REQUEST FOR PROPOSALS

FEASIBILITY STUDY FOR THE

TONGA: FUEL TRANSPORT AND STORAGE INFRASTRUCTURE

Submission Deadline:	**4:00pm (EDT), October 09, 2026/9:00am (TOT, UTC +13), October 10, 2026**
Submission Place:	tonga.fuel.rfp@p.energy Julien.leraille@p.energy

ELECTRONIC proposals shall be clearly marked and received prior to the time and date specified above. Proposals received after said time and date shall not be accepted.

REQUEST FOR PROPOSALS

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Section 1: INTRODUCTION

The U.S. Trade and Development Agency (USTDA) has provided a grant in the amount of US$1,420,872 to Pacific Energy (South West Pacific) Pte. Ltd. (the "Grantee") in accordance with a grant agreement dated August 4, 2026 (the "Grant Agreement"). This grant funds the cost of services required in connection with the preparation of a feasibility study (the "Feasibility Study") related to the proposed development of port capabilities to accept larger medium-range tankers and regulatory improvements for cost-reflective fuel tariffs to address the fuel pricing framework (the "Project") located in the Kingdom of Tonga (the "Host Country"). The Grant Agreement is attached as Appendix 3 for reference. The Grantee is soliciting technical proposals from qualified U.S. firms to provide expert consulting services to perform the Feasibility Study.

1.1 BACKGROUND SUMMARY

This Feasibility Study supports the Grantee, the leading fuel supplier in Tonga, with assessing three options under consideration for developing port capabilities to accept medium-range (MR) tankers and recommending the most viable option, as well as recommend regulatory improvements to address Tonga's fuel pricing framework. The Project would strengthen fuel infrastructure, storage capacity, and reliability by implementing one of the three options to allow larger vessels to deliver fuel directly to the country, as well as conduct capacity building meetings with the Government of Tonga (GOT) and recommend fuel pricing policy changes to help increase private sector investment. Portions of a background Definitional Mission are provided for reference in Appendix 2.

1.2 OBJECTIVE

The objective of this feasibility study (FS) is to promote U.S. exports, assess infrastructure investments, and drive regulatory improvements with the goal of increasing the Kingdom of Tonga's fuel supply reliability and private sector investment. The Terms of Reference (TOR) for this Feasibility Study are included as Annex I to the Grant Agreement, attached as Appendix 3 to this RFP.

1.3 PROPOSALS TO BE SUBMITTED

The Grantee is soliciting technical proposals from which it will select a qualified U.S. firm to perform the Feasibility Study. The administrative and technical requirements as detailed throughout the Request for Proposals (RFP) will apply. Specific proposal format and content requirements are detailed in Section 3.

The amount for the contract has been established by a USTDA grant of US$1,420,872. The USTDA grant of US$1,420,872 is a fixed amount. Accordingly, cost will not be a factor in the evaluation and therefore, cost proposals should not be submitted. Upon detailed evaluation of technical proposals, the Grantee shall select one firm for contract negotiations.

1.4 CONTRACT FUNDED BY USTDA

In accordance with the terms and conditions of the Grant Agreement, USTDA has provided a grant in the amount of US$1,420,872 to the Grantee. The funding provided under the Grant Agreement shall be used to fund the costs of the contract between the Grantee and the U.S. firm selected by the Grantee to perform the TOR. The contract must include certain USTDA Mandatory Contract Clauses relating to nationality, taxes, payment, reporting, and other matters. The USTDA nationality requirements and the USTDA Mandatory Contract Clauses are contained in Annex II of the Grant Agreement, attached as Appendix 3 to this RFP. In no event will the amounts contributed by USTDA for the Feasibility Study exceed the amount of the Grant Funds. Payment to the Contractor selected will be made directly by USTDA on behalf of the Grantee with the Grant Funds provided under this Grant Agreement.

Appendix 4 contains the Reference Task Values (as defined in Appendix 4) that would be utilized by USTDA in the event of an amendment to or termination of the contract. In the event that (i) the Contract Parties amend the Terms of Reference in accordance with the terms and provisions of the contract, the Reference Task Values may be subject to reasonable and appropriate adjustments to reflect the change in value of one or more Tasks thereunder, subject to USTDA written approval, and in the event that (ii) the Contract and/or the Activity is terminated prior to completion of all Tasks under the Terms of Reference, or work under the Contract and/or Activity is otherwise not fully completed, USTDA may utilize the Reference Task Values to estimate the value of the work performed by the Contractor under the Terms of Reference prior to such termination or other date as specified by USTDA. To be clear, the Contractor is not required to adhere to these Reference Task Values in completing the work and does not need to seek approval from USTDA for deviations in estimated or actual costs. These Reference Task Values are provided simply because USTDA may refer to them in the event of either of the two (2) circumstances noted above.

Section 2: INSTRUCTIONS TO OFFERORS

2.1 PROJECT TITLE

The project is called Tonga Fuel Transport and Storage Infrastructure.

2.2 DEFINITIONS

Please note the following definitions of terms as used in this RFP.

The term "Request for Proposals" means this solicitation of a formal technical proposal, including qualifications statement.

The term "Offeror" means the U.S. firm, including any and all subcontractors, which responds to the RFP and submits a formal proposal and which may or may not be successful in being awarded this procurement.

2.3 DEFINITIONAL MISSION REPORT

USTDA sponsored a Definitional Mission to address technical, financial, sociopolitical, environmental and other aspects of the proposed project. Portions of the report are attached at Appendix 2 for background information only. Please note that the final and authoritative TOR referenced in the report are included as Annex I to the Grant Agreement, attached as Appendix 3 to this RFP.

2.4 EXAMINATION OF DOCUMENTS

Offerors should carefully examine this RFP. It will be assumed that Offerors have done such inspection and that through examinations, inquiries and investigation they have become familiarized with local conditions and the nature of problems to be solved during the execution of the Feasibility Study.

Offerors shall address all items as specified in this RFP. Failure to adhere to this format may disqualify an Offeror from further consideration.

Submission of a proposal shall constitute evidence that the Offeror has made all the above mentioned examinations and investigations, and is free of any uncertainty with respect to conditions which would affect the execution and completion of the Feasibility Study.

2.5 PROJECT FUNDING SOURCE

The Feasibility Study will be funded under a grant from USTDA. The total amount of the grant is not to exceed US$1,420,872.

2.6 RESPONSIBILITY FOR COSTS

Offeror shall be fully responsible for all costs incurred in the development and submission of the proposal. Neither USTDA nor the Grantee assumes any obligation as a result of the issuance of this RFP, the preparation or submission of a proposal by an Offeror, the evaluation of proposals, final selection or negotiation of a contract.

2.7 TAXES

Offerors should submit proposals that note that in accordance with the USTDA Mandatory Contract Clauses, USTDA grant funds shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country.

2.8 CONFIDENTIALITY

The Grantee will preserve the confidentiality of any business proprietary or confidential information submitted by the Offeror, which is clearly designated as such by the Offeror, to the extent permitted by the laws of the Host Country.

2.9 ECONOMY OF PROPOSALS

Proposal documents should be prepared simply and economically, providing a comprehensive yet concise description of the Offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.

2.10 OFFEROR CERTIFICATIONS

The Offeror shall certify (a) that its proposal is genuine and is not made in the interest of, or on behalf of, any undisclosed person, firm, or corporation, and is not submitted in conformity with, and agreement of, any undisclosed group, association, organization, or corporation; (b) that it has not directly or indirectly induced or solicited any other Offeror to put in a false proposal; (c) that it has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal; and (d) that it has not sought by collusion to obtain for itself any advantage over any other Offeror or over the Grantee or USTDA or any employee thereof.

2.11 CONDITIONS REQUIRED FOR PARTICIPATION

Only U.S. firms are eligible to participate in this tender. However, U.S. firms may utilize subcontractors from the Host Country for up to 30 percent of the amount of the USTDA grant for specific services from the TOR identified in the subcontract. USTDA's nationality requirements, including definitions, are detailed in the Grant Agreement in Appendix 3.

2.12 LANGUAGE OF PROPOSAL

All proposal documents shall be prepared and submitted in English, and only English.

2.13 PROPOSAL SUBMISSION REQUIREMENTS

Proposals shall be submitted exclusively in electronic form, via e-mail attachment(s) to tonga.fuel.rfp@p.energy; Julien.leraille@p.energy. Electronic copies (in English, PDF files preferred) of your proposal must be received at the above e-mail address no later than 4pm (EST) on October 9, 2026. Offerors shall not use file hosting services or external links for electronic submission. The maximum attachment size is fifteen (15) MB, so if the files are larger than 15 MB, please send multiple e-mails.

2.14 LABELING

Proposals submitted electronically must be clearly labeled, including the contact name and the name of the project.

2.15 OFFEROR'S AUTHORIZED NEGOTIATOR

The Offeror must provide the name, title, address, telephone number, e-mail address and fax number of the Offeror's authorized negotiator. The person cited shall be empowered to make binding commitments for the Offeror and its subcontractors, if any.

2.16 AUTHORIZED SIGNATURE

The proposal must contain the signature of a duly authorized officer or agent of the Offeror empowered with the right to bind the Offeror.

2.17 EFFECTIVE PERIOD OF PROPOSAL

The proposal shall be binding upon the Offeror for sixty (60) days after the proposal due date, and Offeror may withdraw or modify this proposal at any time prior to the due date upon written request, signed in the same manner and by the same person who signed the original proposal.

2.18 EXCEPTIONS

All Offerors agree by their response to this RFP announcement to abide by the procedures set forth herein. No exceptions shall be permitted.

2.19 OFFEROR QUALIFICATIONS

As provided in Section 3, Offerors shall submit evidence that they have relevant past experience and have previously delivered advisory, feasibility study and/or other services similar to those required in the TOR, as applicable.

2.20 RIGHT TO REJECT PROPOSALS

The Grantee reserves the right to reject any and all proposals.

2.21 PRIME CONTRACTOR RESPONSIBILITY

Offerors have the option of subcontracting parts of the services they propose. The Offeror's proposal must include a description of any anticipated subcontracting arrangements, including the name, address, and qualifications of any subcontractors. USTDA nationality provisions apply to the use of subcontractors and are set forth in detail in Annex II of the Grant Agreement, attached as Appendix 3 to this RFP. The successful Offeror shall cause appropriate provisions of its contract, including USTDA Mandatory Contract Clauses, to be inserted in any subcontract funded or partially funded by USTDA grant funds.

2.22 AWARD

The Grantee shall make an award resulting from this RFP to the best qualified Offeror, on the basis of the evaluation factors set forth herein. The Grantee reserves the right to reject any and all proposals received.

2.23 COMPLETE SERVICES

The successful Offeror shall be required to (a) provide local transportation, office space and secretarial support required to perform the TOR if such support is not provided by the Grantee; (b) provide and perform all necessary labor, supervision and services; and (c) in accordance with best technical and business practice, and in accordance with the requirements, stipulations, provisions and conditions of this RFP and the resultant contract, execute and complete the TOR to the satisfaction of the Grantee and USTDA. By submitting a proposal, the Offeror understands and agrees that (i) the Terms of Reference in Annex I to the Grant Agreement (included herein in Appendix 3) must be completed as written; (2) the Offeror is responsible for completing the Terms of Reference as written; and (3) the Offeror has the capacity to fully complete the Terms of Reference. Per the terms of the contract, any modifications to the Terms of Reference are only valid if both the Grantee and USTDA pre-approve the changes in writing.

2.24 INVOICING AND PAYMENT

Deliverables under the contract shall be delivered on a schedule to be agreed upon in a contract with the Grantee. The Contractor may submit invoices to the designated Grantee Project Director in accordance with a schedule to be negotiated and included in the contract. After the Grantee's approval of each deliverable and associated invoice, the Grantee will forward the invoice to USTDA. Upon receipt of a valid, Grantee-approved invoice, USTDA shall make its disbursement of the grant funds directly to the U.S. firm in the United States. USTDA's receipt and processing of the invoice does not constitute approval, validation or endorsement by USTDA of the deliverable(s). Payment by USTDA also does not constitute approval or endorsement of the quality of work performed by the Contractor or Subcontractors, or confirmation or agreement by USTDA that the work was performed in accordance with the terms and conditions of the contract, the Terms of Reference for the Feasibility Study or the USTDA Mandatory Contract Clauses. USTDA reserves the right to audit the books, records, and other documentation for the Feasibility

Study as described in USTDA's Mandatory Contract Clauses to the Contract. USTDA may require additional information, such as deliverables, before remitting payment. The last payment shall not be disbursed until the Final Report is approved by the Grantee and USTDA. All payments by USTDA under the Grant Agreement will be made in U.S. currency. Detailed provisions with respect to invoicing and disbursement of grant funds are set forth in the USTDA Mandatory Contract Clauses, Annex II of the Grant Agreement, attached as Appendix 3 to this RFP.

Section 3: PROPOSAL FORMAT AND CONTENT

To expedite proposal review and evaluation, and to assure that each proposal receives the same orderly review, all proposals must follow the format described in this section.

Proposal sections and pages shall be appropriately numbered and the proposal shall include a Table of Contents. Offerors are encouraged to submit concise and clear responses to the RFP. Proposals shall contain all elements of information requested without exception. Instructions regarding the required scope and content are given in this section. The Grantee reserves the right to include any part of the selected proposal in the final contract.

The proposal shall consist of a technical proposal only. A cost proposal is not required because the amount for the contract has been established by a USTDA grant of US$1,420,872, which is a fixed amount.

Each proposal must include the following:

Transmittal Letter,
Cover/Title Page,
Table of Contents,
Executive Summary,
Firm Background Information,
Organizational Structure, Management Plan and Key Personnel,
Technical Approach and Work Plan, and
Experience and Qualifications.

Detailed requirements and directions for the preparation of the proposal are presented below.

3.1 EXECUTIVE SUMMARY

An Executive Summary should be prepared describing the major elements of the proposal, including any conclusions, assumptions, and general recommendations the Offeror desires to make. Offerors are requested to make every effort to limit the length of the Executive Summary to no more than five (5) pages.

3.2 FIRM BACKGROUND INFORMATION

The Offeror shall provide background information on the U.S. firm and any subcontractors, which may include company name, type of business structure, ownership/management team, location, company history, mission statement, products and services offered, objectives and a vision statement.

3.3 ORGANIZATIONAL STRUCTURE, MANAGEMENT PLAN, AND KEY PERSONNEL

Describe the Offeror's proposed project organizational structure. Discuss how the project will be managed including the principal and key staff assignments for this Feasibility Study. Identify the Project Manager who will be the individual responsible for this project. The Project Manager shall have the responsibility and authority to act on behalf of the Offeror in all matters related to the Feasibility Study.

Provide a listing of personnel (including subcontractors) to be engaged in the project, including both U.S. and local subcontractors, with the following information for key staff: position in the project; pertinent experience, curriculum vitae; other relevant information. If subcontractors are to be used, the Offeror shall describe the organizational relationship, if any, between the Offeror and the subcontractor.

A workforce schedule and the level of effort for the project period, by activities and tasks, as detailed under the Technical Approach and Work Plan shall be submitted. A statement confirming the availability of the proposed project manager and key staff over the duration of the project must be included in the proposal.

3.4 TECHNICAL APPROACH AND WORK PLAN

Describe in detail the proposed Technical Approach and Work Plan (the “Work Plan”). Discuss the Offeror’s methodology for completing the project requirements. Include a brief narrative of the Offeror’s methodology for completing the tasks within each activity series. Begin with the information gathering phase and continue through delivery and approval of all required reports.

Prepare a detailed schedule of performance that describes all activities and tasks within the Work Plan, including periodic reporting or review points, incremental delivery dates, and other project milestones.

Based on the Work Plan, and previous project experience, describe any support that the Offeror will require from the Grantee. Detail the amount of staff time required by the Grantee or other participating agencies and any workspace or facilities needed to complete the Feasibility Study.

3.5 EXPERIENCE AND QUALIFICATIONS

Provide a discussion of the Offeror's experience and qualifications that are relevant to the objectives and TOR for the Feasibility Study. If a subcontractor(s) is being used, similar information must be provided for the prime and each subcontractor firm proposed for the project. The Offeror shall provide information with respect to relevant experience and qualifications of key staff proposed. The Offeror shall include letters of commitment from the individuals proposed confirming their availability for contract performance.

As many as possible but not more than six (6) relevant and verifiable project references must be provided for each of the Offeror and any subcontractor, including the following information:

Project name,
Name and address of client (indicate if joint venture),
Client contact person (name/ position/ current phone and fax numbers),
Period of Contract,
Description of services provided,
Dollar amount of Contract, and
Status and comments.

Offerors are strongly encouraged to include in their experience summary primarily those projects that are similar to the Feasibility Study as described in this RFP.

3.6 SUBMISSION OF RFP QUESTIONS

Prospective Offerors may submit questions related to the content of this RFP to: RFP@ustda.gov and tonga.fuel.rfp@p.energy. The deadline for submitting questions shall be 4pm (EST) on September 7, 2026. The email subject line must read: "RFP Question: Tonga Fuel Transport and Storage Infrastructure; USTDA Activity No. 2026-31024A." Questions received by any other means shall not be accepted.

Section 4: AWARD CRITERIA

Individual proposals will be initially evaluated by a Procurement Selection Committee of representatives from the Grantee. The Committee will then conduct a final evaluation and completion of ranking of qualified Offerors. The Grantee will notify USTDA of the best qualified Offeror, and USTDA shall review the submission and qualifications of the Offeror to ensure compliance with USTDA requirements. USTDA may object to a Contractor selected by a Grantee for a Grant Activity based on criteria provided in Appendix 5 of this RFP. If USTDA issues a no-objection letter, the Grantee shall promptly notify all Offerors of the award and negotiate a contract with the best qualified Offeror. If a satisfactory contract cannot be negotiated with the best qualified Offeror, negotiations will be formally terminated. Negotiations may then be undertaken with the second most qualified Offeror and so forth.

The selection of the Contractor will be based on the following criteria:

EVALUATION CRITERIA		POINTS
1.0	**Firm Technical Capability and Past Performance** Relevant experience in fuel transport and storage infrastructure development and regulatory advisory; experience in Pacific Islands countries or comparable developing state contexts	35
2.0	**Technical Approach and Work Plan** Technical approach and methodology; work plan quality and credibility.	35
3.0	**Personnel and Project Team** Experience of project manager; experience of other key professionals; experience of local or regional subcontractors; demonstrated ability to mobilize quickly	30
TOTAL		**100**

Proposals that do not include all requested information shall be considered non-responsive.

Price will not be a factor in contractor selection.

APPENDIX 1

PROJECT SYNOPSIS

TONGA: FUEL TRANSPORT AND STORAGE INFRASTRUCTURE FEASIBILITY STUDY

Pacific Energy (South West Pacific) Pte. Ltd. invites submission of qualifications and proposal data (collectively referred to as the "Proposal") from interested U.S. firms that are qualified on the basis of experience and capability to execute a feasibility study (FS) for the proposed development of port capabilities to accept larger medium-range (MR) tankers and regulatory improvements for cost-reflective fuel tariffs to address the fuel pricing framework (the "Project") located in the Kingdom of Tonga. The Proposal submission deadline is October 9, 2026. The U.S. firm selected will be paid in U.S. dollars from a $1,420,872 grant to Pacific Energy (South West Pacific) Pte. Ltd. from the U.S. Trade and Development Agency.

About the Grantee

The grantee is Pacific Energy South West Pacific Pte. Ltd. (PESWP) a subsidiary of Singapore-based Pacific Energy Group (PIE), the largest regional oil company operating exclusively in the Pacific Islands. The company operates in ten (10) PICs: French Polynesia, New Caledonia, Vanuatu, Fiji, Papua New Guinea, Cook Islands, Tonga, American Samoa, Kiribati, and Tuvalu. Although PESWP is incorporated in Fiji, they provide most of Tonga's fuel and operate a branch office in Tonga, with 20 permanent staff. All senior staff for PESWP are based in Fiji and would be signing off on deliverables for the FS.

Project Background

The Project will modernize Tonga's fuel transport and storage infrastructure capacity to accommodate larger fuel shipments through MR Tankers at one of the three options presented above. Accepting MR tankers will enhance the fuel supply chain and lower fuel prices by:

1. Allowing for direct shipment of fuel from main supply hubs (e.g., Singapore, Malaysia, etc.) to Tonga and eliminate the need for transshipment to Fiji, avoiding storage fees and port charges;
2. Enabling larger volumes of fuel to be shipped directly to Tonga, resulting in less ship rotation and lower costs; and
3. Allowing PESWP to more easily divert MR tankers in case of supply disruptions.

Another key component of the Project will be to help the Government of Tonga adopt a supportive legal and regulatory policy environment for pricing mechanisms that provide the necessary financial returns to encourage private sector investments in the future.

About the Study

The proposed FS would support PESWP with assessing three options under consideration for developing port capabilities to accept MR tankers and recommending the most viable option to PESWP. In addition, the FS will examine construction of an MR discharge pipeline from the point of discharge (mooring or port) to the fuel storage terminals and explore expansion of fuel storage capacity from 2.5 million liters to 6 million liters (i.e. potential supply for 60 days). PESWP has sufficient land adjacent to its current storage facilities to support the expansion, with three new 2-million-liter storage tanks being built. The three options for port adaptation are described below:

1. **Adapting Queen Salote Wharf** – This site is the preferred option according to PESWP, and a recent wharf upgrade is the flagship component of the Nuku'alofa Port Upgrade Project, which is a $70 million investment co-financed by the Asian Development Bank and the Australian Infrastructure Financing Facility for the Pacific (AIFFP). Based on these upgrades, the wharf should be deep enough to support an MR tanker, but an independent assessment is needed based on the current port layout, berth configuration, and required marine works. This option would require a new discharge pipeline of approximately 1 km from the port to the fuel storage facilities.
2. **Building a new mooring facility at sea –** A new mooring facility would likely be located further offshore in deep waters from the existing local coastal tanker (LCT) mooring facility at Touliki Port. It would require larger and longer pipelines to transport fuel to the fuel storage facilities.
3. **Adapting the Vuna Cruise Ship Terminal to enable wharfing –** The Vuna Cruise Ship Terminal is located 3km from the PESWP fuel storage site and is currently dedicated to cruise ship use. The port may be sufficient to accommodate MR tankers, and no adaptation would be needed.

The FS will also prepare initial engineering designs for the recommended optimal infrastructure upgrades; develop capital expenditure estimates for the recommended infrastructure upgrades; create a cost-effective model for transportation and storage in the outer islands; assess the legal and regulatory landscape surrounding fuel prices in Tonga; recommend pricing mechanisms that provide the necessary financial returns to encourage private sector investments; provide capacity building meetings with the Government of Tonga, specifically the TCA, Department of Energy, the Ministry of Trade and Economic Development, and the Tonga Energy Commission (TEC), on cost reflective rates to attract private investment; assess financial and institutional options, such as public-private partnerships; perform economic analysis to assess the viability of the Project; identify potential for U.S. exports; identify project risks and mitigation measures; and assess environmental and development impacts of the Project.

APPENDIX 2

PORTIONS OF BACKGROUND DEFINITIONAL MISSION REPORT

Project Description

B.1 Project Overview

Tonga is an archipelago of more than 170 islands scattered across more than 700,000 square kilometers (km) of ocean, but only 36 of these islands are inhabited. The country is the southernmost group of the islands of Polynesia, halfway between Hawaii and New Zealand, and about 500 miles east of Fiji.

Tonga is spread across three main groups of islands: Tongatapu, Ha'apai, and Vava'u. The capital, Nuku'alofa, is on Tongatapu island and is home to more than 70% of the country's 105,000 inhabitants.

Figure 2 – Map of Tonga Showing its Capital and Three Main Island Groups

Tonga, like many small island developing states (SIDS), is heavily dependent on imported fossil fuel (e.g., diesel, gasoline and jet fuel) to meet its energy needs. Fuel is primarily supplied from Singapore, the main trading and export refining center in the Asia-Pacific region. Tonga currently imports between 55 to 60 million liters of fuel per year. About half of imports are diesel and one third are motor gasoline, or petrol.[2] Two major companies market all fuel supply in Tonga. The main supplier is Pacific Islands Energy (PIE), also known as Pacific Energy, that supplies 42 million liters per year (70-75% of demand). Pacific Energy services all major contracts in Tonga except for 12-15 million liters of diesel to Tonga's power company (Tonga Power), which is supplied by Total Energies.

Both companies include Tonga's fuel supply in their regional demand for other Pacific Islands. This allows the supply to be bulked up in MR tankers that can carry 30,000 metric tons (40 million liters). Tonga's volume is included in Fiji's supply and delivered on local coastal tankers (LCTs) that typically carry about 1,000 – 2,000 metric tons (1 – 2.3 million liters).

Tonga's heavy dependence on imported fuel makes it highly vulnerable to supply disruptions and to global oil price changes. Pacific Energy's Country Manager for Tonga identified four main factors driving fuel shortage issues:[3]

1. **Broken LCT:** The LCT that normally services Tonga from Fiji is broken, impacting supply chains for fuel transport in Tonga and other Pacific markets.
2. **Limited Storage Infrastructure:** The existing fuel storage infrastructure is limited. Pacific Energy is also currently hosting fuel from Total in its tanks, further limiting its storage capacity.

3. **Weather:** The LCT cannot discharge fuel when winds are above 25 knots. An MR tanker, supported by necessary infrastructure, could discharge without this limitation.
4. **Increasing Fuel Demand:** Petrol demand is increasing with rising car ownership in Tonga.

Tonga recently went through a fuel shortage crisis that led to long queues at gas stations and transport delays that affected families and businesses across the country. According to the Prime Minister, maintenance delays, limited fuel storage capacity and a stranded fuel vessel all combined to trigger the severe shortage. Emergency shipments were rushed in as the country worked to restore fuel supply.[4]

Pacific Energy seeks USTDA grant funds to perform a feasibility study (FS) on infrastructure upgrades necessary to receive larger fuel shipments directly from Singapore in MR Tankers. Being able to accept MR tankers will enhance the fuel supply chain for Tonga and lower fuel prices:

- Direct shipment of fuel from main supply hubs (Singapore, Malaysia, etc.) to Tonga eliminates the need for transshipment in Fiji thereby avoiding storage fees and port charges associated with transit through Fiji.
- An MR Tanker would enable larger volumes to be shipped than at present using LCTs. Larger volumes mean less ship rotation resulting in less costs.
- With three MR Tankers currently operating in the region, Pacific Energy could more easily divert a vessel in case of supply disruptions. When there is a LCT breakdown it is difficult to find another LCT to replace it as few are in operation (even in Singapore).

The FS would also address regulatory issues with the fuel pricing framework that discourage investments by the private sector. Pricing issues are addressed in more detail in Section B.4.

B.2 Developing Port Capabilities for MR Tankers

Figure 3 shows the Touliki wharf area, terminal facilities and surrounding area, and the fuel discharge area for LCTs, which is the only way in which Tonga currently receives fuel shipments. Pacific Energy's fuel storage facilities are also highlighted, which are located adjacent to Total Energie's storage facilities. Close by is the Queen Salote International Wharf (QSIW) which was recently upgraded with ADB financing and commissioned in November 2025.[5] The FS will assess an option for fuel discharges from MR Tankers at QSIW, which is currently not equipped to handle fuel imports.

Figure 3 – Touliki Wharf Area

Port Adaptation and Marine Terminal Engineering

There are three options being considered for developing port capabilities to accept MR Tankers:

1. **Adapting Queen Salote Wharf to enable wharfing by an MR tanker.** This is the preferred option, according to Pacific Energy's Country Manager, and the draft[6] should be deep enough to support the MR tanker. However, an independent assessment is required based on the current port layout, berth configuration, draft studies and required marine works. This option would require a new discharge pipeline of approximately 1 km from the port to the fuel storage facility.
   Pacific Energy's main concern with this option is port congestion. Thirty-six (36) hours are required to discharge an MR tanker and spending any longer at the port due to congestion would increase their expenses.

   Pacific Energy also notes that this option would likely cause significant roadway disruptions during the construction phase along Taufa'ahua Road, which is the main access to the city center from eastern Touliki.

2. **Building a new mooring facility at sea.** This mooring facility would likely be located further offshore (in deeper waters) from the existing LCT mooring facility at Touliki Port and would require larger and longer pipelines to transport fuel to the fuel stank storage facilities. Benefits of this option may be:

   - Improved Safety – fuel discharge operations are kept away from the commercial port reducing fire risk to the commercial port, its tenants, and nearby businesses.
   - Efficiency of Supply – fuel tankers do not have to wait for port availability to discharge products.
   - Potential Port Cost Savings – With fuel supply, each port is allocated a fixed time (and charged) for discharge. Occupying the port after the fixed time slot incurs a fee for demurrage[7]. With a dedicated MR tanker mooring facility, discharge would begin upon mooring.
   - Avoids Port Congestion – with the increasing commercial and tourism industry in Tonga, port congestion may become an issue in the future.

- Low construction disruption - No disruption to the main roadway is expected during construction, as a provision already exists for a 10-inch discharge pipeline to run under the road.

3. **Adapting the Vuna Cruise Ship Terminal to enable wharfing by an MR Tanker.** The Vuna Cruise Ship terminal is located 3km from Pacific Energy's fuel storage site. It is currently dedicated to cruise ship use, but the Prime Minister is considering lifting the restrictions and to open it to fuel tankers. Pacific Energy believes that the draft at this port is sufficient to accommodate MR tankers and no adaptation would be need for the wharf. New fuel docks and pipelines would need to be built. From its perspective, Pacific Energy does not envision an operational issue in sharing the terminal with cruise ship use.

<u>Details on Option Two</u>
Figure 4 provides an organizational rendering of option two. An MR Tanker (depicted in orange) would discharge at sea into **floating pipelines** that feed **submerged pipelines** (shown in yellow). Close to shore the submerged pipelines flow into **above ground pipelines** that deliver fuel to Pacific Energy and Total Energie's **fuel storage tanks**.

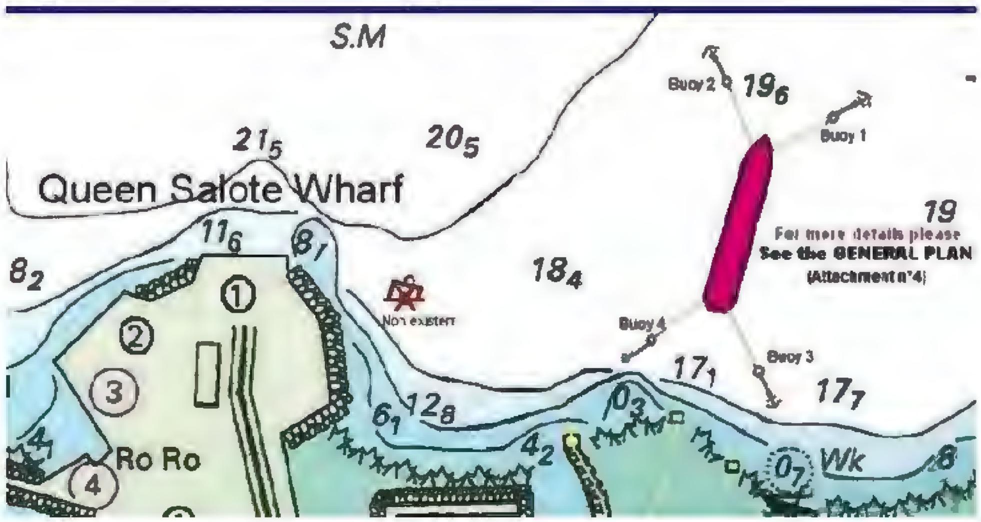
Figure 4 – Depiction of Proposed Fuel Unloading Infrastructure for MR Tankers

Source: Pacific Energy

This system is comprised of three components: a mooring, a double underwater pipeline, and a double land (aboveground) pipeline.

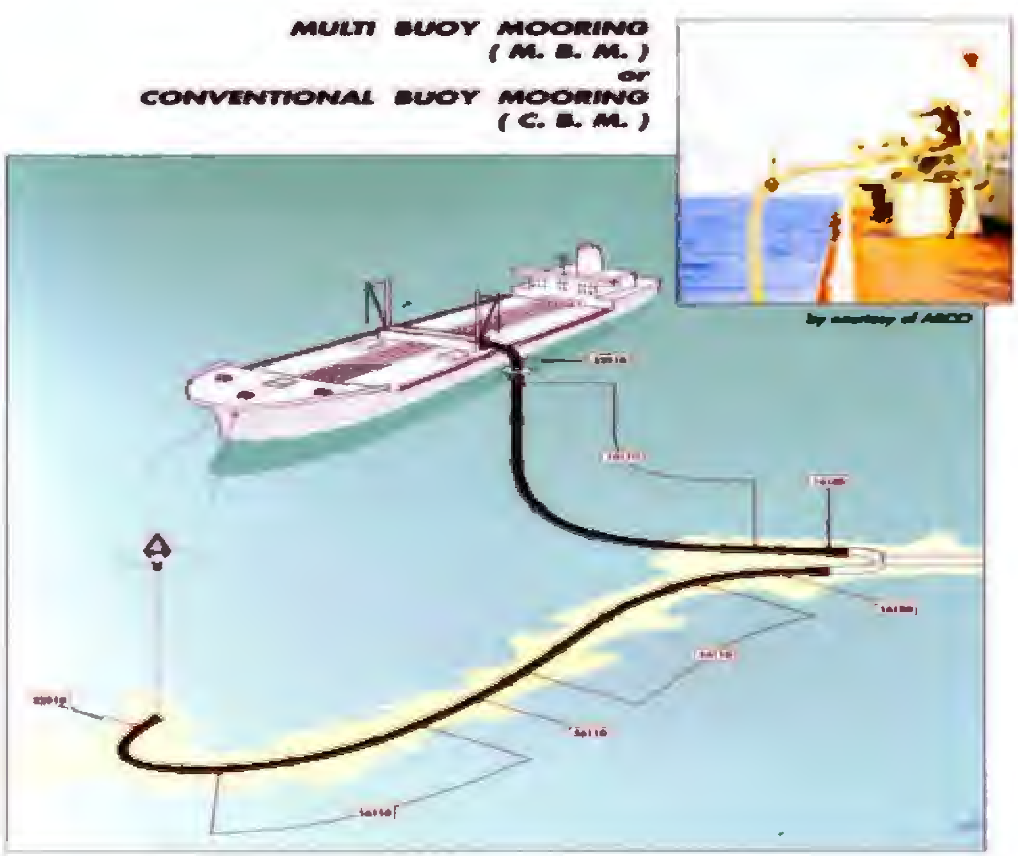
- **Mooring:** The mooring would consist of four lines of chains and concrete blocks with one special offshore-type anchor for each (as used in offshore drilling platforms). Each anchorage would consist of: a) one "plough-type" **anchor**[8], b) two or three concrete blocks of about 5 MT each, c) **chain link** of diameter 81 mm, d) one **mooring buoy**.

Figure 5 – Depiction of Mooring of MR Tanker (in red)



- **Double underwater pipeline:** Fuel from the MR Tanker would be offloaded through **specialized conduit pipes** (i.e. risers) that connect to two subsea pipelines. These pipelines would be comprised of piping in diameters of 10-inches and 6-inches. The pipelines would have a length of 183 m in steel, then a length of 60 m of **flexible reinforced hose** line that connects the underwater portion to the new aboveground pipeline leading to the Touliki terminal. Figure 6 depicts an MR Tanker discharging fuel into underwater pipelines.

Figure 6 – Pacific Energy plans for unloading from MR Tanker into Pipelines



Source: Pacific Energy

Pacific Energy indicates that an underwater survey of the site was carried out on June 22, 2011 and was "profusely in favor of the technical feasibility of this project (underwater pipelines)." [9]

- **Double land pipeline:** The double land pipeline would be composed of a 6-inch pipe (already laid-out) and a **10-inch pipe**, each 305m in length. Offshore fuel discharge systems usually contain **beach termination units (BTUs)** that are land-based units that receive the offshore pipeline and transition it to terrestrial storage and **pumping and monitoring systems** that include pumps, pressure gauges and emergency shut-off valves.

<u>Expansion of Fuel Storage Capacity</u>

Pacific Energy's current fuel storage capacity is 2.5 million liters, which can supply from 15 to 20 days of Tonga's fuel needs. Pacific Energy wants to nearly triple this capacity to be able to hold a total of 6 million liters and potential supply for 60 days. The company has sufficient land adjacent to its current storage facilities for the proposed storage expansion. Pacific Energy's assumption is that three tanks could be built, each with 2-million-liter storage capacity.

Pacific Energy is also looking to expand jet fuel storage capacity at the Tonga airport. The current storage capacity is adequate for commercial flights, but an increase in storage capacity would be necessary to accommodate the increased use of the terminal by aircrafts from the U.S. military.

<u>Current Fuel Supply and Potential Savings with MR Tanker</u>

Pacific Energy secures its fuel for all of its Pacific operations, including Tonga, through annually awarded contracts following a competitive process in the Singapore market. For 2026, fuel supply was awarded to Vitol.[10] Tonga currently imports between 55 to 60 million liters of fuel per year.

Due to the ongoing war in Iran, major fuel trading hubs, including Singapore, have placed long-term contracts on hold. Consequently, Pacific Energy now must purchase fuel in the spot market at whatever the prevailing price happens to be. Prices have nearly tripled since February. The impact of fuel price increases has not yet affected Tonga since they still have fuel supplies under the pre-war prices; however, prices could significantly increase in June if the global fuel supply issue does not improve.

The current Touliki fuel cost (cost, insurance and freight, or CIF Touliki) is based on the cost to get fuel delivered to Fiji (CIF Fiji) *plus* Fiji transshipment costs and LCT freight to Tonga. Direct deliveries by MR tankers to Tonga would bypass Fiji and eliminate the costs associated with using Fiji as an intermediary port for fuel delivery to Tonga. Specifically, costs that would be eliminated include:

- Fiji-to-Tonga LCT freight costs
- Landing fees in Fiji (e.g., port charges in Fiji)
- Fuel storage costs in Fiji – Fuel is stored in Fiji to then be shipped periodically to Tonga
- Handling/transfer costs at the Fiji port

Pacific Energy estimates that the eliminating the stoppage in Fiji could result in savings to Tonga of about USD 125–150 per metric ton of fuel. At the current fuel purchase volumes of 55 to 60 million per year, this would result in cost savings of about USD $5 to $7 million per year.[11]

B.3 Regulatory Issues with the Pricing Framework for Fuel

The Tonga Competent Authority (TCA), under the Ministry of Trade and Economic Development, is the price regulatory authority responsible for setting the maximum price for petroleum products. Fuel prices are determined based on the Tonga TCA-approved parameters in the Tonga Fuel Pricing Template (TFPT).

The TFPT includes the following components:

- **Free-on-board (FOB) cost:** The base price of the fuel, determined by regional market prices. For Tonga, this would be the price of fuel at Singapore.
- **Freight and related costs:** This includes:
    - o The cost of transporting the fuel in MR tanks to Fiji, including freight and insurance.
    - o Costs charged at Fiji port for remaining in the port (called demurrage), storage, and handling.
    - o Costs for LCT tankers to deliver the fuel from Fiji to Tonga, including freight, insurance,.
- **Government taxes and charges:** Taxes imposed by the government on the fuel. These include duty, wharfage, security fee.
- **Allowed profit:** A regulated profit margin for the fuel companies, calculated based on a percentage return on capital employed (ROCE). For Tonga this is currently 15% pre-tax.

Figure 7 shows TCA's depiction of the fuel supply chain for Tonga.

Figure 7 – Tonga's Petroleum Supply Chain

Source: Tonga Competent Authority (TCA)[12]

Pacific Energy's Country Manager highlighted a challenging regulatory environment that discourages private sector investment. Tonga's fuel pricing mechanism fails to fully account for current transport, infrastructure, and logistics costs. The fuel pricing template, supported through advisory from NZ-based firm Envisory, makes cost-recovery calculations challenging and doesn't allow infrastructure investment to be considered. While a new Energy Act was recently passed, the bill has not been fully implemented due to limited capacity within the government.

An example of how regulations disincentive investments was presented by Pacific Energy's CEO.[13] The fuel price is fixed, based on the most competitive price submitted by the suppliers. In Tonga, there are only 2 suppliers (Total Energies and Pacific Energy). When Pacific Energy does the annual price reviews (for 12 months), instead of setting the price on the best global offer, the regulator picks the lowest cost components from each of the two suppliers. The authority then creates a third submission with these costs which does not reflect the real costs for each company. Companies are allowed a return on capital employed of 15% before tax. However, since this is applied to the authority's submission (not the actual costs for each company) it is not based on each company's true costs. Therefore, the effective return for the suppliers is less than 15%. The shortfall in revenue varies every year based on the decisions made unilaterally by the TCA. In 2025, the shortage amounted to an average of about TOP 0.07/liter. This equates to TOP $4.2 million (about USD $1.7 million) assuming imports of 60 million liters/year. The following are examples of the costs that TCA does not recognize:

- TCA does not recognize the full transshipping costs in Fiji arguing that the landing costs in Fiji are too expensive. Therefore, arbitrarily lowers the Fiji-related costs in their calculation of fuel prices for Tonga

- MR freight cost: MR route considered too long by TCA and insurance too expensive
- MR and LCT Ocean Losses (e.g., incidents where ships or cargo present losses at sea from sinking, grounding, damage, or other) are considered too high by TCA
- LCT rates plus eventual bunker surcharges are considered too high by TCA
- Tonga distribution costs are considered too high by TCA.

  Return on Investment (ROI) is not based on the company's Weighted Average Cost of Capital.

To help support project structuring, the FS will assess the current regulatory environment surrounding fuel prices in Tonga and recommend suggestions on pricing mechanisms that provides the necessary financial returns that support private sector investment. In addition, the FS will assist Pacific Energy in conducting capacity and consensus building meetings with regulatory and government officials to discuss recommended suggestions on pricing mechanisms and the importance of cost reflective rates and return on investment. Meetings with the TCA and the Ministry of Trade and Economic Development will be essential to ensure effective oversight and long-term regulatory stability that secures and protects private investment in these kinds of long-term (10 – 20 years) fuel supply projects. In this context, the pricing mechanism should be established with a minimum stable framework of 10 years, free of arbitrary regulatory interventions and limited to predictable, periodic reviews adjustments for specific cost components.

APPENDIX 3

USTDA GRANT AGREEMENT, INCLUDING TERMS OF REFERENCE AND MANDATORY CONTRACT CLAUSES

U.S. TRADE AND DEVELOPMENT AGENCY

GRANT AGREEMENT

This Grant Agreement is entered into between the Government of the United States of America, acting through the U.S. Trade and Development Agency ("USTDA"), and Pacific Energy (South West Pacific) Pte. Ltd. (the "Grantee"). USTDA and the Grantee are each referred to herein as a "Party", and collectively as the "Parties". USTDA agrees to provide to the Grantee subject to the terms and conditions of this Grant Agreement, one million four hundred twenty thousand eight hundred seventy-two United States Dollars (US$ 1,420,872) ("Grant Funds") to fund the cost of services required in connection with the preparation of a feasibility study (the "Activity") related to the proposed development of port capabilities to accept larger medium-range tankers and regulatory improvements for cost-reflective fuel tariffs to address the fuel pricing framework (the "Project") located in the Kingdom of Tonga (the "Host Country").

1. USTDA Grant Funding

The Grant Funds to be provided by USTDA under this Grant Agreement shall be used to fund the costs of a contract between the Grantee and the U.S. firm to be selected by the Grantee (the "Contractor") under which the Contractor will perform the Activity (the "Contract"). In no event will the amounts contributed by USTDA for the Activity exceed the amount of the Grant Funds.

2. Terms of Reference

The terms of reference for the Activity (the "Terms of Reference") are attached as Annex I to this Grant Agreement and will involve assessing three options under consideration for developing port capabilities to accept medium-range tankers and recommending the most viable option to the Grantee. The Grantee shall include as Annex I to the Contract the Terms of Reference attached hereto as Annex I.

The Grantee acknowledges and understands that the Contractor's performance of the Activity under the Contract must comply with the entirety of the Terms of Reference, and any modification of the Terms of Reference set forth in Annex I or deviation from their terms must be approved in writing by USTDA in accordance with the procedures for amendments or other modifications under the Contract. The Grantee acknowledges and understands that (i) the Contractor will be paid in accordance with the payment schedule set forth in the Contract, and will not be eligible for payment in respect of work under the Terms of Reference set forth in the Contract that the Contractor fails to perform, and (ii) any performance by the Contractor of work not included in, not in compliance with or inconsistent with the Terms of Reference will be ineligible for approval or payment, absent an amendment or other modification in accordance with such procedures. Consequently, the Grantee shall not approve any Contractor work performed under the Contract that does not comply with or that otherwise is not in accordance with the Terms of Reference set

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forth in the Contract. The Grantee acknowledges and understands that any failure to obtain prior written approval from USTDA for any modifications or deviations from the Terms of Reference may result in forfeiture by the Contractor of payment for work performed that is not in compliance with the Terms of Reference and/or a significant delay in payment of the final Invoice (as defined below).

3. Standards of Conduct

USTDA and the Grantee recognize the existence of standards of conduct for public officials and commercial entities in their respective countries. Therefore, USTDA and the Grantee shall fully comply with all United States and Host Country laws relating to corruption or bribery, and shall not directly or indirectly provide, offer or promise to provide money or anything of value to any public official in violation of any United States or Host Country laws relating to corruption or bribery.

4. Grantee Responsibilities

The Grantee shall use its best efforts to (a) promptly reply to notices and other communications, requests for information and requests for approvals of Invoices or other documents submitted to it by the Contractor or USTDA, (b) provide reasonable support for the Contractor, such as local transportation, office space and secretarial support, and (c) promptly notify USTDA in the event that the Grantee (i) no longer seeks to pursue the Project or complete the Activity and/or (ii) would like to terminate this Grant Agreement or the Contract.

5. Contract Matters and USTDA's Rights as Financier

(A) Grantee Competitive Selection Procedures

Selection of the Contractor shall be carried out by the Grantee according to its established procedures for the competitive selection of contractors, with advance notice of the procurement published online both on the USTDA website and on the SAM.gov website. Upon request, the Grantee shall submit these contracting procedures and related documents to USTDA for information and/or acceptance.

(B) USTDA's Right to Object to Contractor Selection

The Grantee shall notify USTDA at the address of record set forth in Article 15 below upon selection of the Contractor to perform the Activity. USTDA shall then review the Grantee's selection of Contractor, and if USTDA does not object to Grantee's selection, USTDA shall so notify the Grantee by issuing a "no objection" letter. Upon receipt of USTDA's "no objection" letter, the Grantee shall (i) notify in writing the selected Contractor that its proposal has been accepted by the Grantee, and (ii) notify in writing the U.S. firms that submitted unsuccessful proposals to perform the Activity that they were not selected. The Grantee shall then use commercially reasonable efforts to negotiate a Contract with the Contractor for the performance of the Activity.

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(C) USTDA's Right to Approve Contract Between Grantee and Contractor

(1) Contract

USTDA will provide to the Grantee an electronic copy of USTDA's standard contract form, and the Grantee shall, in conjunction with the Contractor, utilize this standard contract form as the basis for drafting the Contract. Once the Contract has been negotiated between the Grantee and the Contractor, the Grantee shall transmit to USTDA (or shall request that the Contractor transmit to USTDA on the Grantee's behalf) a final negotiated draft version of the Contract in an editable electronic format for USTDA review at the email address set forth in Article 15 below. USTDA shall advise the Grantee and the Contractor as to whether the draft Contract is ready for execution, on the understanding that USTDA's approval may be contingent upon certain modifications being made to the Contract.

(2) Amendments and Assignments of the Contract

The Grantee acknowledges and understands that no amendment or other modification to the Contract (or any annex to the Contract) shall be valid unless formally agreed upon in a written instrument signed by the Grantee and the Contractor and approved by USTDA in a signed approval letter. The Grantee or the Contractor may submit any proposed amendment or other modification to the Contract, including any proposed amendment or other modification to any Contract annex, or any proposed assignment of the Contract, to USTDA for review and comment at the address set forth in Article 15 below.

(D) USTDA Not a Party to the Contract

The Parties understand and agree that USTDA as a financing entity reserves to itself certain rights under the Contract, including, but not limited to: (i) the right to approve the terms of the Contract and any amendments to the Contract, including assignments, the selection of the Contractor and all Subcontractors, the Terms of Reference, the Final Report, and any and all documents related to the Contract or any Subcontract funded under this Grant Agreement, (ii) the right to require the parties to the Contract to suspend performance of the Terms of Reference upon reasonable prior written notice to such parties, and, upon Contractor's receipt of such written notice, any further work performed in connection with the Terms of Reference prior to USTDA issuing a written notice lifting the suspension will be at the Contractor's risk, (iii) the right to suspend disbursements of Grant Funds under Clause 3 of the Contract upon reasonable prior written notice to the parties to the Contract, and (iv) the right to demand, upon written notice to the Contractor, a refund from the Contractor of an appropriate amount of any Grant Funds that have been previously disbursed to the Contractor under Clause 3 of the Contract in the event that (a) the Contractor or any Subcontractor fails to comply with the Terms of Reference or the terms and conditions of the Contract (including the Mandatory Contract Clauses attached to the Contract), or (b) the Contract and/or the Activity is terminated, and the amount of Grant Funds disbursed to the Contractor prior to such termination exceeds the value of the work performed under the Contract in accordance with its terms, as determined by USTDA in its sole discretion.

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The Parties further understand and agree that USTDA, in reserving any or all of the foregoing rights, has acted solely as a financing entity to ensure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these rights will be made as a financier in the course of funding the Activity and will not be construed as making USTDA a party to the Contract. The Parties understand and agree that USTDA may, from time to time, exercise the foregoing rights, or discuss matters related to these rights and the Project with the parties to the Contract or any Subcontract, jointly or separately, without thereby incurring any responsibility or liability, in contract, tort or otherwise, to such parties. Any approval or failure to approve by USTDA will not bar the Grantee or USTDA from asserting any right that it might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Grantee or USTDA.

The Grantee shall not sue or join any action seeking compensation from, and shall not participate in and shall withdraw from any action seeking compensation from, the Government of the United States of America, or any of its departments or agencies, arising in connection with the Activity.

(E) Grant Agreement Controlling

In the event of any inconsistency or conflict between the terms of this Grant Agreement and the terms of the Contract or any Subcontract funded by this Grant Agreement, the terms of this Grant Agreement will control.

(F) Subcontractors and Subcontracts

For purposes of this Grant Agreement, (a) the term "Subcontractor" means any individual, corporation, partnership or other legal entity having a contract, purchase order or other agreement, whether written or oral, with the Contractor for the performance of any part of the Activity, and (b) the term "Subcontract" means any such contract, purchase order or other agreement entered into between the Contractor and a Subcontractor.

6. Disbursement Procedures

(A) USTDA Approval of Contract Required

USTDA will make disbursements of Grant Funds directly to the Contractor only after USTDA approves the Grantee's Contract with the Contractor.

(B) Contractor Invoice Requirements

For purposes of this Grant Agreement, the term "Invoice" means any invoice submitted (or to be submitted) to USTDA by either the Grantee or the Contractor for payment of Grant Funds. The Grantee shall not approve any Invoice submitted to it by the Contractor unless such Invoice, and all work performed by the Contractor (or any Subcontractor) in connection with such Invoice, complies with the Terms of Reference and the Mandatory Contract Clauses. Following review and approval by the Grantee of any Invoices for all payments other than the final invoice payment submitted by the Contractor under the Contract, the Contractor or Grantee may request

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disbursement of funds by USTDA to the Contractor for performance of the Activity by submitting such approved Invoices in accordance with the procedures set forth in the Mandatory Contract Clauses.

7. Effective Date

The effective date of this Grant Agreement (the "Effective Date") shall be the date of signature by both Parties or, if the Parties sign on different dates, the date of the last signature. In the event that only one signature is dated, such date shall constitute the Effective Date.

8. Activity Schedule

(A) Activity Completion Date

The Parties' estimated completion date for the Activity is set forth in Clause K(1) of the Mandatory Contract Clauses.

(B) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise agree, (i) no Grant Funds may be disbursed under this Grant Agreement for goods and services which are provided prior to the Effective Date, and (ii) no Grant Funds may be disbursed other than during the period set forth in Clause K(2) of the Mandatory Contract Clauses.

9. USTDA Mandatory Contract Clauses

The USTDA Mandatory Contract Clauses (the "Mandatory Contract Clauses") governing the Activity are attached as Annex II to this Grant Agreement. The Grantee shall include the Mandatory Contract Clauses as Annex II to the Contract. The Grantee shall use commercially reasonable efforts to ensure that the Contractor complies with the Mandatory Contract Clauses in all material respects and shall promptly notify USTDA of any breach of the Mandatory Contract Clauses on the part of the Contractor of which the Grantee becomes aware.

10. Nationality, Source and Origin

Except as USTDA may otherwise agree in writing, the following provisions shall govern the delivery of goods and professional services funded by Grant Funds under any Grant Agreement.

(A) All legal entities who perform any part of the Activity as the Contractor or a Subcontractor shall be U.S. Firms.

(B) All natural persons who perform any part of the Activity as the Contractor or a Subcontractor, or as an employee of the Contractor or of a Subcontractor, shall be <u>either</u> (i) U.S. citizens, <u>or</u> (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States.

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(C) Notwithstanding the provisions of Articles (A) and (B) above, up to thirty percent (30%) of the Grant Funds may be used to pay for work performed in connection with the Activity by:

(1) any Subcontractor organized under the laws of either (i) the Host Country or (ii) any Target Country; and

(2) any natural person working as (a) a Subcontractor, or (b) an employee of the Contractor or of a Subcontractor, as long as such natural person is either (i) a citizen of the Host Country or a Target Country, or (ii) lawfully authorized to work, or admitted for permanent residence, in the Host Country or a Target Country.

(D) Except for goods and services incidental to Activity support (*e.g.*, local lodging, food and transportation in the Host Country or a Target Country), goods purchased for the performance of the Activity and associated delivery services (*e.g.*, international transportation and insurance) shall have their nationality, source and origin in the United States.

(E) "U.S. Firm" means either (1) or (2) below.

(1) A private-sector for-profit legal entity or partnership organized under the laws of the United States, with its principal place of business in the United States, and which satisfies either (a) or (b) below.

(a) It is more than fifty percent (50%) owned or controlled by (i) U.S. citizens, (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States, or (iii) any combination of (i) and (ii) of this sentence.

(b) It (i) has been organized under the laws of the United States for more than three years prior to either (x) the date on which the initial proposal in respect of the Activity is received by USTDA, or (y) the date on which the Contractor submits its bid in response to USTDA's request for proposals in connection with the Activity, as applicable, (ii) has performed similar services in the United States for such three- year period, (iii) employs U.S. citizens in more than half of its permanent full-time positions in the U.S., and (iv) has the existing capability in the United States to perform the work in question.

(2) A nonprofit organization that is organized under the laws of the United States and managed by a governing body, a majority of whose members are (i) U.S. citizens, (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States, or (iii) any combination of (i) and (ii) of this sentence.

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(F) “Target Country” means a country, other than the Host Country, (i) that is an integral part of the Project’s scope and (ii) whose local labor is required for work to be performed in connection with the Activity. A Project may have one or more Target Countries.

11. Taxes

The Grant Funds provided under this Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country or any Target Country, except for taxes of a *de minimis* nature imposed on local lodging, food, transportation or airport arrivals or departures or individual income taxes assessed on local Host Country or Target Country staff (“Accepted Taxes”). The Grantee may not seek reimbursement from USTDA for any such taxes, tariffs, duties, fees or other levies, other than the Accepted Taxes, to the extent that the amounts of such Accepted Taxes are included on expense receipts maintained by the Contractor in accordance with Clause D of the Mandatory Contract Clauses.

12. USTDA Project Evaluation

The Parties shall cooperate to ensure that the purposes of this Grant Agreement are accomplished. For five (5) years following receipt by USTDA of the Final Report (the “Evaluation Period”), the Grantee agrees to respond to any reasonable inquiries from USTDA about the status of the Project. Inquiries may include, but are not limited to, (a) whether the Final Report recommendations have been or will be used to implement the Project, (b) the anticipated Project implementation timeline, (c) the likely sources of financing for the Project, and (d) the sources of procurements supporting implementation of the Project. In addition, the Grantee agrees to notify USTDA any time the Grantee selects a new primary contact person for the Project during the Evaluation Period.

13. Grantee Recordkeeping and Audit

The Grantee agrees to maintain books, records and other documents relating to the Activity, the Contract and this Grant Agreement adequate to demonstrate implementation of its responsibilities under this Grant Agreement and the Contract, including the selection of the Contractor and Subcontractors, receipt and approval of Contract deliverables and approval or disapproval of mobilization and performance milestone payment Invoices for payment by USTDA. Such books, records and other documents shall be separately maintained for a period of seven (7) years after the signing date of this Grant Agreement. The Grantee shall afford USTDA or its authorized representatives the opportunity at reasonable times to review such books, records and other documents relating to the Activity, the Contract and this Grant Agreement.

14. Representation of Parties

For all purposes relevant to this Grant Agreement, the Government of the United States of America will be represented by the U.S. Ambassador to the Host Country or USTDA, and the Grantee will be represented by its Group Chief Project Officer at the address of record set forth in Article 15 below. Either Party may, by written notice to the other Party, designate additional or replacement representatives for all purposes under this Grant Agreement.

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15. Addresses of Record for Parties

Any notice, request, document or other communication submitted by either Party to the other under this Grant Agreement shall be in writing, or sent through an electronic medium that produces a tangible record of the transmission, such as an email message, and will be deemed duly given or sent when delivered to such Party at the following address of record, as applicable:

(A) For the Grantee:

To:	Julien Leraille
Title:	Chief Financial Officer
Entity Name:	Pacific Energy (South West Pacific) Pte. Ltd.
Address:	L7 Vanua House, Vistoria Parade Suva, Central, Fiji
Country:	Fiji
Phone:	+679 33 11 622
Email:	corporate@p.energy julien.leraille@p.energy

(B) For USTDA:

To:	U.S. Trade and Development Agency
Address:	1101 Wilson Boulevard, Suite 1100 Arlington, VA 22209-2275 USA
Phone:	(703) 875-4357
Email:	indopacific@ustda.gov

All such communications shall be in the English language, unless the Parties otherwise agree in writing. In addition, the Grantee shall provide the Commercial or Economic Section of the U.S. Embassy in the Host Country with a copy of each notice, request, document or other communication sent to USTDA.

Any communication relating to this Grant Agreement shall include the following fiscal data:

Activity No.:	2026-31024A
Reservation No.:	2026183
Obligation No.:	1131PL26GH31

16. Implementation Letters

To assist the Grantee and the Contractor in the efficient performance of the Activity, USTDA may from time to time issue one or more implementation letters ("Implementation Letters") to provide additional, modified or updated information about matters covered by this Grant Agreement and/or to make modifications or clarifications to the terms and provisions herein (any such information

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or modification, as applicable, a "Change"). Without limiting the generality of the foregoing, USTDA may issue Implementation Letters containing one or more Changes, among other reasons, to: (a) extend the estimated completion date set forth in Clause K(1) in Annex II, (b) extend the availability period of Grant Funds set forth in Clause K(2) in Annex II, (c) update the fiscal data set forth in Article 15, (d) update a Party's address of record or point of contact, (e) make non-material modifications or clarifications to the Terms of Reference, (f) grant conditional waivers pursuant to Article 19, and (g) correct scrivener's errors. Notwithstanding the provisions of Article 17, upon receipt of an Implementation Letter from USTDA, if and to the extent the Grantee assents to the Change set forth in such Implementation Letter, the Grantee shall promptly notify USTDA of such assent by email in accordance with Article 15, and such Change will be deemed incorporated into the terms and provisions of this Grant Agreement without the need for any further action by either Party. The Parties may also use jointly agreed upon Implementation Letters, executed by each Party, to confirm, clarify, modify and/or record their mutual understanding of matters covered by this Grant Agreement.

17. Amendment; Assignment; Binding Effect; Change of Control

(A) Either Party may submit to the other Party at any time a proposed amendment to this Grant Agreement (including Annex I and Annex II). Any proposed amendment to this Grant Agreement will be effective only if it has been signed by both Parties. Any proposed assignment of this Grant Agreement must be approved by both Parties in writing in order to be effective. This Grant Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and assigns permitted under this Article 17.

(B) For purposes of this Grant Agreement, the term "Change of Control" means the occurrence of any one or more of the following: (i) the accumulation, whether directly, indirectly, beneficially or of record, by any person, legal entity or group, of fifty percent (50%) or more of the shares of the outstanding equity securities of the Grantee, (ii) a merger, consolidation or reorganization of the Grantee in which the Grantee does not survive as an independent legal entity or upon the consummation of which the holders of the Grantee's outstanding equity ownership interests prior to such merger, consolidation or reorganization own less than 50% of the outstanding equity ownership interests of the Grantee after such merger, consolidation or reorganization, or (iii) a sale of all or substantially all of the assets of the Grantee. The Grantee shall provide USTDA with written notice of any anticipated Change of Control of the Grantee prior to the effective date of such Change of Control, which notice must identify (i) the person(s) and/or legal entity (or entities) that are gaining control or ownership over the Grantee, and (ii) the person(s) and/or legal entity (or entities) that are losing control or ownership over the Grantee. The Grantee acknowledges and agrees that, in order for the Activity to continue following any Change of Control, any legal entity (or entities) that are gaining control or ownership over the Grantee must satisfy USTDA's due diligence guidelines.

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18. Termination

(A) Termination Events

Either Party may terminate this Grant Agreement at any time by giving the other Party prior written notice thereof. Notwithstanding the foregoing provision, if the U.S. Office of Foreign Assets Control determines that either of the Grantee or the government of the Host Country has acted in violation of any sanctions laws or executive orders established by the United States Government, this Grant Agreement will terminate following such determination without the need for any further action or notice on the part of either Party unless USTDA delivers written notice to the Grantee that this Grant Agreement will remain in full force and effect. If the Grantee becomes aware of any such violation or determination, the Grantee shall notify USTDA in writing within one (1) business day thereafter.

(B) Effect of Termination

The termination of this Grant Agreement will end any obligations of the Parties to provide financial or other resources for the Activity (including, without limitation, any obligation of USTDA to provide the Grant Funds), except for payments that may be made by USTDA to the Contractor, if any, pursuant to Clause H of the Mandatory Contract Clauses set forth in Annex II to this Grant Agreement. This Article and Articles 5 (Contract Matters and USTDA's Rights as Financier), 11 (Taxes), 12 (USTDA Project Evaluation), 13 (Grantee Record Keeping and Audit), 20 (U.S. Technology and Equipment), and 21 (Governing Law) of this Grant Agreement shall survive termination of this Grant Agreement.

19. Waiver

No obligation, condition or other provision of this Grant Agreement may be modified, waived or discharged unless such modification, waiver or discharge (collectively, a "Waiver") is agreed to in writing and signed by the Party entitled to enforce such obligation, condition or other provision. Any such Waiver will be effective only to the extent expressly specified therein. No Waiver by either Party of any breach of, or of compliance with, any condition or provision of this Grant Agreement by the other Party will be considered a Waiver of any other condition or provision or a Waiver of the same condition or provision at another time. The rights and remedies of the Parties under this Grant Agreement are (a) not limited to the rights and remedies expressly set forth in this Grant Agreement and are in addition to all other rights and remedies available to the Parties under applicable law, and (b) not exclusive and may be exercised without precluding the future exercise by a Party of any other such rights and remedies. Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Grant Agreement will operate as a Waiver of such right, power or privilege.

20. U.S. Technology and Equipment

By funding the Activity, USTDA seeks to promote the Project objectives of the Host Country through the use of U.S. technology, goods and services. In recognition of this purpose, the Grantee

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agrees that it will allow U.S. suppliers to compete in the procurement of technology, goods and services needed for Project implementation.

21. Governing Law

This Grant Agreement is governed by, and construed in accordance with, the applicable laws of the United States of America. In the absence of applicable federal law, the laws of the State of New York shall apply, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of another jurisdiction.

22. Counterparts; Language

This Grant Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Grant Agreement. Counterparts may be delivered via email or other transmission method and any counterpart so delivered shall be deemed to be valid and effective for all purposes. This Grant Agreement may be executed in two or more languages, but in the event of any conflict or inconsistency between the English language version of this Grant Agreement and any other version, the English language version of this Grant Agreement will control.

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IN WITNESS WHEREOF, by signing below, each of the signatories hereby certifies that it is a duly authorized representative of the applicable Party, and the Parties, each acting through its duly authorized representative, have caused this Grant Agreement to be signed in their names and delivered as of the date written below.

For the Government of the United States of America:

THOMAS R HARDY
Digitally signed by THOMAS R HARDY
Date: 2026.08.04 18:37:10 -04'00'

By: Thomas R. Hardy

Title: Deputy Director & Chief Operating Officer (Performing the Duties of the Director)

Date:

For Pacific Energy (South West Pacific) Pte. Ltd.:

By: Stéphane CADEL

Title: Director/CEO

Date: 22/07/2026

Annex I – Terms of Reference

Annex II – USTDA Mandatory Contract Clauses

Annex I

Terms of Reference

These terms of reference ("Terms of Reference") in this Annex I set forth the terms and conditions for the performance of the feasibility study (the "Activity") for the benefit of Pacific Energy (South West Pacific) Pte. Ltd. (the "Client") related to the proposed development of port capabilities to accept larger medium-range tankers and regulatory improvements for cost-reflective fuel tariffs to address the fuel pricing framework (the "Project") located in the Kingdom of Tonga (the "Host Country"). __________________________ (the "Contractor") shall perform the Activity in accordance with these Terms of Reference and the other terms and provisions of this Contract between the Contractor and the Client.

The Activity aims to evaluate potential options to improve Tonga's fuel supply resilience, recommend new infrastructure requirements, and provide cost estimates. It will also examine potential options for increasing exports to Tonga from U.S. suppliers active in the region. The potential infrastructure upgrades would enable Tonga to receive larger fuel shipments directly from main regional supply hubs (Singapore, Malaysia, etc.) in medium range ("MT") tankers. The Project would eliminate the current need for trans-shipment in Fiji from MR tankers to local coastal tankers ("LCTs"), resulting in lower fuel prices to Tonga by avoiding the storage fees and port charges associated with shipping via Fiji. The Project will also provide added fuel supply resilience to Tonga's fuel supply allowing Pacific Energy to more easily divert its MR tankers to Tonga in case of supply disruptions.

The main objectives of this Activity shall include the following:

- Review past studies addressing potential infrastructure upgrades to accept MR Tankers and determining which surveys may need to be updated or completed.
- Recommend optimal infrastructure upgrades to accept MR Tankers, including:
  - Consideration of the technical and economic feasibility of three options to allow MR fuel tankers deliveries in Tongatapu island, Tonga:
    - (A) adapting Queen Salote Wharf,
    - (B) adapting the Tonga Vuna Cruise Ship Terminal, and
    - (C) building a new mooring facility at sea.
  - Construction of an MR discharge line (pipeline) from the point of discharge (mooring or port) to the fuel storage terminals.
  - Expansion of fuel storage capacity to take into account the minimum discharge quantity of a Medium Range (MR) vessel, as well as the required safety stock levels.
- Perform initial engineering designs for the recommended optimal infrastructure upgrades.
- Develop a cost-effective model for transport and storage in the outer islands.
- Develop CAPEX estimates for the recommended infrastructure upgrades.
- Assess the legal and regulatory landscape surrounding fuel prices in Tonga and recommend suggestions on pricing mechanisms that provide the necessary financial returns to encourage private sector investments in the sector.

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- Capacity building or technical assistance to the regulator / government on cost reflective rates to attract private investment.
- Assess financing and institutional structure options including public-private partnerships (PPP).
- Perform economic analysis to assess the viability of the Project.
- Assess potential fundings sources for the Project.
- Assess the potential for U.S. exports.
- Identify Project risks and mitigating measures.
  Assess environmental and development impacts of the Project.

The Contractor's performance of the Activity must comply with the entirety of these Terms of Reference, and any modification of or deviation from these Terms of Reference must be approved in writing by USTDA in accordance with the procedures for amendments or other modifications under this Contract. The Contractor acknowledges and agrees that (i) the Contractor will be paid in accordance with the payment schedule set forth in this Contract and will not be eligible for payment in respect of work under these Terms of Reference that the Contractor fails to perform, (ii) any performance by the Contractor of work not included in, not in compliance with or inconsistent with these Terms of Reference will be ineligible for approval or payment, absent an amendment or other modification in accordance with such procedures, and (iii) failure to obtain prior written approval from USTDA for any amendment to, modification of or deviation from these Terms of Reference may result in forfeiture of payment for work performed that is not in compliance with these Terms of Reference and/or a significant delay in payment of the final invoice (the foregoing subclauses (i) through (iii) collectively, the "Performance Requirements"). As used in these Terms of Reference, the word "include" along with its variants (*e.g.*, "included", "including") will be interpreted to mean "include, without limitation" or equivalent expression.

All data collected, designs made, analyses produced and/or other work completed by the Contractor in the performance of each task ("Task") and subtask ("Subtask") under these Terms of Reference must be documented by the Contractor in written reports in order to constitute a deliverable ("Deliverable"), as further described below under each Task and Subtask, as applicable. The Contractor shall use its best efforts to verify any information provided by the Client. The Contractor shall include each such Deliverable as a stand-alone chapter in the Final Report (as defined below).

The Contractor shall provide the Client with a draft version of the Deliverable for Tasks 1 through 14 for the Client's review and comment. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with such Task within fourteen (14) calendar days following receipt of the Client's comments. By submitting the Deliverable for a given Task to the Client, the Contractor acknowledges to USTDA that it has read and understood the Performance Requirements.

Any meetings or other actions or work set forth under these Terms of Reference that are indicated to occur in-person, on-site or otherwise in a specified location may, if agreed by both the Client and the Contractor (and with advance notice to and written agreement from USTDA), be conducted

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remotely, including online, by teleconference, by videoconference or by other means; provided, however, that the Contractor shall clearly document in the corresponding Deliverable the date on which such agreement was reached and approved by USTDA, and shall describe the alternative means of accomplishing the relevant work, along with the rationale for such decision. Further, if the Client and the Contractor propose to apply such a change only to part of any Task or Subtask (i.e., to change portions of a Task or Subtask from in-person work to a remote work, while maintaining other portions of such Task or Subtask as in-person work, including the division of a Task or Subtask into multiple Tasks or Subtasks in order to separate remote work from in-person work), then: (i) the Client and/or the Contractor shall notify USTDA in advance of such a proposal, and USTDA may, in its sole discretion, approve of such proposal and formalize the proposed modification through an Implementation Letter (as defined in Clause B(3)) to this Contract, and (ii) USTDA may, in its sole discretion, modify the payment schedule under Clause 3 of this Contract in order to separate such remote and in-person work into separate payments and reflect such modification of Tasks and Subtasks, as applicable, through an Implementation Letter to this Contract. Notwithstanding the foregoing under this paragraph, USTDA reserves the right to make any appropriate adjustments to the total amount of Grant Funds (and therefore the value of the payments made by USTDA pursuant to the Contract) that may result from any such modifications.

Task 1: Kick-Off Meeting and Information Gathering

The Client and Contractor shall meet in Tonga for a kick-off meeting ("Kick-Off"), to be held within one month after USTDA's approval of the Contract. During the Kick-Off, the Contractor shall discuss details of the Project background and goals, establish contacts between all parties involved, present the Contractor's team, and discuss the proposed methodology and schedule for completing the Activity.

Prior to the Kick-Off the Contractor shall prepare a detailed agenda for the meeting and a draft work plan with methodology ("Work Plan") for the completion of the Activity. In the Work Plan, the Contractor shall:

- Clearly define the methodology and plan for accomplishing the Tasks defined in the TOR.
- Identify the technical standards to be used in the project design. To ensure clarity, consistency, and alignment with regional best practices, the following framework is recommended:
  - For Onshore construction and petroleum storage facilities, refer to Australian and/or New Zealand standards, supplemented where relevant by specific standards for petroleum infrastructure.
  - For Offshore and maritime works, refer to Oil Companies International Marine Forum (OCIMF) guidelines and International Safety Guide for Oil Tankers and Terminals (ISGOTT) standards.
- Define the organizational structure for the team who will perform the work.
- Confirm, identify, and clarify the respective roles and responsibilities of all participants in each Task, including roles and responsibilities of the Client.
- Define and detail the communication and Deliverable submission and review protocols.
- Discuss any information gaps and identify ways to collect the information/data.
- Create a detailed schedule for carrying out the Tasks outlined in the TOR.

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During the Kick-Off, the Contractor shall clearly establish the technical areas where it will need support from the Client and information it will need from the Client to complete the Tasks of the Activity. The Contractor shall clarify the requirements of the Client's time and resources in support of the Activity.

The Contractor shall work with the Client to identify and collect background material that is relevant to the Activity. The Contractor shall also collect additional information and available studies through desktop research. The Contractor shall compile a database of all previous efforts and relevant information both provided by the Client and from the Contractor's own efforts. Based on the Contractor's review of the collected data, the Contractor shall identify any missing information that may be needed to complete the TOR and discuss these data needs with the Client. If the Contractor requires information that is not readily available to the Client, the Contractor shall prepare a list with potential sources and shall be responsible to obtain the information. The Client shall support and assist the Contractor's efforts to collect information related to the Project.

Task 1 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 1 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 1, including fine tuning of the Project's Purpose and Objectives, a detailed Work Plan for the Activity, along with identification of any remaining data requirements. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 1 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in Task 14: Final Report.

Task 2: Technical Review and Surveys

The Contractor shall conduct comprehensive technical reviews of the past studies that have addressed potential infrastructure upgrades to accept MR Tankers and determining which surveys may need to be updated or completed. This will involve:

(1) Evaluating the pros and cons of the previous designs, which were completed between 2010 and 2015 and assessed variations of the Project design (e.g., number and size of fuel tanks, number and diameter of pipelines, required port adaptation and marine terminal engineering),
(2) Assessing what surveys (e.g., marine surveys, bathymetric surveys) have been completed to date and which need to be updated or completed to evaluate the proposed infrastructure upgrades.

The Contractor shall engage with third party experts to carryout any additional surveys that may be required. These surveys could include marine and mooring studies, soil/seabed + bathymetric survey, current study, geotechnical surveys and topographic surveys.

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The Contractor shall work with the Client to identify and collect necessary data that is relevant to the Activity. The Contractor shall also collect additional information from secondary data sources and/or appropriate authorities and available studies through desktop research to get sufficient information for project development. The Contractor shall collect historical records to present and compile a database of all previous efforts and relevant information, both provided by the Client and from the Contractor's own efforts. Based on the Contractor's review of the collected data, the Contractor shall identify any missing information that may be needed to complete the Activity and discuss these data needs with the Client.

Task 2 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 2 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 2, including key findings from the review of past studies and surveys performed for this Task. The contractor shall also identify any concerns raised in the review. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 2 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 3: Optimal Infrastructure Upgrade Recommendation

The Contractor shall evaluate Project design options and recommend infrastructure upgrades that leverage economies of scale and modern infrastructure to transform Tonga's fuel supply chain into a more efficient, resilient, and cost-effective system.

The Contractor's evaluation shall include the technical and economic feasibility of three options to allow MR fuel tankers deliveries in Touliki:

(1) adapting Queen Salote Wharf,
(2) adapting the Tonga Vuna Cruise Ship Terminal, and
(3) building a new mooring facility at sea.

The Contractor's design evaluation and recommendation shall also include construction of pipelines from either Touliki Port or the Queen Salote Wharf (depending on which option is selected) to the fuel storage terminals, and expansion of fuel storage capacity sized to optimize the economic discharge volume of a Medium Range (MR) tanker and maintain the required safety stock levels.

The Contractor shall develop project configuration options including a detailed technical and operational concept, including the benefits, challenges, approximate budgetary cost, and potential modifications required for the use of existing facilities.

The Contractor shall utilize the technical standards and design criteria identified in Task 1 to evaluate and compare the initial options. This may include cost-effectiveness, environmental impact, maritime feasibility, technical feasibility, and alignment with the Project objectives.

The Contractor shall meet with the Client to present and discuss the options considered and the recommended infrastructure upgrades that leverage economies of scale and modern infrastructure to transform Tonga's fuel supply chain into a more efficient, resilient, and cost-effective system.

Task 3 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 3 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 3, including design options considered and the recommended optimal infrastructure upgrades to meet the Project objectives. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 3 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 4: Initial Engineering Designs

The Contractor shall develop initial engineering designs for the optimal infrastructure upgrades recommended in Task 3. The details in the initial engineering designs shall be sufficient to develop a Project cost estimate, targeting an accuracy of at least AACE Class 4. These engineering designs will be used by Pacific Energy for the permitting and for the next engineering phases (Development) of the Project.

The contractor shall utilize the design criteria, engineering standards, codes, and methodologies identified in Task 1 to perform the Initial Engineering Designs. The initial engineering designs shall include, but not be limited to:

- Layout plans
- Description
- First calculation notes (marine, mooring, mechanical, electrical, civil works, …)
- Preliminary drawings
- Mooring patterns
- Equipment list
- Project schedule and construction workflow
- Health. Safety and Environmental studies
- Permitting phase description
- Specific studies (marine, Geotech, …)
- Proposed Contracting philosophy (EPC, EPCM, …)

Task 4 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 4 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 4, including details of the initial engineering designs for the recommended optimal infrastructure upgrades. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments,

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to the extent possible, and issue a final Deliverable in connection with Task 4 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 5: Outer Islands Transport and Storage Cost Optimization

The Contractor shall develop a cost-effectiveness model to analyze transport and storage in the Vava'u and 'Eua outer islands. This shall include the delivery and storage options Pacific Energy has on Vava'u and 'Eua (there is no operational storage capacity available on Eua for the moment). Details of the cost-effectiveness model shall include, but not be limited to:

(1) Demand Assessment
  - Annual fuel demand per product and per outer island
  - Historical consumption trends (minimum three years, if available)
  - Seasonality of demand and peak/off-peak variations
  - Demand growth projections and sensitivity scenarios

(2) Marine Transport Assessment
  - Vessel fleet available locally to carry fuel products to the outer islands:
    - Number and type of vessels
    - Frequency of rotations
    - Minimum and maximum fuel capacity per voyage
    - Loading configuration (e.g., bunker tanks, tanktainers, trucks on deck, drums, ISO tanks, etc.)
    - Compatibility with product specifications
  - Voyage cost breakdown:
    - Charter or freight rates
    - Fuel consumption
    - Port charges and wharfage
    - Handling and stevedoring costs
    - Demurrage risks
    - Reliability and weather-related constraints

(3) Storage & Infrastructure Assessment
  - Existing storage capacity on each island (by product)
  - Storage utilization rates
  - Infrastructure limitations (jetty draft, pumping capacity, transfer rates)
  - Required CAPEX or upgrades to optimize supply chain efficiency
  - Inventory holding costs and working capital impact

(4) Health, Safety, Security, and Environment (HSSE) & Regulatory Considerations
  - Compliance with applicable maritime, environmental, and petroleum regulations
  - HSSE risks associated with each transport and storage option
  - Spill prevention and pollution response requirements
  - Insurance implications and coverage limitations
  - Risk assessment matrix (operational, environmental, reputational)

(5) Financial & Sensitivity Analysis
  - Total landed cost per product and per island
  - Cost per liter delivered under each scenario

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- Break-even analysis
- Sensitivity analysis (fuel price, freight rates, demand variability, weather disruptions)
- Comparative assessment of alternative supply chain configurations, taking into account the minimum discharge quantity of an MR vessel, as well as the required safety stock levels.

The model shall be delivered in a transparent and auditable format (e.g., Excel-based financial model), allowing Pacific Energy to update key assumptions and run scenario analyses independently.

Task 5 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 5 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 5, including but not limited to a model to evaluate the cost-effectiveness of transport and storage options in the outer islands. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 5 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 6: Project Capital Cost Estimate

The Contractor shall develop a capital expense (CAPEX) estimate for the Project based on the initial engineering designs for the optimal infrastructure upgrades recommended in Task 3. In developing the Project cost estimate, the Contractor shall target an accuracy of at least AACE Class 4.

Task 6 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 6 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 6, including CAPEX estimates for the recommended infrastructure upgrades. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 6 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 7: Legal and Regulatory Assessment

The Consultant shall perform a comprehensive review of the legal and regulatory landscape surrounding fuel prices in Tonga and recommend suggestions on pricing mechanisms that provide the necessary financial returns to encourage private sector investments in the sector. The review shall include the following, but not be limited to:

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- Overview of the applicable laws, regulations, and pricing methodologies governing petroleum products in Tonga
- Roles and responsibilities of regulatory authorities and market participants
- Degree of price control (fully regulated, formula-based, hybrid, open market, etc.)
- Frequency and methodology of price adjustments
- Benchmarking against comparable Pacific Island jurisdictions

The Contractor shall provide an overview of the relevant regulatory structure that would govern Project implementation, including an assessment of any regulations that would impact the Project's viability, provide suggestions to move forward, and identify any need for additional regulations.

The Contractor shall assist the Client in conducting capacity building meetings with regulatory and government officials to discuss recommended suggestions on pricing mechanisms and the importance of cost reflective rates, plus a return, to support private investment. Meetings with the Tonga Competent Authority, Department of Energy, the Ministry of Trade and Economic Development, and the Tonga Energy Commission will be essential to ensure effective oversight and long-term regulatory stability that attracts private investment. For example, private investors must be able to secure and protect their investments over the long term (10 – 20 years). In this context, the pricing mechanism should be established with a minimum fixed framework of 10 years, subject only to defined annual adjustments for specific cost components.

Task 7 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 7 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 7, including a legal and regulatory assessment of the Project and fuel prices in Tonga, including recommendations on pricing mechanisms and the overall regulatory environment that encourage private sector investments in the sector. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 7 within fourteen (14) calendar days following receipt of the Client's comments, which the Client can share with the relevant Government of Tonga authorities. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 8: Economic Analysis

The Contractor shall develop a cash-flow model to determine the economic viability of the recommended Project design using the initial engineering designs and cost estimates.

The Contractor shall identify and evaluate specific indicators of economic and financial performance from the cash flow analysis, such as Internal Rate of Return (IRR), Economic Internal Rate of Return (Econ IRR), Net Present Value (NPV), Payback Period, Return on Investment Capital (ROIC), and DSCR (Debt Service Coverage Ratio).

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The Contractor shall analyze the sensitivity of the results of each project option to changes in the assumed fuel costs as well as to possible changes in other major external factors, such as capital expenditure (CAPEX), inflation rate, and other factors.

Input to the cash-flow model shall include a cost recovery assessment of the recommended project design, and include an operating margin analysis, return on capital assessment, and an evaluation and recommendation on fuel pricing mechanisms.

(1) Cost Recovery Assessment
- Landed Cost of Product
  - International reference pricing methodology (e.g., benchmark markets used)
  - Freight and shipping costs
  - Insurance and losses
  - Port charges, duties, and taxes
  - Foreign exchange impacts
  - Timing mismatches between procurement and price adjustments
- Operating Costs
  - Storage and terminal operating costs
  - Distribution and logistics costs (Single price or separate pricing for outer island supply?)
  - Maintenance and compliance costs
  - HSSE and environmental obligations
  - Corporate overhead allocation
  - Working capital requirements and inventory financing costs

(2) Operating Margin Analysis
- Current regulated or implicit operating margin structure
- Comparison of allowed margins versus actual costs incurred
- Benchmarking of margins against comparable island markets
- Adequacy of margins to sustain infrastructure, safety standards, and service levels

(3) Return on Capital Employed (ROCE)
- Definition and calculation methodology (asset base or historical value)
- Capital invested in terminals, storage, logistics, and distribution infrastructure
- Working capital requirements (inventory, receivables, payables)
- Assessment of achieved ROCE (e.g., the actual returns the company is earning) vs. required return on capital (e.g., minimum return investors expect)
- Risk-adjusted return analysis considering country risk, market size, volatility, weather risks, and regulatory risk

(4) 4. Pricing Mechanism Evaluation & Recommendations
- Assessment of whether the current pricing mechanism ensures:
  - Full cost recovery
  - Transparent margin calculation
  - Predictability for investors
  - Protection against under-recovery

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- Options for alternative pricing mechanisms (e.g., open controlled market, automatic pricing formula, margin indexing, asset-based return model, pass-through mechanisms)
- Recommendations to ensure long-term sector sustainability and encourage private sector investment

The Consultant shall provide clear, practical recommendations supported by financial modelling and scenario analysis, including the projected impact of proposed pricing adjustments on consumers, operators, and government revenues.

Task 8 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 8 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 8, including the economic analysis of the recommended Project design, and the cash-flow model and all input assumptions, submitted in spreadsheet format (Excel file) and showing all formula calculations, units, rates, and other requirements of an economic model. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 8 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 9: Project Ownership and Financing Structure

The Contractor shall assess the structural options for financing and ownership of the Project, including public-private partnerships (PPPs). The Contractor shall assess various financing structures such as: Client investment, a joint venture between the Client and other private sector entries, and a Public-Private Partnership (PPP) model involving the Government of Tonga and private sector energy companies like the Client. For example, the Client would invest in the expansion of their existing fuel storage infrastructure and the pipeline between the port and the fuel storage facilities, while the Tongan government would undertake the port adaptation upgrades.

The Contractor shall present its findings to the Client and, with Client's input, develop a recommended financing and ownership structure for the Project. The recommendation shall include an assessment of country risks and foreign exchange risks.

Task 9 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 9 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 9, including the structural options for financing and ownership of the Project. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 9 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

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Task 10: Environmental and Social Impact Assessment

The Contractor shall conduct a preliminary environmental and preliminary social impact assessment of the Project that considers all relevant environmental and social risks and impacts of the project.

Analysis of environmental risks and impacts may include: (i) those related to community safety (including wastewater safety and safe use of chemicals); (ii) those related to climate change and other transboundary or global risks and impacts; (iii) any material threat to the protection, conservation, maintenance and restoration of natural habitats and biodiversity; and (iv) those related to ecosystem services and the use of living natural resources, such as wildlife and forests. Ecosystem services are the benefits that people derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems and which may include food, freshwater, timbers, fibers, and medicinal plants; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes and which may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services, which are the non-material benefits people obtain from ecosystems and which may include natural areas that are sacred sites and areas of importance for recreations and aesthetic enjoyment; and (iv) supporting services, which are the natural processes that maintain the other services and which may include soil formation, nutrient cycling and primary production.

Analysis of social risks and impacts, may include: (i) threats to human security through the escalation of personal, communal or interstate conflict, crime or violence; (ii) risks that project impacts fall disproportionately on individuals and groups who, because of their particular circumstances, may be disadvantaged or vulnerable; (iii) any prejudice or discrimination toward individuals or groups in providing access to development resources and project benefits, particularly in the case of those who may be disadvantaged or vulnerable; (iv) negative economic and social impacts relating to the involuntary taking of land or restrictions on land use; (v) risks or impacts associated with land and natural resource tenure and use, including (as relevant) potential project impacts on local land use patterns and tenurial arrangements, land access and availability, food security and land values, and any corresponding risks related to conflict or contestation over land and natural resources; (vi) impacts on the health, safety and well-being of workers and project-affected communities; and (vii) risks to cultural heritage.

Contractor shall discuss the extent to which potential negative impacts identified in this Task can be mitigated.

<u>Infrastructure Resilience</u>

The Contractor shall evaluate potential adverse environmental impacts and geophysical hazards for the Project. An initial infrastructure risk screening of the Project identified the following potential risks. The Contractor should further assess environmental and geophysical risks, ensure the identified risks are fully taken into consideration and that appropriate measures are incorporated to ensure resilience as part of any site selection, design, or other relevant components of the Activity. The Contractor shall make recommendations for any additional steps that should

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be taken to incorporate resilience considerations or otherwise mitigate the risks to the Project from the identified environment-related and/or geophysical hazards.

Tonga lies within the South Pacific cyclone belt and experiences frequent high-intensity storms. Cyclones present risks to storage tanks, marine mooring systems, and port infrastructure. Sea-level rise projections for the Pacific indicate continued rise throughout the 21st century, increasing chronic flood risk in low-lying coastal areas. Extreme rainfall intensity is also projected to increase under climate change scenarios. The project site at the Touliki Wharf area is exposed to significant geophysical hazards that must be addressed during the feasibility study's design phase.

Hazard	Likelihood	Impact	Risk Rating	Mitigation Strategy
Tropical Cyclones	High	High	High (Mitigable)	Cyclone-rated structural design, reinforced anchoring
Storm Surge & Coastal Flooding	High	High	High (Mitigable)	Elevation of critical systems, drainage design
Sea-Level Rise	High (Long-term)	Moderate	Moderate	Design freeboard margins, corrosion protection
Extreme Rainfall	Moderate	Moderate	Moderate	Stormwater management, sealed electrical systems
Tsunami/ Seismicity	Moderate	High	Moderate	Utilize flexible reinforced subsea hose lines and automated ESD interfaces.

Task 10 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 10 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 10, including a report assessing the environmental and social risks and impacts of the recommended Project design and Infrastructure risk screening. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 10 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 11: Funding Assessment

The Contractor shall provide an analysis on the different types of financing (e.g., equity, debt) available for the Project. This includes assessing whether public and private financing

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organizations (e.g., the Asian Development Bank, multilateral development banks, the U.S. Export-Import Bank, and the U.S. International Development Finance Corporation) are interested in providing financing for their implementation.

The Contractor shall identify all project risk factors and include a risk avoidance/reduction plan for each factor. The plan shall meet the requirements of the potential financing sources, including host country sources, multilateral financiers, international financing institutions, and others.

The Contractor shall support the Client in discussions with potential sources of project funding, such as the Tonga Retirement Board, international institutional investors, local and regional commercial banks as well as Multilateral Development banks.

Task 11 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 11 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 11 including identification of potential sources of project funding, including relevant contact information, and estimation of potential interest. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 11 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 12: U.S. Sources of Supply

The Contractor shall identify U.S. companies that can serve as possible sources of supply, who are willing and able to provide goods and services for all development phases of the Project. This Task shall provide a breakdown and price estimate of the major categories of goods and services that could be acquired from U.S. companies.

The Contractor shall generate a list that includes (i) the possible U.S. sources of supply and/or services for the Project, (ii) a detailed description of relevant products, solutions and/or services to be provided, and (iii) contact information for the party or parties responsible for marketing/sales in the host country. The business name, point of contact, address, telephone number, and e-mail address will be sought and included to the extent possible for each identified party. The list shall include key types of U.S. suppliers that would be relevant to the implementation of the Project (e.g., technology license providers, engineering and construction companies, project management and oversight companies; equipment providers; and U.S. suppliers of environmental protection and compliance equipment). The list may also include information on potential U.S sources of services that the Client may need for the successful technical and commercial operation of the Project, such as operating management, maintenance management, product quality control, and product marketing assistance.

The Contractor shall be expected to be in direct contact with potential U.S. suppliers. The Contractor shall meet with U.S. companies to better understand their interest in the Project. Meetings may either be virtual or in-person. The Contractor shall also identify any potential

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challenges for U.S. suppliers and ways to mitigate these challenges. For competed projects, the Contractor shall prepare a Project announcement that can be publicly distributed to various U.S. based equipment and service firms announcing the Project and the requirements (at an informational level).

The Contractor shall engage, to the extent possible, relevant potential suppliers in discussions, and analyse their interest in supplying equipment and services for the Project. The Contractor shall inform the Client of which U.S. suppliers have expressed interest in the Project.

Task 12 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 12 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 12 including identification of potential U.S. sources of supply, including relevant contact information, and estimation of potential U.S. exports by category. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 12 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 13: Development Impact Assessment

Development impact measures are designed to help quantify the impact of USTDA's support for infrastructure development in emerging economies. Understanding the local social, environmental, and economic impacts of USTDA's program supports the Agency's ability to design projects with a higher likelihood of implementation.

The following Table provides an indicative list of development impacts. As part of this Activity, the Contractor shall re-examine this list and assess the expected development impacts and metrics for the Project.

Category	Indicator	Description	Anticipated Outcome
Infrastructure Development & Efficiency Gains	Improved Fuel (Oil/Gas) Transportation and Storage	The FS will explore expansion of fuel storage capacity in Tonga from 2.5 million liters to 6 million liters (i.e. potential supply for 60 days), which is an additional capacity of 3.5 million liters of storage. An additional 3.5 million liters of storage equates to 3,500 m^3 of fuel available year – round (1000 liters = $1m^3$).	3500 m^3 per year.

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Promoting Effective Markets and Governance	Supporting International Best Practices	Regulatory capacity building to the Tongan Competent Authority and other key stakeholders will support cost-reflective fuel tariff setting that fully accounts for all incurred costs including transport, infrastructure, and logistics costs. Cost-reflective tariffs that allow for a return to the supplier are needed to promote private investment in the sector and ensure the economic and financial feasibility of the Project.	Yes

Task 13 Deliverable: The Contractor shall provide the Client with a draft version of the Deliverable for Task 13 (in English) for the Client's review and comment that contains all work performed by the Contractor under Task 13, including an assessment of the potential development impact in the host country if the Project is implemented according to the Study recommendations. The Client shall provide comments, if any, on such draft Deliverable within fourteen (14) calendar days following receipt of such Deliverable, or after this time if indicated by the Client. The Contractor shall incorporate the Client's comments, to the extent possible, and issue a final Deliverable in connection with Task 13 within fourteen (14) calendar days following receipt of the Client's comments. The results and deliverables of this task shall be included as a stand-alone chapter in the Task 14: Final Report.

Task 14: Final Report

The Contractor shall prepare and deliver to the Client and USTDA a substantive and comprehensive final report of all work performed under these Terms of Reference (the "Final Report"), which must conform to the requirements under Clause I of the Mandatory Contract Clauses (as defined in Annex II). The Contractor shall organize the Final Report into chapters and sections with clear labels corresponding to each of the above Tasks and Subtasks of these Terms of Reference, and the Contractor shall include in the Final Report all Deliverables and other documents that have been provided to the Client under these Terms of Reference. The Contractor shall incorporate into the Final Report, as applicable, (i) all of the findings, recommendations and conclusions related to the Activity under these Terms of Reference, and (ii) all other documents, analyses, reports and/or work product provided pursuant to the Tasks and Subtasks noted above, in each case clearly organized and labeled according to each Task and Subtask under these Terms of Reference. The Contractor shall also include an executive summary to the Final Report as a whole, and provide a summary for each Task under these Terms of Reference.

Before completing and delivering the Final Report to the Client or USTDA, the Contractor shall prepare a draft Final Report in accordance with the instructions in the above paragraph and deliver the draft Final Report to the Client for review and discussion. Once the Client has provided comments and revisions to the draft Final Report, the Contractor shall make the necessary changes

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and modifications to the draft Final Report, it being understood that the Contractor shall not make any changes or modifications that are inconsistent with any of these Terms of Reference.

Prior to submission of the Final Report to the Client or USTDA, the Contractor shall mark all export-controlled information in the confidential version of the Final Report and exclude any such information from the public version of the Final Report.

Task 14 Deliverable: The Contractor shall prepare and deliver the Final Report to the Client and USTDA.

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Annex II

USTDA Mandatory Contract Clauses

A. Grant Agreement; Subcontracts; USTDA Mandatory Contract Clauses Controlling

The Contract Parties acknowledge that this Contract is funded in whole or in part by the U.S. Trade and Development Agency ("USTDA") under the Grant Agreement between the Government of the United States of America, acting through USTDA, and Pacific Energy (South West Pacific) Pte. Ltd. (the "Client"), dated as of __________________ (the "Grant Agreement"). Terms used but not defined in this Contract shall have the meanings as set forth in the Grant Agreement. The Client has selected _________________________ (the "Contractor") to perform the feasibility study (the "Activity") related to the proposed development of port capabilities to accept larger medium-range tankers and regulatory improvements for cost-reflective fuel tariffs to address the fuel pricing framework (the "Project") located in the Kingdom of Tonga (the "Host Country"). Each of the Client and the Contractor is referred to herein as a "Contract Party", and collectively as the "Contract Parties".

Except as otherwise expressly provided herein, (i) all work performed under this Contract must be performed either by the Contractor or otherwise by a Subcontractor (as defined below) pursuant to a Subcontract (as defined below), and (ii) all Subcontracts entered into by the Contractor that are funded or partially funded with Grant Funds must be in writing and must include these USTDA Mandatory Contract Clauses (these "Mandatory Contract Clauses"), other than for Clauses B, G, H, I, J and S. Upon USTDA's request, the Contractor shall provide USTDA with a copy of each Subcontract that it enters into, along with an English translation of any such Subcontract that is executed in a language other than English, which translation must be certified by the Contractor as being complete and accurate. For purposes of this Contract, (a) the term "Subcontractor" means any individual, corporation, partnership or other legal entity having a contract, purchase order or other agreement, whether written or oral, with the Contractor for the performance of any part of the Activity, and (b) the term "Subcontract" means any such contract, purchase order or other agreement entered into between the Contractor and a Subcontractor.

In addition, (i) in the event of any inconsistency or conflict between the terms and provisions of the Grant Agreement and those of this Contract or any Subcontract hereunder, the Grant Agreement shall be controlling, and (ii) in the event of any inconsistency between the terms and provisions of these Mandatory Contract Clauses and any other terms and provisions of this Contract or any Subcontract hereunder, these Mandatory Contract Clauses shall be controlling.

B. USTDA as Financier

(1) USTDA Approval of Contract

USTDA will not authorize the disbursement of Grant Funds until this Contract conforms to modifications required by USTDA (if any) during the Contract review process and this Contract has been formally approved by USTDA. To perform this review in a timely fashion, USTDA must

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receive from either the Client or the Contractor an English language version of a final negotiated draft version of the Contract (in an editable electronic format) sent to the email address listed in Clause M below, or to such other email address as specified by USTDA.

(2) USTDA Not a Party to This Contract

(a) The Contract Parties understand and agree that USTDA as a financing entity reserves to itself certain rights under this Contract, including, but not limited to: (i) the right to approve the terms of this Contract and amendments to this Contract, including assignments, the selection of the Contractor and all Subcontractors, the Terms of Reference, the Final Report, and any and all documents related to this Contract or any Subcontract funded under the Grant Agreement, (ii) the right to require the Contract Parties to suspend performance of the Terms of Reference upon reasonable prior written notice to the Contract Parties, and any further work performed in connection with the Terms of Reference following the Contractor's receipt of such written notice and prior to USTDA issuing a written notice lifting the suspension, will be at the Contractor's risk, (iii) the right to suspend disbursements of Grant Funds under Clause 3 for cause upon reasonable prior written notice to the Contract Parties, and (iv) the right to demand, upon written notice to the Contractor, a refund from the Contractor of an appropriate amount of any Grant Funds that have been previously disbursed to the Contractor under Clause 3 of this Contract in the event that (A) the Contractor or any Subcontractor fails to comply with the Terms of Reference or the terms and conditions of this Contract (including these Mandatory Contract Clauses), or (B) this Contract and/or the Activity is terminated, and the amount of Grant Funds disbursed to the Contractor prior to such termination exceeds the value of the work performed under this Contract in accordance with its terms, as determined by USTDA in its sole discretion. The Contract Parties shall comply with all written notices, instructions and requests issued by USTDA in connection with USTDA's exercise of its rights under this Clause B(2).

(b) The Contract Parties further understand and agree that USTDA, in reserving any or all of the foregoing rights, has acted solely as a financing entity to ensure the proper use of United States Government funds, and that any decision by USTDA to exercise or refrain from exercising these rights will be made as a financier in the course of funding the Activity and will not be construed as making USTDA a party to this Contract. The Contract Parties understand and agree that USTDA may, from time to time, exercise the foregoing rights, or discuss matters related to these rights and the Project with the Contract Parties or the parties to any Subcontract, jointly or separately, and in consideration of USTDA's role as financier, the Contract Parties further agree that USTDA's rights may be exercised without thereby incurring any responsibility or liability, in contract, tort or otherwise, to the Contract Parties or the parties to any Subcontract. Any approval or failure to approve by USTDA will not bar the Client or USTDA from asserting any right that it might have against the Contractor, or relieve the Contractor of any liability which the Contractor might otherwise have to the Client or USTDA.

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(c) The Contract Parties shall not sue or join any action seeking compensation from, and shall not participate in and shall withdraw from, any action seeking compensation from the Government of the United States of America, or any of its departments or agencies, arising in connection with the Activity.

(d) The Contract Parties acknowledge and agree that USTDA is a third party beneficiary to this Contract and is entitled to the rights and benefits hereunder and may enforce the provisions of this Contract as if it were a party hereto. No person, other than the Contract Parties hereto and USTDA, has any rights or remedies under this Contract.

(3) Implementation Letters

To assist the Client and the Contractor in the efficient performance of the Activity, USTDA may from time to time issue one or more implementation letters ("Implementation Letters") to provide additional, modified or updated information about matters covered by this Contract and/or to make modifications or clarifications to the terms and provisions herein (any such information or modification, as applicable, a "Change"). Without limiting the generality of the foregoing, USTDA may issue Implementation Letters containing one or more Changes, among other reasons, to: (a) extend the estimated completion date set forth in Clause K(1), (b) extend the availability period of Grant Funds set forth in Clause K(2), (c) update the fiscal data set forth in Clause M, (d) update a Party's address of record or point of contact, (e) make non-material modifications or clarifications to the Terms of Reference, (f) grant conditional waivers of USTDA's rights pursuant to Clause 16 of the Contract, (g) modify the list of personnel specified in Annex III of this Contract, and (h) correct scrivener's errors. Notwithstanding the provisions of Clause 15 and Clause J of this Contract, upon receipt of an Implementation Letter from USTDA, if and to the extent each Contract Party assents to the Change set forth in such Implementation Letter, such Contract Party shall promptly notify the other Contract Party and USTDA of such assent by email in accordance with Clause 19 and Clause M, as applicable, and such Change will be deemed incorporated into the terms and provisions of this Contract without the need for any further action by either Contract Party or USTDA. The Contract Parties and USTDA may also use jointly agreed upon Implementation Letters, executed by each Contract Party and by USTDA, to confirm, clarify, modify and/or record their mutual understanding of matters covered by this Contract.

C. Nationality, Source and Origin

Except as USTDA may otherwise agree in writing, the following provisions shall govern the delivery of goods and professional services funded by Grant Funds under any Grant Agreement.

(A) All legal entities who perform any part of the Activity as the Contractor or a Subcontractor shall be U.S. Firms.

(B) All natural persons who perform any part of the Activity as the Contractor or a Subcontractor, or as an employee of the Contractor or of a Subcontractor, shall be <u>either</u> (i) U.S. citizens, <u>or</u> (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States.

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(C) Notwithstanding the provisions of Articles (A) and (B) above, up to thirty percent (30%) of the Grant Funds may be used to pay for work performed in connection with the Activity by:

(1) any Subcontractor organized under the laws of either (i) the Host Country or (ii) any Target Country; and

(2) any natural person working as (a) a Subcontractor, or (b) an employee of the Contractor or of a Subcontractor, as long as such natural person is either (i) a citizen of the Host Country or a Target Country, or (ii) lawfully authorized to work, or admitted for permanent residence, in the Host Country or a Target Country.

(D) Except for goods and services incidental to Activity support (*e.g.*, local lodging, food and transportation in the Host Country or a Target Country), goods purchased for the performance of the Activity and associated delivery services (*e.g.*, international transportation and insurance) shall have their nationality, source and origin in the United States.

(E) "U.S. Firm" means either (1) or (2) below.

(1) A private-sector for-profit legal entity or partnership organized under the laws of the United States, with its principal place of business in the United States, and which satisfies either (a) or (b) below.

(a) It is more than fifty percent (50%) owned or controlled by (i) U.S. citizens, (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States, or (iii) any combination of (i) and (ii) of this sentence.

(b) It (i) has been organized under the laws of the United States for more than three years prior to either (x) the date on which the initial proposal in respect of the Activity is received by USTDA, or (y) the date on which the Contractor submits its bid in response to USTDA's request for proposals in connection with the Activity, as applicable, (ii) has performed similar services in the United States for such three- year period, (iii) employs U.S. citizens in more than half of its permanent full-time positions in the U.S., and (iv) has the existing capability in the United States to perform the work in question.

(2) A nonprofit organization that is organized under the laws of the United States and managed by a governing body, a majority of whose members are (i) U.S. citizens, (ii) non-U.S. citizens lawfully authorized to work, or admitted for permanent residence, in the United States, or (iii) any combination of (i) and (ii) of this sentence.

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(F) "Target Country" means a country, other than the Host Country, (i) that is an integral part of the Project's scope and (ii) whose local labor is required for work to be performed in connection with the Activity. A Project may have one or more Target Countries.

D. Recordkeeping and Audit

The Contractor shall, and shall require its Subcontractors receiving Grant Funds to, maintain in accordance with generally accepted accounting procedures all books, records and other documents (including without limitation all bank statements, and receipts or proofs of purchase for all goods and services acquired in connection with the Activity) sufficient in form, content and level of detail to properly reflect all transactions and disbursements under or in connection with the Activity and this Contract. Such books, records and other documents shall clearly identify, track and describe the use and expenditure of Grant Funds separately from other funding sources. Such books, records and documents must be maintained during the period of performance of work commencing on the Effective Date, and continuing until the date that is three (3) years following the final disbursement of Grant Funds by USTDA. The Contractor shall, and shall require its Subcontractors receiving Grant Funds to, (i) afford USTDA or its authorized representatives the opportunity at reasonable times for inspection and audit of such books, records and other documents, and (ii) in the event of an audit of such books, records and other documents, reasonably cooperate with, and promptly respond to information requests from, any USTDA-appointed auditors.

E. U.S. Carriers

(1) Air

Transportation by air of persons or property funded under the Grant Agreement shall be on U.S. flag carriers in accordance with the Fly America Act, 49 U.S.C. § 40118, to the extent service by such carriers is available, as provided under applicable U.S. Government regulations.

(2) Marine

Transportation by sea of property funded under the Grant Agreement shall be on U.S. carriers in accordance with U.S. cargo preference laws, including (without limitation) the Cargo Preference Act of 1954, 46 U.S.C. § 55305.

F. Workman's Compensation Insurance

The Contractor shall provide adequate workman's compensation insurance coverage for work performed under this Contract.

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G. Disbursement Procedures

(1) USTDA Approval of Contract

Disbursement of Grant Funds will be made only after USTDA approval of this Contract. Any work performed by the Contractor or any Subcontractor in connection with the Activity prior to USTDA's approval of the Contract will be at the Contractor's risk.

(2) Payment Schedule Requirements

A payment schedule for disbursement of Grant Funds to the Contractor is included in this Contract under Clause 3. Such payment schedule must conform to the following USTDA requirements: (a) the Contractor must provide reasonable justification for the amount of the mobilization payment, which in any event may not exceed ten percent (10%) of the total Grant Funds without the prior written approval of USTDA; (b) all other payments, with the exception of the final payment, must be based upon completion of one or more Tasks under the Terms of Reference as set forth in Clause 3; and (c) the final payment must be no less than fifteen percent (15%) of the total Grant Funds amount, payable upon approval by USTDA of a Final Report that has been (i) prepared and submitted in accordance with the requirements set forth in Clause I below, and (ii) approved in writing by the Client in the manner provided for by Clause G(4)(c) below.

(3) Invoice Approval Procedures

The Contractor shall submit mobilization and performance milestone payment Invoices meeting the requirements set forth in Clause G(4) to the Client for approval prior to submitting any such Invoice to USTDA for payment. The Client shall not approve any Invoice submitted to it by the Contractor unless such Invoice, and all work performed by the Contractor (or any Subcontractor) in connection with such Invoice, complies with the Terms of Reference and these Mandatory Contract Clauses. All Invoices must be submitted to the attention of the Finance Department by email to invoices@ustda.gov. The Contractor will receive instructions on submitting the final invoice once USTDA has accepted the Final Report and no additional revisions are required.

(4) Invoice Requirements

For purposes of this Contract, the term "Invoice" means any invoice submitted (or to be submitted) to USTDA by either the Client or the Contractor for payment of Grant Funds. USTDA will make all disbursements of Grant Funds directly to the Contractor. The Contractor must provide USTDA with an Oracle Supplier Request Form (available from USTDA) with the first Invoice. Either the Client or the Contractor may request disbursement of Grant Funds by USTDA to the Contractor for performance of the Terms of Reference by submitting the following to USTDA:

(a) Contractor's Invoice

The Invoice from the Contractor shall include reference to the applicable Deliverable(s) (as defined in Annex I of this Contract) or other performance milestone(s) listed in the Contract payment

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schedule, the requested payment amount for mobilization and milestone payment Invoices, and an appropriate certification to USTDA by the Contractor, as follows:

(i) For a mobilization payment (if any):

> "As a condition for this mobilization payment, the Contractor certifies to USTDA that it will perform all work in accordance with the terms of its Contract with the Client. To the extent that the Contractor does not comply with the terms and conditions of the Contract, including the USTDA Mandatory Contract Clauses contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(ii) For Contract performance milestone payments:

> "The Contractor certifies to USTDA that it has performed the work described in this invoice in accordance with the terms of its Contract with the Client and is entitled to payment thereunder. To the extent the Contractor has not complied with the terms and conditions of the Contract, including the USTDA Mandatory Contract Clauses contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(iii) The Contractor will receive instructions on submitting the final invoice once USTDA has accepted the Final Report and no additional revisions are required. For the final Invoice, the Contractor shall submit an Invoice with reference to the applicable Final Report Deliverable (as defined in Annex I of this Contract), the requested payment amount, and the fiscal data set forth in Clause M.

(b) Client's Approval of the Contractor's Invoice

(i) The Invoice for a mobilization payment must be approved in writing by the Client on the Invoice or separately.

(ii) For Contract performance milestone payments, the following certification to USTDA by the Client must be provided on the Invoice or separately:

> "The Client certifies to USTDA that the services for which disbursement is requested by the Contractor have been performed satisfactorily, in accordance with applicable Contract provisions, including the USTDA Mandatory Contract Clauses contained therein, and the terms and conditions of the USTDA Grant Agreement."

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(5) Payment Disclaimer

The Contract Parties understand and agree that payment by USTDA of an Invoice does not constitute (a) acceptance or approval by USTDA, whether express or implied, of (i) any materials, Deliverables, reports or other documents prepared or delivered by the Contractor or any Subcontractor, or (ii) any work performed under the Terms of Reference or otherwise by the Contractor or any Subcontractor, in each case, in connection with the Activity, or (b) confirmation or agreement by USTDA, whether express or implied, as to whether any work performed by the Contractor or any Subcontractor in connection with the Activity has been performed in accordance with the terms and conditions of this Contract, including the Terms of Reference or these Mandatory Contract Clauses.

H. Termination

(1) Effect of Termination

In the event that this Contract and/or the Activity is terminated prior to completion of all Tasks under the Terms of Reference, the Contractor will be eligible for payment for the value of the work performed pursuant to the terms of this Contract prior to such termination; provided, however, that any such eligibility is subject to (a) compliance by the Contractor with the terms and conditions of this Contract (including the Terms of Reference and these Mandatory Contract Clauses), and (b) USTDA approval, which may be granted or withheld in USTDA's sole discretion. Likewise, in the event of such termination, USTDA may be entitled to receive a refund of Grant Funds from the Contractor pursuant to Clause B(2)(a). For the avoidance of doubt, in no event will any such termination relieve either Contract Party from any liability or obligation under this Contract arising prior to the effective date of such termination.

(2) Survivability

The obligations of the Contract Parties arising under the Surviving Clauses (as defined in the main body of this Contract), as well as Clauses A, B, D, G, H, N, Q, R and S of these Mandatory Contract Clauses, in each case, shall survive the termination of this Contract.

I. USTDA Final Report

(1) Definition

"Final Report" shall mean the Final Report described in the final Task of the Terms of Reference.

(2) License to Utilize Final Report

The Client hereby grants to the Government of the United States of America a fully paid-up, irrevocable, perpetual, non-transferrable, worldwide, royalty-free, non-exclusive license to use the Final Report and all Deliverables and other work product associated with the Activity. The Client and Contractor each understand and agree that the Public Version of the Final Report shall be made

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publicly available by USTDA. Mention of this license shall be included in the inside cover page of the Final Report as described in Section I(4)(b) below.

(3) Final Report Submission Requirements

The Contractor shall provide the following documents and materials to USTDA collectively as one single submission:

(a) One complete electronic copy of the Final Report for USTDA's internal records in a single commonly accessible read-only file (such as PDF), as well as any supporting documents as required by the Terms of Reference. This version of the Final Report must be in the English language and must be approved by the Client in writing. It is the responsibility of the Contractor to ensure that Confidential Information (as defined in the main body of this Contract), if any, contained in this version of the Final Report is clearly marked (any version containing such Confidential Information, a "Confidential Version"). USTDA will maintain the confidentiality of such Confidential Information, subject to and in accordance with applicable U.S. law. The Contractor shall name the Confidential Version of the Final Report in accordance with the requirements of Clause I(4)(c) below.

(b) One electronic copy of the Final Report suitable for public distribution (the "Public Version"), in a single commonly accessible read-only file (such as PDF), as well as any supporting documents as required by the Terms of Reference that are deemed to be suitable for public distribution. The Public Version must be in the English language and must be approved by the Client in writing. As the Public Version will be available for public distribution, it must not contain any Confidential Information. It is the responsibility of the Contractor to ensure that no Confidential Information is contained in the Public Version of the Final Report. If the complete version of the Final Report submitted under Clause I(3)(a) above contains no Confidential Information, it may be used as the Public Version. In any event, the Public Version must be informative and contain sufficient Project detail to be useful to prospective U.S. equipment and service providers. The Contractor shall name the electronic file containing the Public Version, which filename must satisfy the requirements of Clause I(4)(c) below. The Contractor acknowledges and understands that, notwithstanding any other provision in this Contract, the Public Version will be publicly available and in the public domain.

(c) The Terms of Reference in its entirety with each requirement annotated with the page number of the Final Report in which the requirement is met ("Crosswalk").

(d) The Contractor's certification regarding completion of the Final Report pursuant to the Terms of Reference shall be included as a separate document included along with the Final Report submission which states:

> "The Contractor certifies to USTDA that it has completed all work described in the Terms of Reference in accordance with the terms of its Contract with the Client. Specifically, the Contractor has submitted the Final Report to the Client, as required by the Contract, and received the Client's approval of the Final Report. To the extent the Contractor has not complied with the terms and conditions of the

Contract, including the USTDA Mandatory Contract Clauses contained therein, it will, upon USTDA's request, make an appropriate refund to USTDA."

(c) The Client's certification that the Client has approved the Final Report shall be included as a separate document along with the submission of the Final Report to USTDA which states:

> "The Client certifies to USTDA that the Contractor has performed all work satisfactorily, in accordance with applicable Contract provisions, including the USTDA Mandatory Contract Clauses contained therein, and the terms and conditions of the USTDA Grant Agreement. The Final Report submitted by the Contractor has been reviewed and approved by the Client."

(d) A completed Final Report submission checklist form, noting all documents that are part of the Final Report submission. This form will be provided by USTDA.

(e) The Final Report (both Confidential and Public Versions), the Crosswalk, Final Report submission checklist, Contractor's certification of the Final Report completion, and certification of the Client's approval of the Final Report shall all be submitted to USTDA via a web-based portal.

The Contractor will receive instructions on submitting the final invoice once USTDA has accepted the Final Report and no additional revisions are required.

(4) Final Report Presentation

All Final Reports submitted to USTDA must be paginated and include the following:

(a) The front cover of every Final Report shall contain the name of the Client, the name of the Contractor who prepared the report, a report title, USTDA's logo, and USTDA's address. If the complete version of the Final Report contains Confidential Information, the Contractor shall label the front cover of that version of the Final Report with the term "Confidential Version". The Contractor shall label the front cover of the Public Version of the Final Report with the term "Public Version". The front cover of every Final Report shall also contain the following disclaimer:

> "This report was funded by the U.S. Trade and Development Agency (USTDA), an agency of the U.S. Government. The opinions, findings, conclusions or recommendations expressed in this document are those of the author(s) and do not necessarily represent the official position or policies of USTDA. USTDA makes no representation about, nor does it accept responsibility for, the accuracy or completeness of the information contained in this report."

(b) The inside front cover of every Final Report shall contain (i) USTDA's logo, USTDA's address, and USTDA's mission statement, (ii) a written statement from the Client affirming that the Client has granted a license in connection with the Final Report to the Government of the

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United States of America as set forth in Clause I(2), and (iii) in the case of any Public Version of the Final Report, the Contractor shall include the term "Public Version" on such page, along with the following language:

> "Each of the Contractor and the Client certify to USTDA that this document contains the Public Version of the Final Report and that all contents are suitable for public distribution."

(c) Unless otherwise specified in the Terms of Reference, any electronic file containing any version of the Final Report or any other associated documents must be submitted to USTDA in a commonly accessible, machine readable, read-only format (such as .pdf format). The Contractor shall create a filename for any such electronic file that includes (in the following order, separated only by hyphens, no spaces): (i) the name of the Host Country, (ii) the USTDA Activity number set forth among the fiscal data in Clause M, and (iii) the document type, such as Final-Report. In the case of any electronic file containing a Confidential Version of the Final Report, the Contractor shall include the term "Confidential" at the end of such filename. In the case of any electronic file containing the Public Version of the Final Report, the Contractor shall include the term "Public" at the end of such filename.

(d) The Contractor and any Subcontractors that perform work pursuant to the Contract must be clearly identified in the Final Report. Business name, point of contact, address, telephone and email address shall be included for the Contractor and each Subcontractor.

(e) The Final Report, while aiming at optimum specifications and characteristics for the Project, must identify the availability of prospective U.S. sources of supply, including the business name, point of contact, address, telephone and email address for each prospective commercial source.

(f) The Final Report shall be accompanied by the Client's certification that the Client has approved the Final Report, prepared and submitted in accordance with Clause G.

(5) Final Report Disclaimer

The Contract Parties understand and agree that neither USTDA's receipt of the Final Report nor processing or payment of the final Invoice by USTDA constitutes (a) approval, validation or endorsement by USTDA, whether express or implied, of (i) the Final Report or any of its contents, or (ii) the quality, characteristics or nature of any work performed under the Terms of Reference or otherwise by the Contractor or any Subcontractor in connection with the Activity, or (b) confirmation or agreement by USTDA, whether express or implied, as to whether any work performed by the Contractor or any Subcontractor in connection with the Activity has been performed in accordance with the terms and conditions of this Contract, including the Terms of Reference and these Mandatory Contract Clauses.

J. Amendment Procedures

Consistent with the amendment provisions set forth in the main body of this Contract, all amendments, assignments or other modifications to this Contract, including the Annexes to this

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Contract, will be made effective only by written instrument signed by the Contract Parties and expressly approved in writing by USTDA. Either Contract Party may submit to USTDA, at the address set forth in Clause M, a final negotiated draft version (in an editable electronic format) of any proposed amendment, assignment or other modification to this Contract for USTDA review. USTDA will advise the Contract Parties as to whether the draft instrument is ready for execution, on the understanding that USTDA's approval may be contingent upon certain modifications being made to such draft.

K. Activity Schedule

(1) Activity Completion Date

The Contract Parties' estimated completion date for the Activity is ___________________.

(2) Time Limitation on Disbursement of USTDA Grant Funds

Except as USTDA may otherwise expressly agree in writing, no Grant Funds may be disbursed under this Contract for goods and services which are provided prior to the Effective Date of the Grant Agreement. Further, due to restrictions related to the funding source of the Grant Funds, the Terms of Reference for this Activity must be completed, and all Deliverables (including the Final Report) must be submitted to USTDA in accordance with all requirements, including but not limited to Clause I above, no later than February 1, 2029.

L. Business Practices; Conflicts of Interest

(1) Business Practices

The Contract Parties recognize the existence of standards of conduct for public officials and commercial entities in their respective countries. Therefore, the Contract Parties shall fully comply with all United States and Host Country laws relating to corruption or bribery, and shall not directly or indirectly provide, offer or promise to provide money or anything of value to any public official in violation of any United States or Host Country laws relating to corruption or bribery. For example, the Contractor and its Subcontractors shall fully comply with the requirements of the U.S. Foreign Corrupt Practices Act, as amended (15 U.S.C. §§ 78dd-1 *et seq.*). Each Contract Party agrees that it shall require that any Subcontractor, agent or representative hired to represent it in connection with the Activity will comply with this Clause L and all laws which apply to activities and obligations of that Contract Party, including, but not limited to, those laws and obligations referenced above.

(2) Conflicts of Interest

(a) Except as USTDA may otherwise expressly agree in writing, no Contract Party, or any employee, executive, director, officer or other staff member of a Contract Party, may either directly or indirectly engage in any activity or maintain any relationship (any such activity or relationship, a "Conflict of Interest") which might adversely affect the Activity or the rights of USTDA, including but not limited to (i) ownership of a material interest in the other Contract Party, or in

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any supplier, contractor, distributor, Subcontractor (other than any Subcontractor that is an affiliate of the Contractor as disclosed to USTDA in Annex III of this Contract), customer or other entity involved in the performance of the Activity, (ii) acceptance of any material payment, service, loan, gift, trip, entertainment, favor or other thing of value from the other Contract Party, a supplier, contractor, distributor, Subcontractor, customer or other entity involved in the performance of the Activity, (iii) any employee, executive, director, officer or other staff member of one Contract Party holding a position as an employee, executive, director, officer or other staff member of the other Contract Party, or of any supplier, contractor, distributor, Subcontractor, customer or other entity involved in the performance of the Activity, and (iv) any condition or circumstance that would reasonably be expected to (A) cause one or more of the Contract Parties to be unable or potentially unable to render impartial assistance or advice, (B) impair the objectivity of the Contractor or any Subcontractor in performing the Activity, or (C) create an unfair competitive advantage for any entity wherein either Contract Party has a material interest.

(b) Neither the Client nor the employees, executives, directors, officers or other staff members of the Client may receive payment from the Grant Funds.

(c) Any Contract Party shall promptly notify USTDA of any Conflict of Interest of which it becomes aware.

M. USTDA Address and Fiscal Data

Any communication with USTDA regarding this Contract shall be sent to the following contact information and include the fiscal data listed below:

To:	U.S. Trade and Development Agency
Address:	1101 Wilson Boulevard, Suite 1100 Arlington, VA 22209-2275 USA
Phone:	(703) 875-4357
Email:	indopacific@ustda.gov

<u>Fiscal Data:</u>

Activity No.:	2026-31024A
Reservation No.:	2026183
Obligation No.:	1131PL26GH31

N. Taxes

The Grant Funds provided under the Grant Agreement shall not be used to pay any taxes, tariffs, duties, fees or other levies imposed under laws in effect in the Host Country, except for taxes of a *de minimis* nature imposed on local lodging, food, transportation or airport arrivals or departures or individual income taxes assessed on local Host Country staff ("Accepted Taxes"). Neither the Client nor the Contractor may seek reimbursement from USTDA for any such taxes, tariffs, duties, fees or other levies, other than the Accepted Taxes, to the extent that the amounts of such Accepted

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Taxes are included on expense receipts maintained by the Contractor in accordance with Clause D.

O. Compliance with Trade-Related Laws

The Contractor and all Subcontractors are responsible for compliance with U.S. export licensing requirements, if applicable, in the performance of all work in connection with the Activity. In addition, the Contractor shall not recommend as part of the Final Report any products, commodities, components, articles or other goods for use in connection with the Project that are (i) subject to any Withhold Release Order issued by U.S. Customs and Border Protection under Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307), (ii) included on the "List of Goods Produced by Child Labor or Forced Labor" published from time to time by the U.S. Department of Labor, or (iii) otherwise restricted by the Uyghur Forced Labor Prevention Act, Pub. L. 117-78 (2021). If, at any time during the performance of the Activity, the Contractor determines in its professional judgment (consistent with recognized professional standards) that it is unable to comply with the provisions of this Clause O, the Contractor shall promptly (but in any event, within three (3) business days) notify USTDA.

P. Change of Control

For purposes of this Contract, the term "Change of Control" means the occurrence of any one or more of the following: (i) the accumulation, whether directly, indirectly, beneficially or of record, by any person, legal entity or group, of fifty percent (50%) or more of the shares of the outstanding equity securities of a Contract Party, (ii) a merger, consolidation or reorganization of a Contract Party in which such Contract Party does not survive as an independent legal entity or upon the consummation of which the holders of such Contract Party's outstanding equity ownership interests prior to such merger, consolidation or reorganization own less than 50% of the outstanding equity ownership interests of such Contract Party after such merger, consolidation or reorganization, or (iii) a sale of all or substantially all of the assets of a Contract Party. Each Contract Party shall provide both USTDA and the other Contract Party with written notice of any anticipated Change of Control of such Contract Party prior to the effective date of such Change of Control, which notice must identify (i) the person(s) and/or legal entity (or entities) that are gaining control or ownership over such Contract Party, and (ii) the person(s) and/or legal entity (or entities) that are losing control or ownership over such Contract Party. The Contract Parties acknowledge and agree that, in order for the Activity to continue following any Change of Control, any legal entity (or entities) that are gaining control or ownership over a Contract Party must satisfy USTDA's due diligence guidelines.

Q. Liability

This Contract may include a clause that limits the liability of the Contract Parties, provided that such a clause does not (i) disclaim liability for damages that are natural, probable and reasonably foreseeable as a result of a breach of this Contract, or (ii) limit the total amount of damages recoverable to an amount less than the total amount of Grant Funds actually disbursed to the Contractor pursuant to this Contract. If any clause set forth in this Contract is inconsistent with

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either or both of these limitations, such clause will be invalid and unenforceable to the extent of the inconsistency.

R. Arbitration

If the Contract Parties submit any dispute arising under this Contract for arbitration, the scope of any such arbitration shall be limited to the Contract Parties' rights and/or obligations under this Contract and may not extend to any right or obligation of USTDA. The arbitrator(s) shall not arbitrate issues directly affecting the rights or obligations of USTDA.

S. Reporting Requirements

The Contractor shall advise USTDA as to the status of the Project at least one (1) time per year for a period of two (2) years after completion of the Activity. In addition, if at any time the Contractor receives follow-on work from the Client, the Contractor shall so notify USTDA and shall designate the Contractor's point of contact related to such follow-on work, including such person's name, title, address, telephone number and email address. Because this information may be made publicly available by USTDA, any Confidential Information must be designated as such by the Contractor and provided separately to USTDA. USTDA will maintain the confidentiality of such Confidential Information, subject to and in accordance with applicable U.S. law.

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APPENDIX 4

REFERENCE TASK VALUES

The amounts set forth in the table below (the "Reference Task Values") represent USTDA's assessment of the total value of the goods and services to be provided in connection with each individual Task. This assessment is based on expert technical analysis from the background Definitional Mission that was used to inform USTDA's determination of the total USTDA grant amount, which is a fixed amount.

Reference Task Values		
Task Number & Title	**Estimated Value**	**Percentage of Total**
Task 1: Kick-Off Meeting and Information Gathering	$98,324	7%
Task 2: Technical Review and Surveys	$291,308	21%
Task 3: Optimal Infrastructure Upgrade Recommendation	$190,308	13%
Task 4: Initial Engineering Designs	$178,800	13%
Task 5: Outer Islands Transport and Storage Cost Optimization	$88,000	6%
Task 6: Project Capital Cost Estimate	$102,400	7%
Task 7: Legal and Regulatory Assessment	$91,915	6%
Task 8: Economic Analysis	$97,600	7%
Task 9: Project Ownership and Financing Structure	$58,800	4%
Task 10: Environmental and Social Impact Assessment	$46,800	3%
Task 11: Funding Assessment	$60,800	4%
Task 12: U.S. Sources of Supply	$35,200	2%
Task 13: Development Impact Assessment	$22,400	2%
Task 14: Final Report	$58,400	4%
Total:	**$1,420,872**	**100.0%**

APPENDIX 5

CRITERIA FOR WITHHOLDING APPROVAL OF THE CONTRACTOR SELECTED BY A GRANTEE FOR A GRANT ACTIVITY

USTDA advances the infrastructure goals of developing and middle-income countries by awarding grant funds to overseas project sponsors (Grantees) for project preparation activities such as feasibility studies, technical assistance, pilot projects, environmental social impact assessments and front-end engineering and design projects (Grant Activities). These grant funds, in turn, fund work conducted by a U.S. firm (the Contractor) pursuant to a contract between the Grantee and the Contractor. As the financier of the Grant Activities, USTDA must approve the Contractor selected by the Grantee to carry out a Grant Activity, as well as the sub-contractor(s) proposed by the Contractor or Grantee. For purposes of this statement of policy, the term Contractor will also include any sub-contractor(s) proposed for USTDA Grant Activities. USTDA may withhold its approval if the selected Contractor fails to demonstrate its ability to meet USTDA's standards.

USTDA has a fiduciary duty to safeguard taxpayer funds by ensuring they are used responsibly and effectively. One of the ways it does this is by attempting to ensure that the Grant Activities USTDA finances are high-quality and can contribute to the development of implementable infrastructure projects.

While USTDA cannot assume responsibility for Grantees' decisions regarding which Contractors are best suited to their needs, USTDA may withhold its approval of a Contractor proposed by a Grantee for a particular Grant Activity on the following grounds:

1. **Failure to Demonstrate the Ability to Satisfy USTDA's Requirements**. If a Contractor does not demonstrate the ability to satisfy USTDA's policy or administrative requirements, including the requirements established by the USTDA grant agreement, the mandatory contract clauses attached to the grant agreement template (the Mandatory Clauses) or other general or activity- specific USTDA requirements, USTDA will withhold its approval of the selection of that Contractor for the Grant Activity.

2. **Failure to Demonstrate the Ability to Satisfy the Technical and Substantive Requirements of the Grant Activity**. Each USTDA Grant Activity is governed by Terms of Reference (ToRs). USTDA may withhold its approval of the selection of a Contractor for a Grant Activity if the Contractor does not demonstrate that it has the technical or substantive expertise and necessary personnel to complete the ToRs and other obligations under the contract to either USTDA's or the Grantee's standards.

3. **Financial Capacity**. USTDA carries out credit screenings and investigates bankruptcy and other financial delinquencies to determine the financial health and sustainability of Contractors. If USTDA's findings indicate that the Contractor's financial health is uncertain and could put the Contractor's ability to perform its obligations in jeopardy, USTDA may withhold its approval of the selection of that Contractor for the Grant Activity.

4. **Conflict of Interest.** If the Contractor has a conflict of interest, as defined in the Mandatory Clauses, that appears likely to impair the objectivity of the Contractor or the Contractor's ability to carry out the ToRs, USTDA may withhold its approval of the selection of that Contractor for the Grant Activity.

5. **Audit Findings or Exceptions, or Failure to Meet Prior Contractual Obligations to USTDA.** USTDA may withhold its approval of the selection of a Contractor for a Grant Activity if the Contractor has received audit findings or exceptions related to other USTDA Grant Activities that suggest the Contractor will not be able to effectively carry out the ToRs or otherwise meet USTDA's contractual requirements. USTDA may also withhold its approval of the Contractor selection if the Contractor has not remitted funds that it owes to the U.S. government from the close-out of previous USTDA grant activities. Similarly, USTDA may withhold its approval of the Contractor selection if the Contractor has failed to meet USTDA's contractual requirements for other Grant Activities, including but not limited to delinquency in success fee reporting, failure to meet cost share requirements or other noncompliance with the Mandatory Clauses.

6. **Debarment.** If the Contractor has been debarred by the federal government, state or local government, or an international organization such as the World Bank, United Nations or a regional multilateral development bank, USTDA may withhold its approval of the selection of that Contractor for the Grant Activity.

7. **Violation of Standards of Conduct**. If the Contractor has violated the law or standards of professional or ethical conduct of the U.S. or other countries, particularly those related to bribery and corruption, or has otherwise demonstrated behavior that raises serious integrity concerns regarding the Contactor and/or its employees, USTDA may withhold its approval of the selection of that Contractor for the Grant Activity.

Significant Negative Performance Reviews. If the Contractor has received one or more significant negative performance reviews from U.S. government entities that suggest that the Contractor will not be able to effectively carry out the ToRs or otherwise meet USTDA's contractual requirements, USTDA may withhold its approval of the selection of that Contractor for the Grant Activity.