

# Nigeria's Oando Plc is preferred bidder for refinery



The refinery at Pointe-a-Pierre.

Nigerian integrated energy company, Oando Plc, was yesterday named as the preferred bidder to lease the Guaracara refinery in Pointe-a-Pierre, based on a recommendation by an evaluation committee.

Making the announcement at yesterday's post-Cabinet media briefing at Whitehall, Port-of-Spain, acting Prime Minister Stuart Young outlined the work of the evaluation committee, which received advice from Scotia International, which operates out of Houston, Texas.

The committee is chaired by T&T's High Commissioner to the UK, former permanent secretary in the Ministry of Finance Vishnu Dhanpaul.

Young said the evaluation committee reported to a sub-committee of Cabinet, headed by Minister of Housing and Urban Development Camille Robinson-Regis, and also commissioned a due diligence report from the commercial analytics company Dun & Bradstreet.

Oando was selected as the preferred bidder ahead of the other shortlisted company, CRO Consortium, a grouping of three companies, one local and two foreign.

A third company, Inca Refining, was excluded because it did not submit a detailed final proposal to the evaluation committee by the cut-off date.

Young said Oando and CRO Consortium received similar scores for their experience and capability in maintaining and operating a refinery. He said the evaluation committee also assessed the two companies based on their ability to raise financing, for an asset integrity report and the working capital needed to restart the plant.

"Oando's track record of raising funds in the upstream sector helped it rate on a higher score there. The company is not envisaged to have any external financing needs for working capital," said Young.

In outlining Oando's recent financing actions, Young said the company acquired the Nigerian assets of US energy firm ConocoPhillips for US\$1.5 billion. That acquisition took place in 2014. In August last year, Oando completed the acquisition of the Nigerian Agip Oil company from Italian energy giant for a total consideration of US\$783 million.

Young said under the lease arrangement, it is envisaged that the Guaracara Refining Company Ltd, which owns the former Petrotrin refinery, which has been mothballed since November, 2018, would operate alongside Paria Fuel Trading Company. This would provide the Nigerian company with access to its associated logistic assets by way of a commercial arrangement between Paria and Oando.

He said the lease arrangement would allow the Government to retain ownership of the refinery while granting usage rights to the preferred bidder to generate consistent revenue.

“So, we're not giving up Paria. It became obvious to the evaluation committee that some of the bidders wanted to get hold of Paria for bunkering purposes, and were really not interested in restarting the refinery. We, the Government, were adamant in our discussions with the evaluation committee that we have to protect the assets of Paria to always ensure that we can provide domestic fuel to our population,” Young said.

The details of the financial terms of the lease arrangement are to be “worked out” by Oando and Trinidad Petroleum Holdings Ltd, which owns Guaracara Refining.

However, he said he expects Oando to come under attack over the fact that it was delisted on stock exchanges in Nigeria and South Africa.

“Those two delistings were as a result of Oando not filing their financials in accordance with the regulations on time. Both were subsequently satisfied,” Young said.