



## **Advance Contract Award Notice (ACAN) for providing medium and long term analysis of North American crude oil market fundamentals.**

The Canadian Energy Regulator (CER) has identified the need for analysis of North American crude oil markets in the medium and long-term. Specifically, the focus is on crude oil flows across different modes of transportation and between different regions. This analysis will support the CER's ongoing market monitoring as part of its energy systems information program, as well as inform analysis and development of specific projects, such as its long-term Canadian energy outlook, *Canada's Energy Future*.

### **Purpose of the ACAN:**

The purpose of this ACAN is to provide public notice indicating to the supplier community that CER intends to award a contract for these services to Darkhorse Analytics. Before awarding the contract however, the government would like to allow other potential suppliers to signal their interest in bidding and demonstrate they are capable of satisfying the requirements by submitting a Statement of Capabilities within the 15 calendar day posting period.

If no other potential supplier submits a Statement of Capabilities that meets the requirements set out in the ACAN, on or before the closing date stated in the ACAN, the contracting officer may then proceed with the award to the pre-identified supplier.

### **Definition of the requirement**

The CER prepares projections of energy supply and demand, publishing its findings from time to time in periodic reports. The projections are undertaken in support of its mandate to monitor energy markets and provide an outlook for Canadian supply and demand of all major energy commodities. A key input into this process is the development of crude oil pricing assumptions, as well as assumptions on energy market and infrastructure conditions.

As North American energy markets become more complex, it is increasingly necessary to challenge assumptions on future conditions. In order to understand how markets could evolve in a variety of conditions, the CER requires additional analysis focused on crude oil market fundamentals under a range of different scenarios. Specifically, requirements include details on what the flows of oil of different types (i.e. heavy and light) are between North American regions under different scenarios, the likely mode of transportation (i.e. rail or pipeline) and the uncertainty associated with these estimates.

### **Criteria for assessment of the Statement of Capabilities (Minimum Essential Requirements)**

Any interested supplier must demonstrate by way of a statement of capabilities, ability to undertake the following tasks:

1. Working with the CER to identify specific needs, provide North American crude oil market analysis and outlook, along with scenarios of different pipeline configurations, in the



spring/summer with an update including additional sensitivity analysis in the fall winter.

2. Analysis should include flows of heavy and light oil by type between North American regions (by transportation mode type), as well as potential impact on pricing (marginal barrel analysis). While flow detail is needed for all North American by regions, there should also be a demonstrable relationship to international oil markets as well.
3. Present results in a variety of formats including: a) digital outputs, including data tables showing flows of oil by type by region and transportation mode for various years/scenarios, as well as data visualization tools and b) in person presentations to CER staff to explain the results, uncertainties, and important market context.
4. Describe the modeling framework and logic of the model used for analysis in a transparent way (documentation and/or presentation).

### **Applicability of the trade agreement(s) to the procurement**

This procurement is subject to the following trade agreement(s):

- i. NAFTA
- ii. CFTA

### **Justification for the Pre-Identified Supplier**

The Contractor, the Darkhorse Analytics, is suggested because: Darkhorse Analytics uses a unique and proprietary network flow model, CrudeFX, which represents the structural elements of the North American oil market, in combination with significant experience and expertise in analyzing the North American and global crude oil market, especially as it relates to Canadian fundamentals. This combination of modeling capability and expertise can uniquely provide the level of data granularity and supporting analysis required.

### **Government Contracts Regulations Exception(s)**

The following exception(s) to the *Government Contracts Regulations* is invoked for this procurement under subsection 6(d) - "only one person is capable of performing the work".

### **Period of the proposed contract or delivery date**

The proposed contract is for the period from award for one year with two- one year options to extend.

### **Cost estimate of the proposed contract**

The estimated value of the contract for three years is \$150,000.00 (GST/HST extra)



## **Name and address of the pre-identified supplier**

Darkhorse Analytics  
10507 Saskatchewan DR NW  
Edmonton AB T6E 4S1

## **Suppliers' right to submit a statement of capabilities**

Suppliers who consider themselves fully capable of providing the services described in the ACAN may submit a Statement of Capabilities in writing to the contact person identified in this notice on or before the closing date of this notice. The Statement of Capabilities must clearly demonstrate how the supplier meets the advertised requirements.

## **Closing date for a submission of a statement of capabilities**

The closing date and time for accepting statements of capabilities is December 20, 2019 at 14:00Hrs (MST).

## **Inquiries and submission of statements of capabilities**

Inquiries and statements of capabilities are to be directed to:

Jenny Gong  
Group Leader Procurement Services Unit  
Canadian Energy Regulator  
Suite 210, 517 – 10<sup>th</sup> Avenue, SW  
Calgary, AB T2R 0A8  
Tel: 403-470-1748  
Email: [jenny.gong@CER-REC.gc.ca](mailto:jenny.gong@CER-REC.gc.ca)