PRACTICAL GUIDE | INDUSTRIAL & ENGINEERING PROJECTS

EPC Tender Evaluation and Contract Award

Select the bidder most capable of delivering the complete facility for a defensible final cost.

WHAT TO DO | PART 1

01 Invite genuine competition

Prequalify capable firms for similar-scale engineering, procurement, construction and start-up work. Aim for three credible competitive bids where the market permits.

Evidence: Approved bidders list and qualification evidence.

02 Issue identical tender information

Send the same FEED, ORS, draft contract, interface limits, acceptance criteria and response templates; circulate clarifications to all bidders.

Evidence: Controlled tender issue and clarification log.

03 Evaluate technical compliance first

Check relevant references, proposed design team, execution method, major vendors, schedule, commissioning plan, staff and subcontractors.

Evidence: Scored technical evaluation with supporting evidence.

04 Normalize the commercial bids

Compare complete scope, exclusions, provisional sums, owner costs, assumptions, schedule and payment terms. Ask bidders to price material gaps.

Evidence: Like-for-like evaluated-price comparison.

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WHAT TO DO | PART 2

05 Close contractual qualifications

Identify deviations relating to FEED responsibility, design fitness, permits, variations, completion tests, liquidated damages, liability caps and securities.

Evidence: Signed clarification and exceptions register.

06 Confirm detailed engineering and completion

For EPC delivery, state that post-award detailed engineering, procurement, construction, precommissioning, commissioning and tests belong to the contractor except expressly agreed owner tasks.

Evidence: Responsibility matrix and contract schedule.

07 Approve award from evidence

Issue award recommendation showing technical strengths, evaluated price, residual risks and whether deviations are closed before letter of award.

Evidence: Executed EPC contract and decision memorandum.

REQUIRED OUTPUTS

Technical scoring, normalized commercial evaluation, closed qualifications, fully defined scope and executed contract.

DECISION POINT

AWARD only when the contractor has accepted the deliverable scope, responsibility and contractual tests necessary for completion.

COMMON MISTAKE TO AVOID

Lowest bid price is not necessarily lowest delivered cost; never leave decisive exclusions to be agreed after award.

APPLICATION NOTE

Contract structures vary (lump sum, reimbursable, EPCM); obligations stated here assume a correctly drafted EPC arrangement.

METHODOLOGY / REFERENCES

Practice basis: contract form, risk allocation and acceptance rules are project-specific.