiy assessment* *Gives the combined price and quality score* ***Gives the ranking of each tenderer*** *This sheet is totally calculated and should not be changed*
Quality Summary	*Summarises the quality marks given by each assessor* *This sheet is totally calculated and should not be changed*
Ass1 .. 10	*Individual assessor marking sheets* *Note that question headings, tenderers, and question weightings* *are all picked up from earlier sheets*
Interview Assessors	*Input name, initials and organisation of each interview assessor* *No more than 6 assessors permitted*
Interview Assessments	*Individual assessor marking sheets* *Note that question headings, tenderers, and question weightings*

	are all picked up from earlier sheets
Worksheet Protection	**Password is daisy**

Output Sheets

Quality Scores

Worksheet Quest Quality summarises the pre-tender questionnaire quality marks for each assessor and computes the average pre-tender quality score for each tenderer. Similarly worksheet IntQuality summarises the quality marks for each assessor and computes the average post-tender interview quality score for each tenderer. **Total Quality computes the weighted combined quality score for pre-tender questionnaire and post-tender interview for each tender**.. AvQuestAssessor summarises the average pre-tender questionnaire scores for each tender across all assessors.

Combined Price and Quality Scores

Worksheet Combined Assessment computes the weighted combined tender price and total (combined) quality assessments for each tender to give a final scoring and then ranks the tenders on that combined score**. Note that the tender price is converted firstly to an un-weighted price score such that the average price score matches the average quality score before applying the price quality weighting to arrive at the weighted combined price/ quality score. This ensures that both price and quality are treated on comparable absolute scales reflecting the range of scores given, or tender prices received, before applying the relative weighting between price and quality.** The price quality weights are picked up directly from the cover worksheet.

Feedback Workbook (Spreadsheet)

The feedback workbook allows the scoring and comments entered into the assessment workbook (spreadsheet) to be transferred into a simple format summarised for each tenderer. The scores for each tender are presented in tabular form for each question (for both pre-tender questionnaire and post tender interview) together with the comments that each assessor had added to the cell in which their score was entered. As Microsoft Excel does not provide an inbuilt function to print cell comments automatically a macro has been written and accommodated into the Feedback Workbook to accomplish this.

The macro is invoked by the following key press combination shift+ctrl+k. This copies comments from any cell as text to adjacent cell. The code for this macro is shown overleaf. The following procedure using pre-tender information question as an example should be carried out to run the macro over successive worksheets to set up the complete comments and scores table.

1. In the Assessment Spreadsheet
2. For each tender (eg Scott Wilson)
    a. For each assessor(eg Assessor 1)
        i. Select tender score cells for questions 1-5 simultaneously(Sheet Ass1; Cells A6:G6)
        ii. Copy selection

iii. In Feedback Sheet
iv. Select top cell of column to receive copied scores
v. Cmd Paste + Transpose
vi. Scores will be copied as column from top cell downwards with adjacent column containing comments.
vii. Format and size column cells to suit

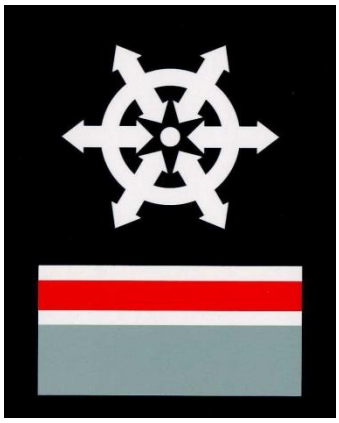
Code for Macro to paste comments from assessor scores

```
Sub CopyComments()

'

' CopyComments Macro

'Sub CopyCommentText()

Dim CmtText As String

Dim CmtCount As Integer, i As Integer

Dim CommCell As String


CmtCount = ActiveSheet.Comments.Count

For i = 1 To CmtCount

CommCell = ActiveSheet.Comments(i).Parent.Address

Range(CommCell).Offset(0, 1) = ActiveSheet.Comments(i).Text

Next i



' Keyboard Shortcut: Ctrl+Shift+K

'

End Sub
```

APPENDIX III: SUPPORTING BROCHURE

LO-PINOD PROJECT REPORT BY SESTRAN

March 2011



LO-PINOD logo

Prepared by

Transport Research Institute

Contact: Transport Research Institute

Edinburgh Napier University, Merchiston Campus, Edinburgh EH10 5DT
E-mail: tri@napier.ac.uk, Telephone: +44 (0) 131 455 2951
Internet: http://www.tri-napier.org

Contents

1. Introduction

The aim of this document is to provide essential background information to potential service providers, as well as suppliers, users and stakeholders concerning the LO-PINOD coastal container service opportunity.

LO-PINOD (Logistics Optimisation for Ports Intermodality: Network, Opportunities, Development) is a project funded by the European Union under the Interreg IVb North Sea Region programme. A key objective of the LO-PINOD initiative is to transfer freight from road to sea transport, therefore the project is providing part-funding towards the operation of a one year pilot freight container service. Project partners Forth Ports PLC (a port operator) and SEStran (Regional Transport Partnership for the Southeast of Scotland) have combined to take forward this initiative by managing the tender process to develop a new, high quality, strategic freight link between the ports of Methil and Grangemouth, UK.

The contracting party for the container service will be Forth Ports PLC.

This document is for information only and does not form any part of a contract between the contracting party and the tenderer.

2. Current and proposed transport methods

Existing transport services in the region demonstrate high dependency on road transport. In the absence of a coastal container service, the only option for international market access from the Diageo bottling plant at Cameron Bridge and other local industry is via road haulage, either to the international port at Grangemouth or to an intermodal terminal in the central belt for rail haulage to an international port in England.

The proposal is to drive the loaded containers from Cameron Bridge to Methil, then ship them by water to Grangemouth. In future, the shipper may commit an increasing volume of containers and/or additional demand may be sourced from the area as the industry is expanding in the region. Containers will be driven to/from the port by another operator. This tender is solely for the operation of a water service between the two ports.

For the first year of the service Diageo is expected to commit an output of 10,000 forty-foot containers (equivalent to 20,000 TEU) but this figure is subject to confirmation. The return leg from Grangemouth to Methil would bring the same number of containers, comprising a mixture of loaded and empties. Each lorry takes one FEU therefore 20,000 lorry movements could potentially be saved in the first year of this project. This would save approximately 1,253,200 lorry km or 783,250 lorry miles per year, based on the net road distance.

Figure 1. Map showing location of Diageo plant and the port of Methil. (Source: Google Maps)

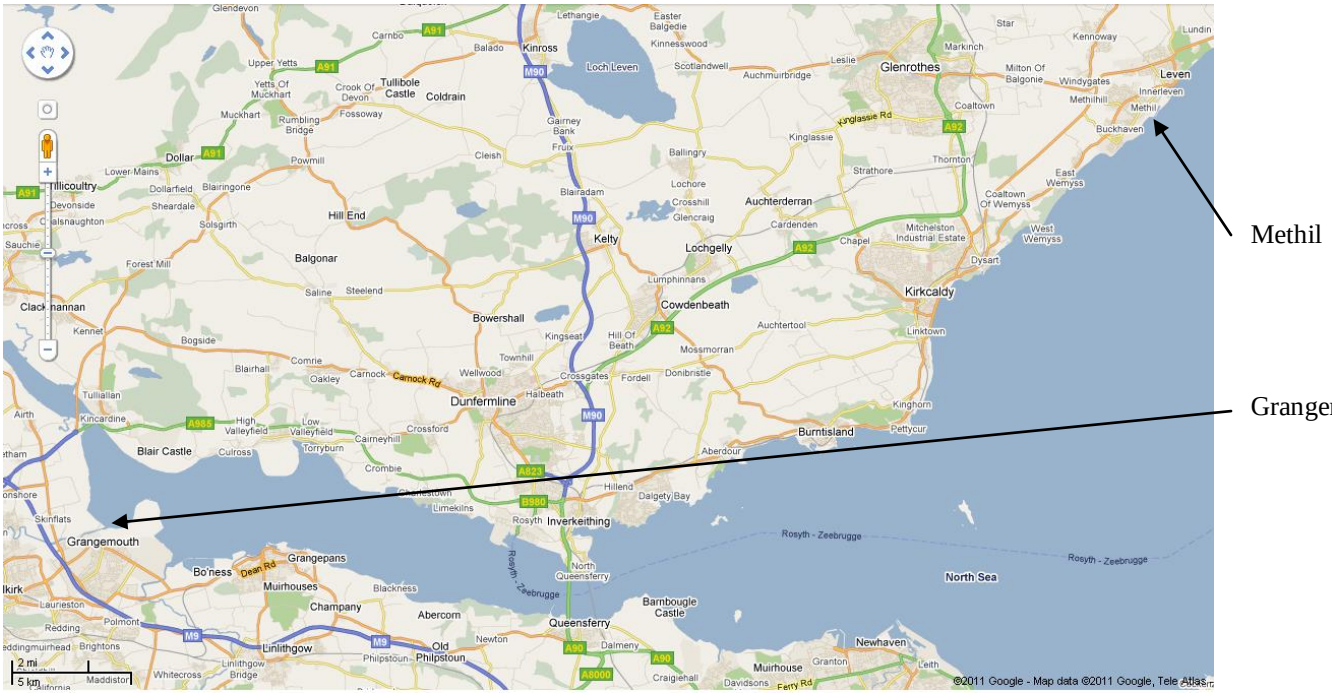


Figure 2. Map showing locations of Methil and Grangemouth (Source: Google Maps)

3. The ports of Methil and Grangemouth

Key information on the ports of Methil and Grangemouth can be found by contacting Forth Ports PLC, owner and operator of both ports.

The port of Methil is a small port located on the coast of Fife, which was chosen for the obvious reason that it is the closest port to the source of fixed demand. However it is expected that additional demand from the area will be sourced once the service has proved itself successful. Key figures for the port of Methil include the following:

- Dock gates open 3 hours before high water
- Tidal range 4.8m
- Entrance width 15.2m
- LOA 100m
- Beam 14.47m
- Draft 5m
- NAABSA (not always afloat but safely aground) berth available
- New handling equipment at Methil will be sourced by Forth Ports for this service. The most likely scenario is to source mobile container cranes but innovative solutions from operators are welcome, subject to meeting the service specifications (see below for more information)

Figure 3. Port of Methil. (Source: Google Maps)

The port of Methil lies outside the river entrance, therefore the service would normally require a seagoing vessel. However exemptions for river craft may be obtained from the MCA, subject to meeting certain specifications, for example a suitably high freeboard. It is the responsibility of the operator to contact the MCA to obtain the necessary exemption.

Grangemouth is Scotland's largest container port. Its key information includes the following:

- Entrance lock 237.6m long and 29.1m wide
- Depth of entrance 11.7m at MHWS
- LOA 187m
- Beam 27.4m
- Draft 7.7m
- Impounded dock
- Gantry cranes

Figure 4. Port of Grangemouth. (Source: Google Maps)

The following criteria are relevant to both ports:

- Pilotage is compulsory for vessels over 45m length. This is currently done by Forth Ports but captains can achieve exemptions after gaining experience and passing an exam. Please contact Forth Ports directly to discuss pilotage exemptions in more detail. Pilotage costs up to the point where the exemption is gained are the responsibility of the operator.
- Stevedoring is handled directly by Forth Ports. If an operator wishes to propose a geared ship, it must be able to complete 20 container moves per hour.

Interested tenderers are invited to contact Forth Ports directly to discuss berthing and cargo handling requirements of their proposed vessel(s). New facilities at Grangemouth are not envisaged but upgrading of the facilities at Methil will be required for the project to go ahead. Therefore it is the responsibility of tenderers to discuss their requirements with Forth Ports and ensure that their proposed vessel can be accommodated at both ports.

4. Service specification

The decision of type and size of ship is left to the operator, subject to the constraints of the port and the minimum service requirements as set out in this document. Again, it is the responsibility of the

tenderer to liaise with Forth Ports to agree on the technical specifications required at both ports for their proposed vessel.

The proposed container service must fulfil the following requirements:

- The operator will provide a vessel and crew on a full charter basis, to operate the service on behalf of Forth Ports.
- The vessel must have a minimum capacity of 80 TEU.
- The service will commence with a daily round trip service between Methil and Grangemouth, UK.
- Expected maximum daily load of the ship in the first year is 40 FEU loaded from Methil to Grangemouth, returning with a mixture of empty and loaded containers.
- The operator must be able to run the service twice daily, if required. Costs of additional service provision must be included in the tender. It is the responsibility of the tenderer to discuss port restrictions with Forth Ports in order to ensure that the proposed vessel is able to complete two round trips per day, taking account of tide and loading times. The tenderer must provide an operating schedule indicating how this will be achieved.
- The service must run a minimum of once daily, 7 days, 50 weeks, for the period of one year. The contract may be extended beyond this period, subject to agreement between the operator and the contractor.
- The vessel must be registered under a European flag.
- A contingency plan must be provided by the operator, relating to vessel maintenance and repair.
- References of previous experience in the provision of container services must be provided.
- Information on company structure and financial solvency must be provided, including 3 years of accounts.
- The vessel must run on either diesel, low sulphur fuel or make use of scrubbers. An emissions profile of the vessel must be provided and this will be a material consideration in the evaluation of the tenders.
- The operator must be able to commence the service by the required date.

5. Evaluation criteria

The evaluation process will be conducted by the following three parties:

- Forth Ports PLC (the contractor)
- SEStran
- The Transport Research Institute

The tenders will be evaluated in two stages. The first stage will be to evaluate compliance with set criteria that must be met by all tenderers in order to proceed to stage two. At the compliance stage, the following criteria must be met by the operator:

- 3 years accounts showing financial stability of company
- Satisfactory company structure (including guarantee of parent company, if applicable)
- Suitable references detailing experience in the operation of container services

The following criteria must be met for the vessel:

- Up to date operating certificates and class documents for vessel and crew
- The vessel must have undergone its class inspection within two years.
- MCA exemption for river craft to sail beyond the river entrance, if applicable
- European flag
- The vessel must run on either diesel, low sulphur fuel or make use of scrubbers.
- Appropriately sized vessel (able to carry the proposed cargo and to access both ports)
- Ability to operate two round trips per day
- Ability to commence operation on the required date:
- Suitable contingency plan for vessel maintenance and backup in case of repairs

The evaluators reserve the right to inspect any proposed vessel before awarding the contract in order to be satisfied that it meets the above requirements and that its condition is clean and operational.

Tenderers satisfying the above minimum criteria will proceed to stage two. The second stage will score tenderers according to price and quality criteria. The price component will be scored by awarding 100 to the lowest bidder and then scoring other bidders on a percentage basis relative to this score. The quality component will also be scored out of 100, broken down into the following criteria:

- Emissions profile of the vessel(s) (40%)
- Quality of the references (30%)
- Quality of the contingency plan for maintenance/repair (30%)

Each of the quality criteria will be scored on a scale of 0-5, then scaled up to the indicative weights above, which will then add up to the score out of 100 for the quality component.

The relative weight of each component will be 80% (price) and 20% (quality). For example if a bidder scored 83/100 for price and 64/100 for quality, the final score would be 0.8*83 + 0.2*64 = 66.4 + 12.8 = 79.2.

More detailed evaluation criteria will be included in the tender documentation.

6. Tender process and timescale

The objective of this tender is to allow Forth Ports PLC to select an operator to operate the LO-PINOD container service. Bidders will be expected to respond with a developed proposal for the service. A detailed plan for implementing the proposal will also be required. Further details will be available in the tender documentation. The evaluation process will be conducted by Forth Ports PLC, SEStran and the Transport Research Institute.

The LO-PINOD tender process will proceed according to the following programme:

Process	**Timescale**
OJEU prior information notice posted	Wed 23 March 2011
OJEU open tender notice posted	Wed 18 May 2011
Deadline for submission of interest	Fri 3 June 2011 (17:00 UK time)
Deadline for submission of tender	**Fri 10 June 2011 (17.00 UK time)**
Appointment of selected tenderer	Fri 17 June 2011
Service commences	Mon 1 August 2011

Tender documents will be sent electronically immediately upon expressions of interest. The latest date this will be possible is one week before the tender submission date.

7. Contact details

Additional copies of this document and any further enquiries regarding the administrative aspects of the proposed LO-PINOD service should be made to:-

Ian Mathie

Project Manager

SEStran

First Floor

Hopetoun Gate

8b McDonald Road

Edinburgh

EH7 4LZ

Email: Ian.Mathie@sestran.gov.uk

Further enquiries regarding the technical aspects of the proposed LO-PINOD service should be made to:-

Nik Scott-Gray

Development Manager

Forth Ports PLC

Carron House

Central Dock Road

Grangemouth

FK3 8TY

Email: nik.scott-gray@forthports.co.uk

APPENDIX IV: METHIL CONTAINER HANDLING REVIEW

FORTH PORTS LIMITED

SCOTTISH OPERATION

PORT OF METHIL CONTAINER HANDLING OPERATION REVIEW

INTERIM REPORT

Tuesday 28th June 2011

Table of Contents **Page No**

REMIT

Request by Scottish Ports Director to investigate the feasibility of using the Port of Methil for the transhipment of containers on behalf of Diageo to the Port of Grangemouth

Project Team

Craig Torrance, David Oswald and Murray Cheyne.

Background

The project has been initiated as a 12 month trial to establish if it is more cost effective and environmentally friendly to move containers between the Port of Methil and the Port of Grangemouth by sea rather than by road.

In considering the trial, alternatives have been considered to keep initial construction and plant costs to a minimum.

The facility must be able to handle approx 8000 laden and 8000 empty containers on an annual basis and will be carried out on No 1 berth in No 2 Dock.

A number of assumptions have been made. One of which is that the operation will be based on a 48 week year allowing for holidays and factory maintenance requirements, which equates to a throughput of 166 full and 166 empty containers per week.

Discussions with the Marine department have highlighted, that in the Methil element of the operation, a NAABSA operation on a tidal basis would not be beneficial as movement of a loaded vessel would be subject to tidal constraints.

The operation being considered is classified as LO – LO.

Vessel has yet to be identified. Tender submissions are scheduled to be reviewed on Tuesday 26th July 11.

A similar operation has been identified on the PEEL Port website – **See Appendix A - Manchester Ship Canal shuttle barge container service.**

Operational Criteria

Diageo to provide an adequate number of road vehicles too provide 45 containers per day.

It is assumed that there will be a minimum of 33 containers, either full or empty stored on the barge.

Container handling operation based on a productivity of 10-12 containers per hour within the Port of Methil and 20 – 25 boxes per hour in Grangemouth.

A full operational cycle based on the above will be a rolling 24 hour programme, resulting in average of 5 return voyages between Methil and Grangemouth. – **See Appendix B Operational cycle breakdown and Sailing Route**

It is important to note that the following elements would influence the overall timescales / productivity.

1. Weather
2. Crew rest time procedures
3. Tides
4. Availability of berth / lock at Grangemouth

Considering these factors there will be occasions when Diageo will be unable to run containers from the Factory to the Port of Methil as the storage facility could be to capacity.

Parties Consulted / Research

- Nik Scott-Gray – Business Development Manager
- Derek Knox – Port Manager, Grangemouth
- Adam Spence – Operations Manager, Grangemouth
- Jim Johnston – Port Engineer, Grangemouth
- Peter Crawley - Forth Ports Marine and Conservancy
- Andrew Rendle - Harbour Master for the Port of Methil
- Ironside Farrar – Design consultants
- Alan Noble - Duncan Pryde, Groundworks Contractor
- Jimmy Rafferty – Bernard Hunter
- David Vaughan of Liebherr mobile crane division
- Charlie Hislop – Demag Cranes
- David Cheyne - Ex Operations Manager for Contract Lifting Services Ltd who carried out a similar operation in Irlam.

OPERATIONAL REVIEW

Appendix C- Conceptual Masterplan - Port of Methil, illustrates the proposed container operational layout.

The operational review has identified two alternatives taking into account movement of the containers, plant and accommodation, labour requirements and infrastructure.

The first option assumes that productivity from Diageo factory will meet the requirements for loading out and unloading the barge with limited requirements for material handling equipment.

The second option takes into account the requirement for various items of material handling equipment to account for additional storage requirements and the potential for time delays, highlighted previously.

The final operational solution may be an amalgamation of both options. This can be determined once all relevant information from Diageo and the container vessel has been identified.

OPTION 1

During discharge of empty containers no full containers will be accepted into the port

Operational Process

1. Container vehicle arrives at port through the spine road where access is from the roundabout adjacent to the Bifab factory and checks in at admin block, adjacent to port entrance.
2. Admin records full boxes
3. Road vehicle proceeds thereafter to the main lay down area adjacent to crane where the crane will discharge the containers, either direct to vessel or to stockpile (**A**).
4. Road vehicle proceeds thereafter to collect an empty container from the empty container storage area (**D**) for return to the factory (following one way traffic management system)
5. Admin record empty container information.
6. Admin building will signal to driver that egress from the port is possible

Plant & Accommodation

The following table highlights the plant and accommodation requirements linked to option

1

Quantity	Description
1 no	Liebherr heavy lift mobile crane inc attachment
1 no	18TE FLT c/w spreader attachment
3 no	Tugs
3 no	Mafi Trailers
3 no	Goosenecks c/w stands
1 no	Admin / Welfare building

Cranage

The choice of cranage for the operation is directly linked to

1. The initial contract being on a 12 month trial basis.
2. Response time to availability of plant
3. Flexibility of a heavy lift crane within the Scottish Operation, which is transferrable on the road network between ports
4. A harbour mobile, a Liebherr type harbour mobile which is not suitable for road transfer, but has capabilities of employing an automatic Bromma spreader beam, pipe handling equipment, grabbing attachments and can accommodate heavy lifts.

The costs highlighted in the financial summary of each option, are based on the selection of the Liebherr heavy lift mobile crane.

Labour Requirements

Quantity	Description
2 no	Craneman / Hatchman
2 no	Men in hold
1 no	Quay / checker
1 no	Admin
1 no	FLT operator
3 no	Tug operators
1 no	Security guard (24/7 operation)
11 no	**Total**

Infrastructure

There is a requirement to carry out various infrastructure revisions to the port. These are detailed in the financial summary

OPTION 2

During discharge of empty containers no full containers will be accepted into the port

1. Road vehicle arrives at port and checks in at admin block
2. Admin records full boxes
3. Road vehicle proceeds thereafter to either main lay down area adjacent to crane where the crane will discharge the container either direct to barge or to stockpile A.
4. In the event of the barge or stockpile area (**A**) being unavailable, the road vehicle will head to the reachstacker pad for discharge of the container to a mafi trailer.
5. Road vehicle proceeds thereafter to uplift an empty container from the empty container storage area (**D**) for return to the factory (following one way traffic management system)
6. Admin record empty container information.
7. Admin building will signal to driver that egress from the port is possible

Internal Movement of containers

1. Where the container is discharged from the road vehicle at the reachstacker pad. The container will be loaded on to a mafi trailer and transported by Terbeg unit to either the main lay down area (**A**) or the Bulk Shed (**B**) or quayside (**C**)

Plant & Equipment

The following table highlights the plant and accommodation requirements linked to option 2.

Quantity	Description
1 no	Liebherr heavy lift mobile crane inc attachment
1 no	Reachstacker
1 no	18TE FLT c/w spreader attachment
3 no	Tugs
26 no	Mafi Trailers
3 no	Goosenecks c/w stands
1 no	Admin / Welfare building

Labour Requirements

Quantity	Description
2 no	Craneman / Hatchman
2 no	Men in hold
1 no	Quay / checker
1 no	Admin
1 no	FLT operator

3 no	Tug operators
1 no	Reachstacker operator
1 no	Security guard (24/7 operation)
12 no	**Total**

Infrastructure

There is a requirement to carry out various infrastructure revisions to the port. These are detailed in the Financial Summary for this option

FINANCIAL SUMMARY – Plant and Infrastructure

Please note that the Plant costs are based on rental agreements covering the initial 12 month trial period.

OPTION 1

Plant	Quantity	UOM	Rate
Mobile Crane inc spreader attachment	1	Sum	£730,000.00
18TE FLT c/w spreader attachment	1	Sum	£31,200.00
Spreader Attachment for FLT	1	Sum	£0.00
Admin / Welfare building	1	Sum	£3,000.00
Tugs	3	Sum	£70,200.00
Mafi Trailers	3	Sum	£35,000.00
Goosenecks c/w stands	3	Sum	£30,500.00
Infrastructure			
Groundworks – Ground clearance & Road Construction	1	Sum	£57,000.00
Security Fencing - ISPS specification	1	Sum	£0.00
Upgrade existing lighting towers - 2 no	1	Sum	£1,000.00
CCTV	1	Sum	£0.00
Traffic Management Light system on admin cabin	1	Sum	£1,500.00
Total			**£959,400.00**

OPTION 2

Plant	Quantity	UOM	Rate
Mobile Crane inc spreader attachment	1	Sum	£730,000.00
Reachstacker	1	Sum	£145,000.00
18TE FLT c/w spreader attachment	1	Sum	£31,200.00
Spreader for FLT	1	Sum	£0.00
Tugs	3	Sum	£70,200.00
Mafi Trailers	26	Sum	£302,640.00
Goosenecks c/w stands	3	Sum	£30,500.00
Admin / Welfare building	1	Sum	£3,000.00
Infrastructure			
Removal of Weighbridge and dilapidated building	1	Sum	£4,000.00
Groundworks – Ground clearance & Road construction	1	Sum	£57,000.00
Reach stacker Pad construction	1	Sum	£3,000.00
Security Fencing - ISPS Specification	1	Sum	£0.00
Upgrade existing lighting towers 2 no	1	Sum	£1,000.00
CCTV	1	Sum	£0.00
Traffic Management Light system on admin cabin	1	Sum	£1,500.00
Total			**£1,379,040.00**

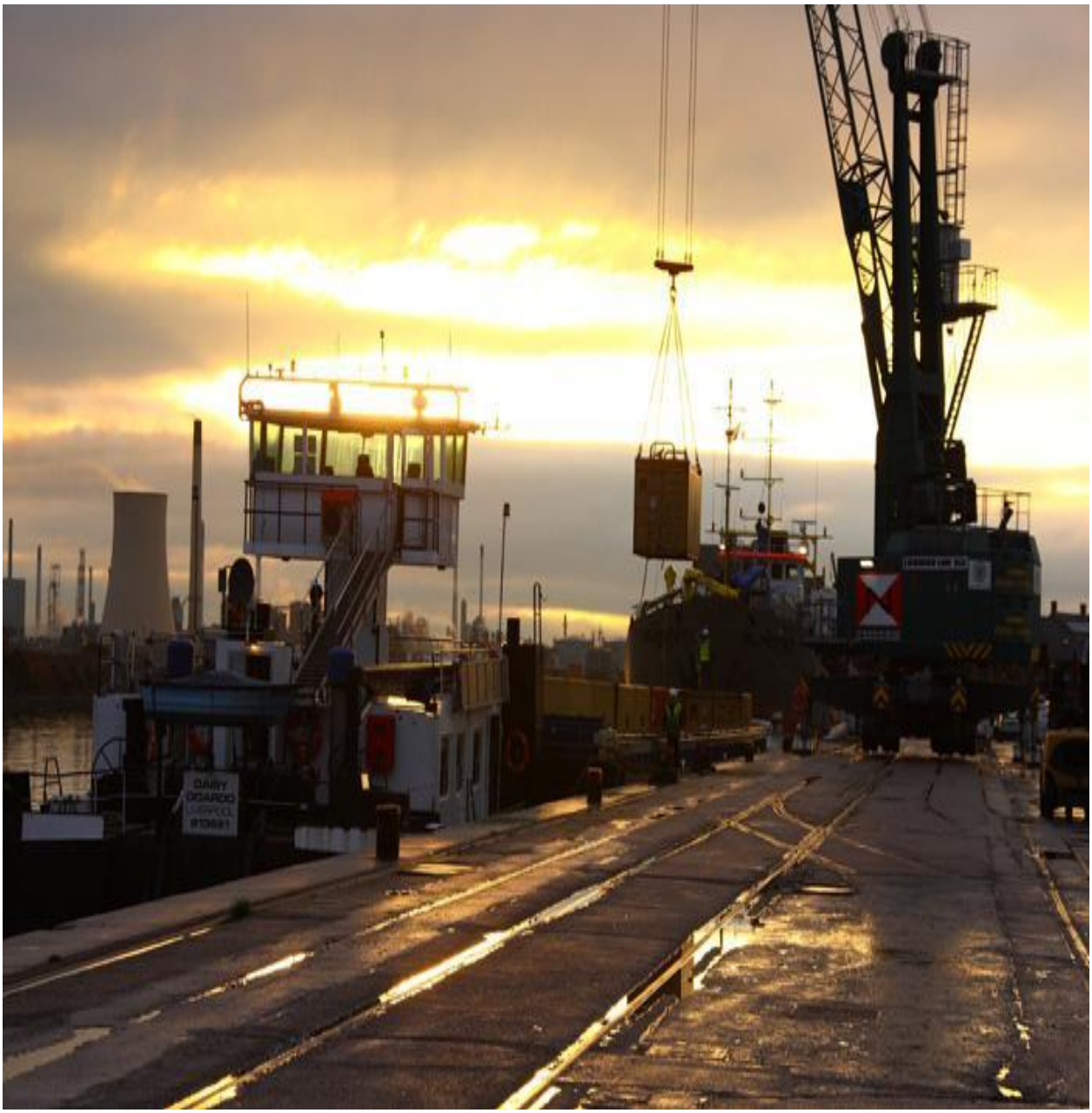
PROCUREMENT TIMESCALES

Plant	Notice
Mobile Crane inc attachment	3 –4 weeks
Tugs	4 weeks
Gooseneck and stands	16 weeks
Mafi Trailers	16 weeks
18TE FLT	4 weeks
Hyster Reachstacker	4 – 6 weeks
Construction / Site Works	
Removal of weighbridge	3 weeks notice with 1 day to complete removal of weighbridge to a Forth Ports location
Groundworks and road construction	3 weeks notice and 3 weeks to complete works

PORT OF GRANGEMOUTH

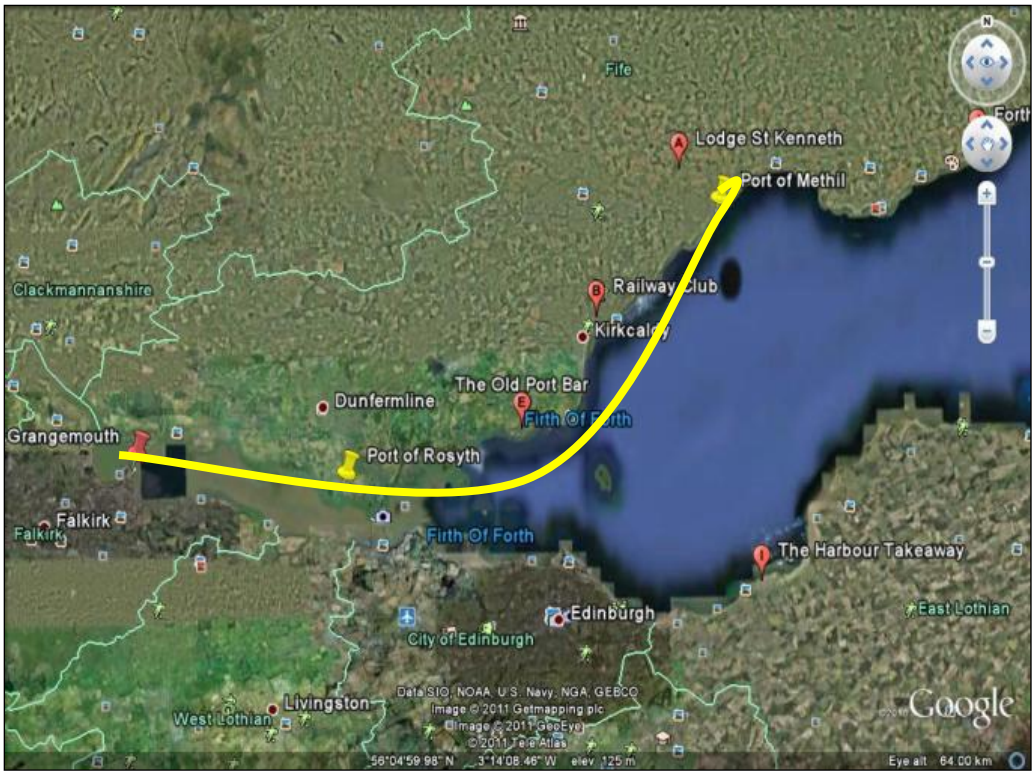
Siobahn Johnston is currently carrying out an analysis of Diageo's requirements.

APPENDIX A - Manchester Ship Canal shuttle barge container service



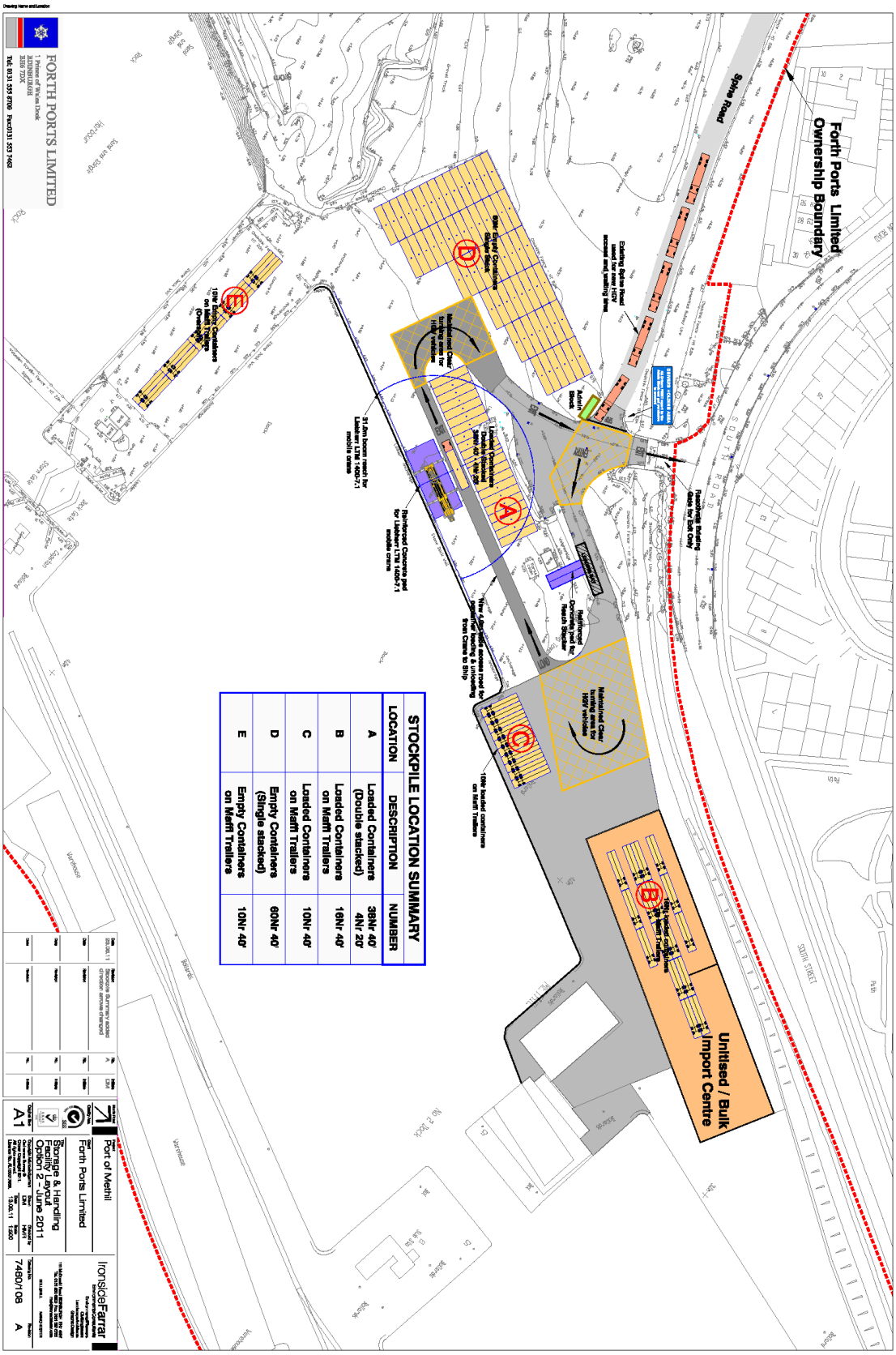
APPENDIX B – Operational Cycle Breakdown and Sailing Route

S	Hours
Unloading of empty containers in Methil	3
Loading out full containers	3
Vessel movement out of port	1
Sailing Time to Grangemouth	3
Vessel Movement into port	1
Discharge of containers	2
Load out full containers	2
Vessel Movement out of port	1
Sailing Time to Methil	3
Movement into port	1
Total	**20 hours**



Port of Methil to Port of Grangemouth 30 Nautical Miles approx

APPENDIX C - CONCEPTUAL MASTERPLAN – PORT OF METHIL



STOCKPILE LOCATION SUMMARY		
LOCATION	DESCRIPTION	NUMBER
A	Loaded Containers (Double stacked)	38Nr 40' 4Nr 20'
B	Loaded Containers on Maffi Trailers	16Nr 40'
C	Loaded Containers on Maffi Trailers	10Nr 40'
D	Empty Containers (Single stacked)	60Nr 40'
E	Empty Containers on Maffi Trailers	10Nr 40'