



ADVANCE CONTRACT AWARD NOTICE (ACAN)

1. Title

Study on Competitiveness of Canada's Upstream Oil & Gas Industry

2. Definition

An Advance Contract Award Notice (ACAN) allows departments and agencies to post a notice, for no less than fifteen (15) calendar days, indicating to the supplier community that it intends to award a good, service or construction contract to a pre-identified contractor. If no other supplier submits, on or before the closing date, a Statement of Capabilities that meets the requirements set out in the ACAN, the competitive requirements of the government's contracting policy have been met. Following notification to suppliers not successful in demonstrating that their Statement of Capabilities meets the requirements set out in the ACAN, the contract may then be awarded using the Treasury Board's electronic bidding authorities.

If other potential suppliers submit Statement of Capabilities during the fifteen calendar day posting period, and meet the requirements set out in the ACAN, the department or agency must proceed to a full tendering process on either the government's electronic tendering service or through traditional means, in order to award the contract.

3. Background

Recent investment trends have brought into focus concerns around the competitiveness of the oil and gas industry in Canada. Prompted by a decline in oil prices that began in mid-2014, investment in Canada's oil and gas industry has fallen by over 50% between 2014 and 2016. While investment has recovered from the low point, it is not expected to reach previous levels anytime soon.

A major point of concern is Canada's performance vis-à-vis the US and other jurisdictions when it comes to attracting investment. Investment in the US oil and gas sector is expected to outpace Canada over the coming years. This trend could accelerate with the recent US tax reforms and measures taken by the current US administration to deregulate the industry. Alternatively, these trends could simply be driven by secular changes in investment patterns, with a shift in investor appetite towards short-cycle projects with faster payout periods (i.e. US shale) as opposed to large-scale projects that take years to plan and build (i.e. oil sands, deep offshore). However, this trend may also partly reflect an increase in the cost of doing business in Canada, which may drive investment elsewhere if these costs increase beyond a certain tipping point.

Competitiveness was a major theme at the 2017 Energy and Mines Minister's Conference (EMMC). EMMC Ministers made a commitment for the coming year to further study barriers to investment in the oil and natural gas sectors in Canada to ensure we seize opportunities for economic growth and emission reductions. The finding of the proposed study could be reported on at 2018 EMMC conference.

4. Objectives

Natural Resources Canada (NRCan) would like to evaluate the competitiveness of Canada's upstream oil and gas industry, relative to competing jurisdictions. Such an assessment should take into account recent regulatory changes and major market investment drivers.



5. Project Requirements

5.1 Tasks & Deliverables

Tasks & Deliverables

The main deliverable will be a slide deck that would contain each of the sections outlined below. The chosen contractor may be expected to give a final presentation on the study to the project authority, and at the 2018 EMMC meeting. All supporting spreadsheets, back up data, and working documents will be provided.

Deliverable structure:

1. Assess Canada's current upstream oil and gas attractiveness
2. Evaluate the aggregate effect of regulations and policies
3. Develop case studies showing how regulations and policies affects investments in the medium and long-term

6. Trade Agreements

Applicable Limited Tendering Provision under Canadian Free Trade Agreement (Article 513 1(b))

513 1(b) – if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

- (iii) due to an absence of competition for technical reasons;

Applicable Limited Tendering Provision under Canada-Chile (Article Kbis-09)

Kbis-09 (b) - where, for works of art, or for reasons connected with the protection of patents, copyrights or other exclusive rights, or proprietary information or where there is an absence of competition for technical reasons, the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists.

Applicable Limited Tendering Provision under Canada-Colombia Free Trade Agreement (Article 1409)

1409 1(b) Where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

- iii. Due to an absence of competition for technical reasons.

Applicable Limited Tendering under Canada-Honduras Free Trade Agreement (Article 17.11)

2(b) a good or service being procured can be supplied only by a particular supplier and a reasonable alternative or substitute does not exist because:

- (iii) there is an absence of competition for technical reasons.

Applicable Limited Tendering Provision under NAFTA (Article 1016.2)

1016.2(b) - where, for works of art, or for reasons connected with the protection of patents, copyrights or other exclusive rights, or proprietary information or where there is an absence of competition for technical reasons, the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists.

Applicable Limited Tendering Provision under the Comprehensive Economic and Trade Agreement (Article 19.12)

1 (b) if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

- iii. due to an absence of competition for technical reasons.

Applicable Limited Tendering under Canada-Peru Free Trade Agreement (Article 1409)

1 (b) where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

- (iii) due to an absence of competition for technical reasons.

Applicable Limited Tendering under Canada-Ukraine Free Trade Agreement (Article 10.13)

1 (b) if the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or



services exist for any of the following reasons:

- (iii) due to an absence of competition for technical reasons.

Applicable Limited Tendering under World Trade Organization Agreement(Article XIII)

1 (b) where the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute goods or services exist for any of the following reasons:

- (iii) due to an absence of competition for technical reasons.

7. Title to Intellectual property

[4007](#) (2010-08-16) - Canada to Own Intellectual Property Rights in Foreground Information

8. Contract Period

The contract period shall be from date of award of contract to June 30, 2018.

9. Estimated Cost

The estimated maximum value of the contract is between \$275,000.00 and \$280,000.00 CAD including all applicable taxes.

10. Exception to the Government Contracts Regulations and applicable trade agreements

Sole Source Justification - Exception of the Government Contract Regulations (GCR):

(d) Only one person or firm is capable of performing the contract

The contractor must:

- 1) Possess the capacity and global reach to conduct detailed analysis on project-level impacts of current oil and gas policies and regulations, as well as the capacity to make robust and in-depth comparisons across jurisdictions;
- 2) Possess significant* experience providing impact on project economics and industry capital spending, both presently and in the future; and
- 3) Be able to submit a final report on June 30, 2018, based on the deliverables outlined in section 5.1;

*significant experience is defined as leading at least one project, in the field of providing impact on project economics and industry capital spending, within the last five (5) years

11. Name and Address of the Proposed Contractor

Wood Mackenzie
5847 San Felipe, Suite 1000
Houston, Texas
77057
USA

12. Inquiries on Submission of Statement of Capabilities

Suppliers who consider themselves fully qualified and available to provide the services/goods described herein, may submit a Statement of Capabilities in writing, preferably by e-mail, to the contact person identified in this Notice on or before the closing date and time of this Notice. The Statement of Capabilities must clearly demonstrate how the supplier meets the advertised requirements.



13. Closing Date

Closing Date: April 19, 2018
Closing Time: 14:00 EDT

14. Contract Authority

Len Pizzi
Procurement Officer
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Hamilton, ON
L8P 0A5
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