



Government of the Republic of Trinidad and Tobago  
**MINISTRY OF FINANCE**

For immediate release

20<sup>th</sup> September, 2019

**MEDIA RELEASE**

**Statement by the Hon. Colm Imbert MP**  
**Minister of Finance**  
**on the Results of the Request for Proposals**  
**for the Sale of the Point-a-Pierre Refinery**  
**House of Representatives**

Mr. Deputy Speaker

I am authorized by the Cabinet to make this Statement.

PETROTRIN, Trinidad and Tobago's largest crude oil producer, operating the country's only petroleum refinery, ceased refinery operations on November 30, 2018. The refinery was plagued by high and increasing debt; low productivity levels; escalating manpower costs; and an expenditure pattern of habitually surpassing its earnings and income. The refinery lost billions of dollars every year.

Following the closure of the company, Cabinet agreed to the establishment of a new state enterprise: Trinidad Petroleum Holdings Limited (TPHL). The TPHL was vested with the responsibility to manage the former PETROTRIN's oil and related assets, which, in turn, now fall under the management of four (4) subsidiaries:

- i. Heritage Petroleum Company Limited, the new Exploration and Production Company.
- ii. Paria Fuel Trading Company Limited
- iii. Legacy PETROTRIN, manages all legacy items of the former Petrotrin.
- iv. Guaracara Refining Company Limited, was established to replace what was known as PETROTRIN's Pointe-a-Pierre refinery.

Upon the closure of the PETROTRIN refinery, the Government indicated its intention to offer for sale or lease the refinery and associated fuel trading facilities, where applicable. The bidding process was divided in two stages, with Stage 1 of the bidding process attracting 77 Expressions of Interest. Of this 77 potential bidders, 25 elected to sign Non-Disclosure Agreements (NDAs) which allowed them access to a virtual data room, containing highly confidential information on the assets and on the overall process. Further, of the 25 potential buyers who signed the NDAs, 8 proceeded to submit Non-Binding Offers (NBOs).

During Stage 1, the following key criteria were utilized to evaluate the bona fides of each of the eight (8) remaining bidders:

- Proposal contemplates a restart of the refinery;
- Potential buyer or lessee possesses Refining and Marketing experience or has reasonable prospects of attracting a partner with such experience;
- Proposed purchase price and/or lease terms are potentially attractive; and
- Potential buyer or lessee has demonstrated that they possess the financial capability to fund the proposed purchase price or lease payments, and the capital expenditure required to restart the refinery.

After evaluation, a shortlist of five (5) bidders was prepared, as follows:

- i. Beowulf Energy;
- ii. Glencore Limited;
- iii. Edgewood Holdings;
- iv. Klesch; and
- v. Patriotic Energies and Technologies Company Limited (Patriotic).

Subsequently, in June 2019, Cabinet agreed to the appointment of an Evaluation Committee of senior public servants and industry professionals with a mandate to make a recommendation to Cabinet on the undermentioned:

- Select a preferred bidder;
- negotiate and finalize a binding offer;
- negotiate and execute a definitive agreement (lease or sale);
- Initiate negotiations of critical commercial agreements; and
- negotiate any Government incentives and conduct environmental audits.

At the Close of Bids on August 20th, 2019, three (3) bidders submitted compliant binding offers for the purchase or lease of the refinery, namely:

- i. Beowulf Energy
- ii. Klesch; and
- iii. Patriotic Energies and Technologies Company Limited

The Evaluation Committee comparatively reviewed all three (3) proposals on twelve (12) specially selected criteria, ranging from financial capability, upfront consideration, history of refining and marketing experience, refinery restart time, proposed crude slate, exclusivity period, lease/sale arrangements, SPA comments, union involvement, social and economic aspects, Bidders Equity and approximate time for the start of preparation for the Ultra-Low Sulphur diesel.

### **Upfront Cash Consideration**

In terms of an upfront cash consideration. Patriotic was the only bidder which offered an upfront payment consideration. Their proposal indicated upfront cash of US\$700 million for the refinery assets plus US\$300 million for the non-core assets of Legacy PETROTRIN, for instance the hospital. However, the non-core assets were not offered for sale by Government. Beowulf offered no upfront consideration, but instead proposed a lease payment of US\$42,000 per month over a 15-year initial term, and future 50/50 profit sharing contingent on Beowulf recovering its capital investment and achieving a 15 percent internal rate of return (IRR). Klesch's proposal indicated that the only payments to the Government would be through taxes.

## **Sale Purchase Agreement (SPA)**

Patriotic submitted a reasonable markup of the Sale Purchase Agreement as did Beowulf. Klesch did not submit any draft agreements.

## **Union Involvement**

Patriotic has as its sole shareholder the Oilfield Workers' Trade Union. Beowulf advised that they will comply with existing local labour laws. Klesch indicated that they currently operate in a unionized environment at the Heide refinery, and have no objection to workers being unionized.

## **Social and Economic Aspects**

Patriotic proposed the introduction of staff incentives through a performance-based framework. They also committed to improving the work culture. Beowulf highlighted direct job creation and proposed to incentivize staff through profit sharing. Klesch also highlighted direct and indirect job creation, and their direct impact on the economy through the payment of taxes.

## **Bidders Equity**

Patriotic indicated its intention to secure an equity and debt provider. This transaction would be through asset-based financing. Beowulf proposed to use its own finances to fund the due diligence exercise and indicated that another entity was willing to provide debt financing. Klesch signaled its intention to utilize its own finances to fund the due diligence exercise.

After reviewing all the facts as presented, Cabinet today agreed:

1. To select Patriotic Energies and Technologies Company Limited (Patriotic) a company wholly owned by the Oilfield Workers' Trade Union (OWTU) as the **preferred bidder** for the sale of the Guaracara Refining Company Limited and Paria Fuel Trading Company Limited on the following terms and conditions:
  - a) Patriotic will be given one month to present to the Evaluation Committee a satisfactory and comprehensive work plan on how it intends to complete the process going forward with respect to the following key deliverables:

- i. Confirmation of its ability to finance the purchase and operation of the refinery;
  - ii. a draft Sales and Purchase Agreement (SPA) and various other Commercial Agreements inclusive of Crude Handling, Domestic Fuel supply, Natural Gas supply, Product Offtake and Transition Support;
  - iii. a finalized Business Plan that addresses other key deliverables inclusive of the provision of a guaranteed, reliable and seamless supply of refined petroleum products to Trinidad and Tobago and the Caribbean region, ensuring the long term viability of the refinery and reducing its carbon footprint;
  - iv. a statement of any fiscal incentives or tax concessions required from the Government of Trinidad & Tobago;
  - v. an approach to any historical environmental liabilities;
  - vi. a Refinery Start-up plan which involves any necessary additional work inclusive of the Refinery Refurbishment plan and the Terminal start-up plan;
  - vii. a plan for the supply of petroleum products during the transition to full operationalization by Patriotic of the refinery, inclusive of the finalization of an MOU with Trafigura PTE Ltd;
  - viii. a suitable staffing plan, inclusive of senior management;
  - ix. proof of qualification to engender the startup and performance enhancement processes for the new business as well as the evaluation of growth opportunities to deliver solutions that integrate information, analytics and insight, to solve client challenges at all points along the energy value chain; and
  - x. approval from the Board of Directors of Patriotic for the definitive terms and conditions of the proposed transaction;
2. Patriotic will be granted a three (3) year moratorium on all payments of principal and interest, towards the purchase of the refinery and a further ten (10) years, at a fair market interest rate, to complete the payment of the sum of US\$700 million it has offered for the refinery.
3. The Evaluation Committee will be reconstituted as follows, with a mandate to submit its findings and recommendations to the Cabinet on the aforementioned issues within six (6) weeks :

The Evaluation Committee

- i. Mr. Vishnu Dhanpaul: Chairman - Permanent Secretary, Ministry of Finance
- ii. Mr. Selwyn Lashley: Energy Strategic Adviser, Ministry of Energy and Energy Industries
- iii. Mr. Anthony Chan Tack: Director, Trinidad Petroleum Holdings Limited
- iv. Mr. Sahid Hosein: Chairman, Trinidad and Tobago National Petroleum Marketing Limited
- v. Ms. Sandra Fraser: Deputy Permanent Secretary, Ministry of Energy and Energy Industries
- vi. Mr. Ian Welch: Chemical Engineer
- vii. Mr. Joseph Remy: Trade Unionist
- viii. Mr. Dale McLeod: Insurance Executive
- ix. Mr. Terrence Bharath: Attorney-at-Law
- x. Ms. Arlene Chow: Interim CEO Heritage Petroleum Company

I thank you.

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The Hon. Colm Imbert, M.P.  
Minister of Finance