

PUB's PPP EXPERIENCE - DESALINATION AND NEWATER PPP PROJECTS

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PPP – A form of Best Sourcing

•Deliver projects and source services at the best value for money.

Best Sourcing

Build to Design	Design & Build	DBOO *	DBO **

Traditional procurement of assets

PPP

- *DBOO: Design – Build – Own – Operate
- **DBO: Design – Build – Operate

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OUTLINE OF PRESENTATION

- ✓ **Overview of Desalination and NEWater Design- Build-Own-Operate (DBOO) Projects**
- ✓ **DBOO Project Structure**
- ✓ **Payment Structure and Indexation**
- ✓ **Challenges in Managing PPP project**
- ✓ **Concluding Remarks**

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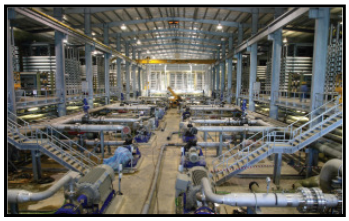
1st PPP Project - Singspring Desalination Plant



- Concession Company : SingSpring (Pte) Ltd
- Concession Period: 20yrs

2nd PPP Project - Keppel Seghers NEWater Plant



- Concession Company : Keppel Seghers NEWater Dev (Pte) Ltd
- Contract Period : 20yrs

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3rd PPP Project - Sembcorp NEWater Plant



- Concession Company: SembCorp NEWater Pte Ltd
- Concession Period : 25yrs

4th PPP Project - Tuaspring Desalination Plant



- Concession Company: Tuaspring Pte Ltd
- Concession Period : 25yrs

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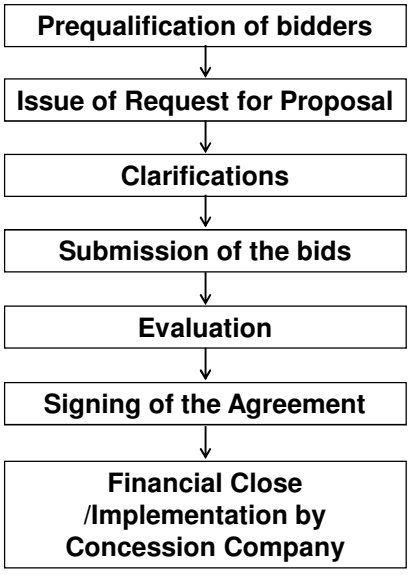
PPP Procurement Process



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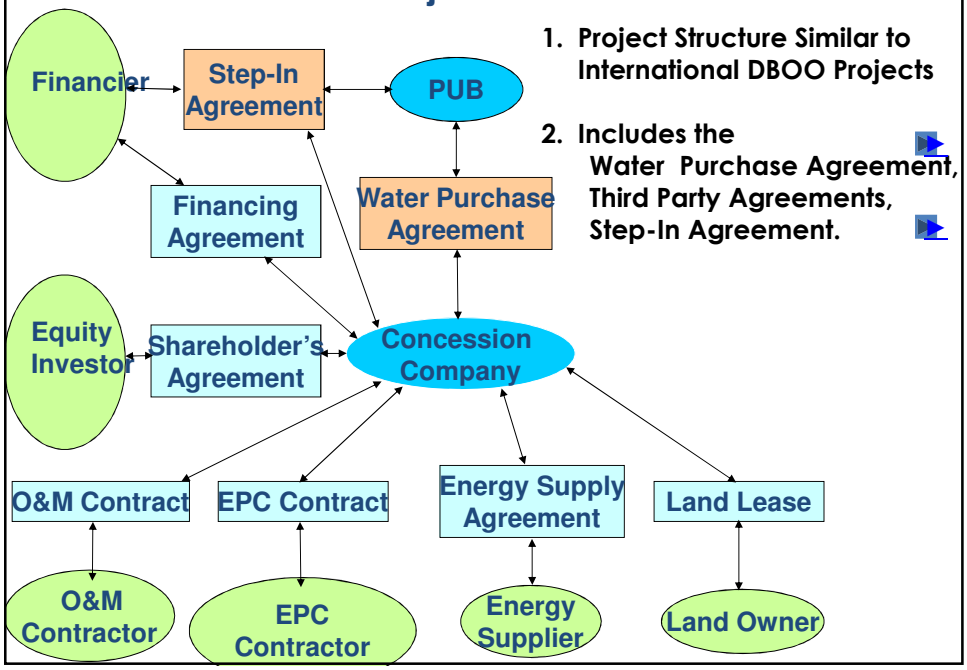
DBOO Project Structure



1. Project Structure Similar to International DBOO Projects
2. Includes the Water Purchase Agreement, Third Party Agreements, Step-In Agreement.

Water Purchase Agreement

- The Water Purchase Agreement (WPA) is the key agreement for the DBOO Scheme.
- It prescribes the contractual and legal rights of both parties.
- It contains the technical, commercial and legal terms and conditions for the supply and purchase of water.

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Step-In-Agreement or Direct Agreement

- **Step-In Agreement is signed amongst PUB, Concession Company and the Lenders/Financiers.**
- **Provides for the Lenders/Financiers to step-in and rectify concession company's defaults.**
- **In the case of NEWater DBOO projects, it also provides for PUB to step-in to ensure service continuity.**

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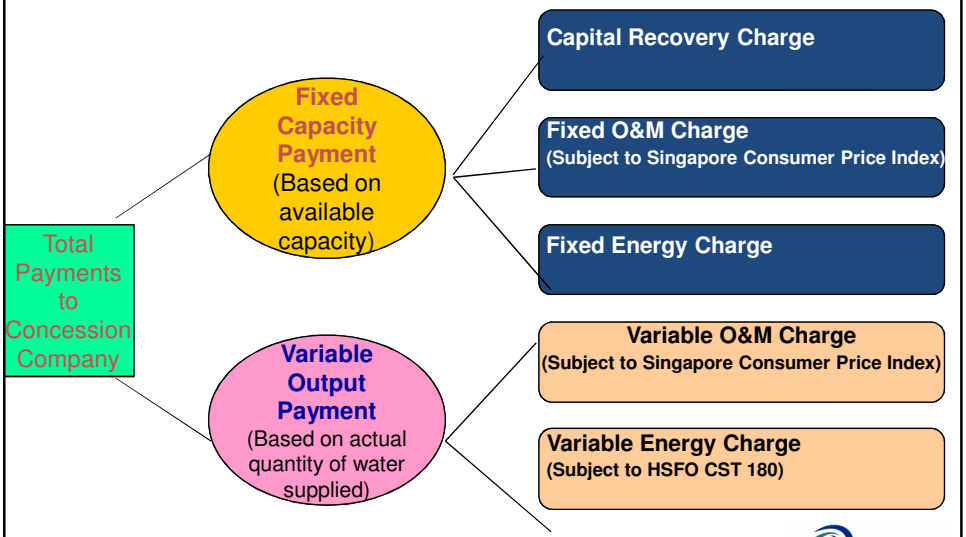
Payment Structure and Indexation

Payment structure based on fixed capacity payment and variable output payment



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Technical Specifications

- **Concession Company primarily takes construction and operational risk. Therefore, they should be given significant latitude to provide innovative solutions to meet the public agency's specified outcomes.**
- **The technical specifications of the four DBOO projects are performance-based.**

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Challenges

(1) ***Monitoring the Performance of the Concession Company***

Includes day-to-day monitoring of performance, assessing whether the contracted services are delivered to the specified standards and evaluating the remedial action taken by the Concession Company when performance standards are not met.

(2) *Managing the PPP Relationship*

Long term and interdependent nature of PPP project necessitates a good strong working relationship between the public agency and PPP provider.

(3) *Managing the Organisational Changes*

Changes in management control of the Concession Company can happen. Public agency's interest must not be compromised despite the change in management .

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Concluding Remarks

- **The project has so far gone well because the contract were balanced. A rigorous selection process was adopted to ensure that the selected DBOO partner has the capacity to take on the project.**
- **Both have also adopted a partnership approach to reach a win-win implementation of the project.**

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Thank You

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