
Newfoundland & Labrador
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

REQUEST FOR PROPOSALS FOR CONSULTING SERVICES
STORAGE, DISTRIBUTION AND PRICING OF
REGULATED PETROLEUM PRODUCTS

INTRODUCTION

The Newfoundland and Labrador Board of Commissioners of Public Utilities (the "Board") is seeking the services of a consultant to provide advisory services in the area of petroleum products storage, distribution and pricing in the Province. The consultant will assist the Board in its work relating to the regulation of maximum wholesale and retail prices for regulated motor and heating fuels.

BACKGROUND

The Board

The Board is an independent, quasi-judicial regulatory body constituted by the *Public Utilities Act, R.S.N.L. 1990*. In addition to its other responsibilities which include the regulation of electric utilities and automobile insurance companies, the Board has responsibilities with respect to the regulation of petroleum products pricing in the Province.

Petroleum Products Pricing Mandate

Pursuant to the [Petroleum Products Act](#) and the [Regulations](#) thereunder, the Board's responsibilities and authority with respect to petroleum products pricing include:

- setting the maximum wholesale and retail prices that may be charged for regulated motor fuels and heating fuels in the Province, including different grades and derivatives;
- dividing the Province into zones and setting maximum wholesale and retail prices in these zones;
- determining the maximum mark-ups to be included in the maximum wholesale and retail prices as well as service charges; and
- conducting reviews with respect to the established mark-ups and the suitability of the pricing mechanism.

Petroleum Products Pricing Mechanism

The Board adjusts the maximum wholesale and retail prices for regulated motor and heating fuels on a weekly basis. The pricing components to be included in the Board's calculation of maximum prices are set out in the Regulations and include:

Maximum Price Components	
<i>Wholesale Maximum Price</i>	<i>Retail Maximum Price</i>
<ul style="list-style-type: none"> ▪ benchmark price ▪ allowed wholesale mark-up ▪ applicable taxation 	<ul style="list-style-type: none"> ▪ benchmark price ▪ total allowed mark-up ▪ applicable taxation ▪ any allowed service costs

PURPOSE AND SCOPE OF WORK

The consultant will provide advice to the Board with respect to its regulation of petroleum products pricing in the Province. The required services may include:

- Examining and reporting on the methods of supply and the storage and distribution costs for regulated motor and heating fuels throughout the Province. This work may involve review of the [2005-2006 Storage and Distribution Study](#) and the impact of changes to the methods of supply.
- Reviewing and reporting on the current pricing mechanism including the pricing zones and differentials and the wholesale and total allowed mark-ups. This work may involve the review of studies completed as part of recent margin reviews by the Board.

The work will include research and consultation with industry stakeholders and regular communication with Board staff. The proponent may be required to attend meetings, provide verbal and written opinions in letters, reports, presentations, and offer testimony at public hearings.

It is expected that the appointment will be for at least one year with the opportunity at the Board's sole discretion to renew or extend.

QUALIFICATIONS AND EXPERIENCE

The necessary qualifications and experience would normally be acquired through a minimum of 10 years of relevant work experience in the downstream petroleum industry, preferably in local markets. Experience in a refining or regulatory setting would also be an asset.

Superior analytical, interpersonal and communication skills are essential as both written documents and reports and oral presentations and testimony may be required. Experience in witness testimony in a regulatory environment would be an asset.

CONFLICT OF INTEREST DECLARATION

The Board requires that the proponent provide a statement declaring possible conflicts of interest. Failure to report any such conflict may be cause for disqualification.

TERMS OF ENGAGEMENT

The terms of engagement would be subject to negotiation following the selection of a successful applicant.

MONITORING PERFORMANCE

Adherence to Proposed Hourly Rates and Fees Arrangement

The Board will require prior approval of a work plan for the provision of services which will include a budget setting out the estimated schedule, fees and disbursements. Reimbursement for all reasonable out-of-pocket expenses, including but not limited to travel, must be in accordance with Board policies.

The Board may require the consultant to provide progress reports on the work plan. The consultant must keep an account of and submit to the Board the actual time spent by assigned personnel on each task. The cost of this accounting of time shall be considered included in the hourly rates and fees quoted under this proposal.

Assigned Personnel

The consultant must designate the personnel who will be assigned to provide the services. The Board requires that senior personnel be designated to be accessible at the request of the Board. Any subsequent changes to the assigned personnel must be approved by the Board.

Deadlines

Deadlines for the completion of the work are likely to be established by the Board. Failure to meet deadlines will be an important component of the Board's evaluation of performance.

CONDITIONS

It is possible that the Board's consideration of the proposals submitted in response to this request will lead to the selection of two or more consultants, rather than a single consultant. It is also possible that the decision of the Board will be to refrain from any appointment at this time.

Any major change in the requirements of the Board may lead to a further request for proposals and the termination of any arrangement that may be established pursuant to the present request.

The Board makes no claim, expressed or implied, with regard to the volume of work that may result from the acceptance of a proposal for the provision of consulting services. The Board reserves the exclusive right to accept or reject any or all proposals and the lowest rates, or any proposal, will not necessarily be accepted. The Board may, at its sole discretion, accept a non-compliant proposal.

The Board reserves the right to discuss any or all proposals and to request additional information from any or all proponents.

The Board will not be liable for any fees, expenses or other costs incurred by the proponents in the preparation and presentation of their response to this request.

PROPOSAL

Requirements

Proposals submitted to the Board must include the following information:

- The proponent's qualifications, including:
 - a description of the specialized expertise or qualifications of the consultant to provide the required services;
 - a list of the personnel assigned to provide the services and a description of the special expertise or qualifications of each as well as a curriculum vitae;
 - a summary of similar work completed by the consultant and/or the assigned personnel, particularly work related to the examination and evaluation of storage, distribution and pricing of petroleum products; and
 - a sample report prepared by the consultant and/or the assigned personnel relevant to the petroleum products industry and the regulation thereof, or similar/comparable subject matter.
- The proposed fee arrangements, including the hourly rates for assigned personnel.
- A Conflict of Interest declaration.

Evaluation Criteria

The Board's evaluation of proposals may be based on, but not necessarily limited to, some or all of the following factors:

1. The educational, professional, and technical qualifications of the consultant and the assigned personnel;
2. The experience of the consultant and the assigned personnel in providing services similar to those being requested by the Board and whether it is Canadian-based expertise, and in particular the examination and evaluation of storage, distribution and pricing of petroleum products;
3. The demonstrated communication skills, both written and verbal, of the consultant and the assigned personnel;
4. The quality of the proposal and the extent to which it demonstrates insights into how the responsibilities to be assigned can be successfully executed;
5. Access to adequate resources and support services;
6. The absence of conflict of interest; and
7. The proposed hourly rates and fees arrangement for the services.

To assist in the evaluation of the proposals the Board may request additional information from proponents, including a high-level work plan in relation to the review of the methods of supply of regulated petroleum products in the Province and associated storage and distribution costs and the current pricing mechanism.

PROPOSAL TIMELINE AND PROCESS

Deadline for Submissions

The Board must receive a copy of the proposal no later than 3:00 p.m. (NDT), on Wednesday, August 18, 2021. The transmittal e-mail, or envelope in the case of paper copies, should be clearly labelled **Proposal for Petroleum Pricing Consulting Services** and should be addressed to the Director of Corporate Services and Board Secretary, Cheryl Blundon.

CONTACT INFORMATION

The Board's website and pertinent contact information is set out below:

Website: www.pub.nl.ca

Email Address: ito@pub.nl.ca

Telephone: 1-866-782-0006

Office: Suite E210, Prince Charles Building, 120 Torbay Road, St. John's

Mailing Address: P.O. Box 21040, St. John's, NL, A1A 5B2

Requests for Additional Information

Requests for additional information should be forwarded to the Board's e-mail address noted above and should include the purpose of the request, a confirmation that the proponent intends to submit a proposal for the services to be provided, and relevant contact information for the proponent's company representative(s). Any request for additional information should be forwarded to the Board's attention no later than Friday, August 6, 2021 to allow sufficient time to respond prior to the submission deadline.

Interview or Presentation

A short list of eligible candidates may be interviewed by the Board or may be required to make a presentation as part of the selection process. If selected to attend an interview or make a presentation it is expected that persons who are proposed to provide the services will attend and/or make the presentation.

Anticipated Schedule of Appointment

The appointment is expected to be made by August 31, 2021 to take effect September 1, 2021.

Cheryl Blundon

Director of Corporate Services & Board Secretary