

Delegate Approval Request Form

This form is required for all procurements over \$10,000 (GST inclusive) and all consultancies irrespective of their value. Approval is to be provided in accordance with the relevant power or legislative authority (e.g. PGPA Act s23, FFSP Act s32B, IR&D Act).

If you require assistance completing the form, please refer to the [Approach to Market Approval and Delegate Approval Request Forms Guidance](#) or email Procurementinbox@industry.gov.au.

For Board and Committee arrangements please use the [Board & Committee Members Approval Minute](#).

Procurement description [as per AusTender Requirements]		Professional Advice on Integrating Gas Modelling	
Narration [This Field is used to assist with internal reporting and is not reported on AusTender]			
Contact details			
Contact Officer	s 22	Contract Manager	s 22
Division/Branch/Section	Energy/Gas and Governance/Gas Infrastructure & Strategy	Delegate name and position	Lesley Dowling/ General Manager/ Gas and Governance Branch
PRI number (if applicable)	n/a		
Business case			
s22			
<p>The aim of this project to address these urgent requirements by providing near-term deliverables:</p> <p>Initial view of market structure & pricing regimes:</p> <ul style="list-style-type: none"> Develop an initial view of the global and domestic 'price regimes' that would establish the model logic for calculating localised price equilibrium Breakdown the cost structure that underpins existing and future market conditions Articulate the implied range of pricing outcomes, using existing market forecasts and forward curve. <p>Scope and requirements for the 'Integrated Gas Model':</p> <ul style="list-style-type: none"> Capability: View on what kind of questions can be answered with the model Technical: First view on technical architecture requirements <p>These are specialist services that require extensive knowledge and experience in the Australian gas markets and in depth energy market modelling expertise therefore the Department will engage an external supplier to undertake this work.</p>			
Consideration of an Indigenous Small to Medium Enterprise (SME)			

Have you considered whether an Indigenous SME can deliver the required good or service? [This is a requirement under Departmental Policy 3 – Procurement]	No
Consideration completed by:	s 22
Indigenous Procurement Policy (IPP) – Mandatory Set Aside	
Does the IPP apply? [Applies to procurements valued between \$80,000 to \$200,000 (GST inclusive + extension options) and the proposed procurement method is Open Tender. A procurement must not be divided into separate parts to avoid relevant procurement thresholds.]	No
Is this considered a remote contract under the IPP?	No
If Yes to either of the above, the Mandatory Set Aside requirements of the IPP applies and you will need to search for a potentially suitable Indigenous supplier as outlined in the IPP .	
Detail your Supply Nation search, including the name and number of suppliers identified and approached, the outcome etc.	Visited Supply Nation on 12/08/2020 and searched for ‘modelling, ‘consulting services’, ‘professional services’. No suitable Indigenous supplier was found as the services offered were mostly engineering, IT and project management related and were not targeted to this particular analysis.
Is this arrangement for personnel that require security access?	No
Contractor/supplier & specified personnel (if applicable)	
Is this arrangement for Labour Hire Personnel (An individual hired to cover temporary vacancies)?	No
Have you engaged this contractor within the previous twelve months?	No
Is this arrangement for an independent contractor?	No
For independent contractors , please identify whether superannuation applies.	No
ICT Procurement	
Is this procurement for ICT goods/services?	No
Have you consulted with the ICT Engagement team about this procurement?	Not applicable
Please attach correspondence or insert the name of the staff member consulted.	
Procurement method	
Procurement method [A procurement must not be divided into separate parts to avoid relevant procurement thresholds]	Limited Tender
Panel SON Number (if applicable)	SON 3438903
Creditor details - ABN for all parties - is this an overseas supplier - superannuation party details (for independent contractors where superannuation applies)	THE BOSTON CONSULTING GROUP PTY LTD ABN 70 007 347 131
Fund source, cost centre, natural account code, project code [Format: X-XXX-XXXX-XXXXX]	D-16Y-6201-00000
Process outcome (Value for money) justification	

It is proposed to approach one potential supplier to undertake this work via limited tender procurement method. This is because this procurement requires extensive knowledge and experience in the Australian gas markets and in depth energy market modelling expertise. This method is commensurate with the size, risk and complexity of the procurement. The process does not meet the rules for open tender or prequalified tender.

PGPA Act s60 approval

Does your contract contain a Contingent liability? No

[If yes, you must obtain [s60 approval](#) before submitting this form]

PGPA Act s60 Approval outline (including attaching the Approval E-mail documentation for the Section 60)

Contract details

s47G

Procurement Risk

The risks relating to the procurement have been [assessed](#) and are deemed low and acceptable? Yes

Risk test completed by: s 22

Procurement risk rating: Moderate

s47E(d)

s47E(d)

SCHEDULE 8 NOTICE OF INCLUSION**DEED OF STANDING OFFER**

To:

*The Boston Consulting Group Pty Ltd – ACN 007 347 131ABN 70 007 347
Level 52, 101 Collins Street, Melbourne, VIC 3000*

Parties

Department of Industry, Science, Energy and Resources (DISER) (Additional Agency)

and

The Boston Group Consulting Group Pty Ltd (Supplier)

Context

- A. The Department of Infrastructure and Regional Development (**DoIRD**) and the Supplier entered into Deed of Standing Offer dated ^insert date^ (**Original Deed**) for the Supplier to provide Services to DoIRD.
- B. Under the Original Deed, the Supplier offers to provide Services to Additional Agencies.
- C. The Additional Agency wishes to acquire Services from the Supplier as it requires from time to time on the same terms as the Original Deed and this Notice of Inclusion.

Defined Terms

Terms that are used in this Notice of Inclusion that are defined in the Original Deed have the meaning given in the Original Deed.

Notice of inclusion

1. The Additional Agency issues this Notice of Inclusion to the Supplier pursuant to clause 9 of the Original Deed.
2. Upon receipt of this Notice of Inclusion by the Supplier (which the Supplier will confirm in writing) a separate deed of standing offer is created between the Additional Agency and the Supplier which is on the same terms as the Original Deed, except as amended by:
 - a. clause 9 of the Original Deed; and
 - b. Attachment A to this Notice of Inclusion.

Executed as a deed

This Deed is made on 24 August 2020.

SIGNED, SEALED AND DELIVERED)
for and on behalf of the)
Commonwealth of Australia as)
represented by the Department of)
Industry, Science, Energy and)
Resources

s 22

s 22 _____ – Senior Adviser

Name and Title of signatory

Signature

In the presence of:

s 22

s 22

Name of witness

Signature of witness

ATTACHMENT A TO NOTICE OF INCLUSION

The terms of the Original Deed of Standing Offer apply to this Deed of Standing Offer, except as amended by clause 9 of the Original Deed of Standing Offer and this Notice of Inclusion:

A Changes to Original Deed

Schedule 2 – Services

N/A

Schedule 5 – Deed details

A. Invoicing Requirements

A.1.1 the Supplier must invoice the Commonwealth:

- a. at the following address:
Attention: Accounts Payable, the Department of Industry, Science, Energy and Resources,
Email: AccountsPayable@industry.gov.au
- b. with a copy to the contract manager and department representative.

B. Standing Reporting Requirements

B.1.1 No additional requirements.

C. Address for Notice

C.1.1 The Commonwealth's address for notices is:

Contract Manager
Department of Industry, Science, Energy and Resources
10 Binara Street, Canberra ACT 2601
Email: procurementinbox@industry.gov.au

C.1.2 The Supplier's address for notices is:

Level 52, 101 Collins Street, Melbourne, VIC 3000

Schedule 6 – Confidential information of the parties

N/A

Fuel market advice – including commercial, financial, technical and analytical advice and modelling – to support development of the Australian Government’s fuel security package

Procurement scope

Background

On 14 September 2020, Prime Minister Scott Morrison and Federal Minister for Energy and Emissions Reduction Angus Taylor announced a new package of measures to boost Australia’s fuel security, including:

- i. creating a minimum stockholding obligation for key transport fuels
- ii. investing \$200 million to assist industry build 780 megalitres of additional diesel storage
- iii. backing the local refining sector by entering into a detailed market design process for a refinery production payment.

The official media release can be accessed at: pm.gov.au/media/boosting-australias-fuel-security.

The Government has committed to working with industry over the next six months on the legislative and regulatory design of the fuel security package. This will involve three distinct workstreams as set out in the package, each following their own timeline. The challenge of this work is that while each of the three workstreams needs to deliver separate policy objectives, they also need to operate in conjunction with the other workstreams – to the extent that at least two of them are likely to be implemented through the one piece of legislation.

In designing and implementing the measures contained in the fuel security package, the objective will be to avoid adverse impacts on competition between fuel suppliers, minimise administrative costs for business and government, and minimise price impacts for fuel consumers.

1. Minimum stockholding obligation for key transport fuels

The Government has announced a plan to establish a minimum stockholding obligation on the fuel industry. This obligation will act as a safety net for petrol and jet fuel stocks, and increase domestic diesel stocks by 40 per cent. The obligation will be established in legislation to be drafted following consultation with industry and other stakeholders. These discussions are set to start in late 2020.

2. \$200 million grant program for additional diesel storage

This is a competitive grants program that aims to invest in new domestic diesel storage facilities to enhance Australia’s fuel security, bolster jobs in local industry, and keep fuel prices low. The program will provide support to industry to build an additional 780 ML of onshore diesel storage. The grant guidelines are in preparation, with an expectation that the program will open for submissions in the first quarter of 2021.

3. Establishing a refinery production payment

The refinery production payment will be in recognition of the fuel security benefits a sovereign on-shore refinery capability provides to Australia. For refineries to receive support, they will need to commit to stay operating in Australia.

Statement of Requirement

The adviser engaged through this procurement will support the design and development of each of the three workstreams and related work that may arise. The support requested is detailed below and should be quoted separately.

Task One: Design of a mechanism to deliver the minimum stockholding obligation.

The Department will initiate consultation with stakeholders on the parameters for a minimum stockholding obligation by the end of November. Obvious parameters of the mechanism include the levels the obligation will be set at; how it will be measured, reported and frequency of reporting; and who the obligation will apply to. The full scope of the obligation will be laid out in the initial consultation paper, which is currently in preparation.

We require assistance with designing a mechanism to deliver a minimum stockholding obligation, which could include, but not be limited to:

- Assessment of the fuel market to determine which market participants are best placed to be obligated to hold minimum stocks of petrol, jet and diesel fuels having regard to:
 - Potential competition and market power/distortionary impacts;
 - Whether thresholds for the reporting obligation set out in the *Petroleum and Other Fuels Reporting (POFR) Rules 2017* are appropriate as thresholds for regulating minimum stocks;
 - Whether information collected by Government under the POFR Act and Rules is adequate in providing necessary information on fuel stocks and throughput for the purposes of the minimum stockholding obligation;
- What metric to base the minimum obligation on and the time period to which the minimum will apply. E.g. the previous year's imports or refinery production or wholesales;
- Whether there are benefits or costs to regulating on a state/territory basis rather than a national basis; and
- How the minimum obligation would best link or interact with the POFR and Liquid Fuel Emergency legislation and the fuel storage grants program (diesel only) and the refinery production payment
- Assessment of any commercial and financial implications or risks of the proposed arrangements.

Task Two: Design a robust assessment framework for assessing grant applications and support the subsequent evaluation of grant applications.

The supplier will provide technical assistance in designing an assessment framework for assessing grant applications against the assessment criteria stipulated in the grant guidelines. The supplier will also be required to assist the evaluation committee for the grants program with technical expertise to support the committee's decision making.

- This could include, but not be limited to analysis and preparation of a report that provides the evidence base for the assessment framework incorporating:
 - The areas of particular need/importance for fuel security.
 - Evaluating and noting the location and useability of nearby infrastructure (such as ports, rail, freight hubs etc.).
- In addition ad-hoc advice as required on:
 - Evaluating the feasibility of proposals from a technical standpoint (size, construction timing etc.).

- Additionality of the proposed storage from the entity's current plans.
- Any unintended market impacts or distortions by awarding the grant.
- Evaluation of risks of any proposed commercial and financial arrangements.

Task 3: Refinery production payment

The overarching objective of this workstream is twofold. Firstly, to reach an agreement with the refining sector on key decisions related to the refinery production payment, including the rate of production payment, and relevant conditions for payment (or quid pro quo) (Task 3a). The analysis and advice delivered through this Statement of Requirement will support these discussions.

Secondly, building on results of industry discussions on the refinery production payment, to develop a range of fully costed options for a payment mechanism to fund and deliver payments to refineries and/or achieve the minimum stockholding obligation (Task 3b).

3a. Support discussions with refineries

The supplier will provide analytical support and advice on refinery business operations to support Government discussions with Australian refiners. The supplier will work with industry to understand operational and business issues and report to the Department. The analysis and advice will help ensure that production payments are efficient and effective.

Specific tasks could include (but not be limited to):

- Participation in discussions with refiners in a supporting role to the Department
- Reviewing/critiquing material provided by refiners and assisting the Department to understand the details and whether the material addresses the topic at hand
- Preparation and review of technical material for use in discussions with refiners, which could include preparation of market analysis and modelling, and/or technical details such as preparations required to support fuel security in extreme conditions.

The specific deliverables will be determined to accommodate developments in discussions with refiners, but may include:

- Critique/review of proposals including quality assurance of the modelling of costs and benefits
- Advice on the type and level of detail required from refiners to support discussions and design of a production payment mechanism
- Advice to Government on refinery costs associated with potential adjustments to fuel quality standards to understand potential future pressures on refineries
- Advice to Government on the actions refineries may need to take to be prepared to support fuel security in extreme conditions
- Advice on the expected efficacy (in terms of a positive NPV) of internal efficiency measures undertaken or proposed to be undertaken by refineries
- Advice on refinery business operations, including potential turnaround times, requirements for decision making etc.
- Advice on market conditions that could be used to test the level of support for refineries required into the future
- Advice on Australian market conditions and how they may differ from global trends
- Quality assurance and assessment of the risks relating to any commercial or financial arrangements that the Commonwealth may enter with market participants

3b Design and subsequent assessment of options for the mechanism to deliver the production payments

Analysis, modelling and advice to support the development of a range of fully costed options for a payment mechanism to fund and deliver payments to refineries and/or maintain a minimum level of fuel stocks as per the minimum stockholding obligation.

The range and type of options will depend on the outcomes of the discussions with refineries and other stakeholders. The analysis and modelling will consider, for each mechanism option, the impact on cost of fuel at the bowser, relative size of compliance costs, regulatory requirements or impacts etc, to support a cost benefit analysis of each of the options and assessment of the commercial and financial arrangements where the Commonwealth would be required to make an investment.

Depending on the outcome of discussions with industry, advice may include suggestions for mechanism options and or/contractual arrangements to deliver refinery production payment, or require integration of the payment mechanism with that to deliver the minimum stockholding obligation.

Task Four: Ad hoc advice

In addition to the above tasks, the Department may seek ad hoc advice from the supplier to support the delivery of the fuel security package. This advice may include but not be limited to topics such as:

- liquid fuel wholesale markets
- future fuel consumption
- future fuel production, including non-petroleum based fuels
- market design
- regulatory impact of other fuel security measures

Expertise requirements:

- Required: Experience in delivering independent advice
- Required: Expertise in oil refining economics and detailed knowledge of Asian regional refining market
- Required: Expertise on fuel storage construction, operation and subsequent consumption.
- Required: Technical expertise on refineries and refinery businesses
- Required: Expertise in refinery operations and economics
- Required: Expertise in downstream oil markets, in particular Australian wholesale oil markets
- Required: Expertise in the Australian fuel distribution sector
- Required: Expertise in economic modelling
- Required: Experience delivering commercial advice, and assessing financial governance arrangements
- Desirable: Detailed knowledge of the operations of Australia's refineries
- Desirable: Expertise in developing/modelling market mechanisms
- Desirable: Prior experience/knowledge of government policy development processes

Requirements for request for tender [note: will be formatted according to procurement documentation]

- Noting the potential time sensitivity of the advice, tenderers should include a map of their expertise including who would be providing expertise and that firm has sufficient coverage to meet all the criteria above, how they would be engaged (particularly at short notice) and contingency arrangements if a specific person became unavailable.

- Subcontracting specific skills sets is encouraged, details of subcontractors should be included in the tender
- This procurement will be seeking a retainer style time and materials contract.

SCHEDULE 4 REQUEST FOR QUOTE

Request for Quote			
Commonwealth Reference	TBA	Request Open: 23/10/2020	Request Close: 13/11/2020
Service Category	<ol style="list-style-type: none"> 1. Transport Planning, Regulation and Policy 2. Economic and Financial Analysis 4. Infrastructure Project Services 		
Background	<p>On 15 September 2020, Prime Minister Scott Morrison announced that the Government has committed \$28.3 million to develop plans that unlock five gas resources basins. The plans aim to strengthen development prospects and accelerate industry activity within these regions.</p> <p>The department has commenced work on the first of these plans covering both the North Bowen and Galilee (NBG) basins. Similar studies for an additional three basins are to be confirmed for which similar work may be carried out in 2021.</p>		
Services Required	<p>The Department of Industry Science Energy and Resources (DISER) is seeking delivery of advice to guide the development of the plans, future investment options to inform government and industry decision making regarding resources development in North Bowen and Galilee (NBG) basins.</p> <p>A study is required to determine planning, infrastructure, logistics, workforce and service requirements for development of the key commodities within the regions from exploration through to market. This will be guided by a suite of optimised development scenarios.</p> <p>Three key objectives include:</p> <ol style="list-style-type: none"> 1. Detail the existing demand for, and capacity of, relevant infrastructure and workforce/skills in the region (approx. Townsville to Gladstone, and inland from Longreach to Hughenden). 2. Determine scenarios (at least high and low) that model the likely reserves, development, and output of the top five predominant commodities within the NBG basins (e.g. gas, coal, gold and certain critical minerals). These models should include new projects and expansion of any existing projects for the relevant commodities. 		

3. Based on these scenarios, predict and provide optimised solutions for:
- i. future infrastructure and logistical requirements (additional capacity/expansions) that would support the development of NBG basin, and the transport and sale of commodities.
 - ii. future workforce and skills requirements to support the development scenarios, the forecast job growth, and the impacts and capacity of training and educational facilities in the region to support these requirements.

In delivering these objectives it will be necessary to take into account:

- A range (low-high) of economically recoverable reserve estimates for key priority commodities, as an input for scenario based modelling.
- Waste outputs and the associated implications on logistic services
- The role of Government and industry in providing infrastructure, including identification of potential common user infrastructure opportunities such as roads, rail, ports, pipelines, aerodromes, telecommunications, civil works, waste management, water, social and educational
- Connection of the NBG basin to supply both domestic and international markets
- Existing logistic services (such as transport) and forecasted increase in capacity as a result of developing the region
- The current skills, workforce, training and educational facilities, current capacity and their ability to expand and transition to meet the future needs of the region, reflective of a staged approach across the project lifecycle of developing the NBG basins
- Capture the lifecycle of projects from exploration to market in development of the basin
- Consider neighbouring and emerging precincts (such as North West Minerals Province or industrial hub at Townsville/Gladstone) and major projects that may impact on supply chain infrastructure within the basin – particularly when considering proposals for common use infrastructure that is versatile and may support development of multiple commodities – but also local workforce capacity and capability

	<ul style="list-style-type: none"> - Development options that may support or align with other long-term government priorities such as hydrogen, critical minerals and carbon capture and storage. <p>The report will be informed by documented evidence from:</p> <ul style="list-style-type: none"> • desktop research; • review of relevant academic literature; • economic and/or energy and resource sector modelling; • interviews and workshops with subject matter experts and key stakeholders; and, • other technical expert advice/consultation.
Deliverables	<p>The final product will be a report for Government that highlights options to consider in developing the NBG basin that is optimised on economics, clearly identify Government (Commonwealth and State) and industry roles with a focus on shared benefit for the entire the region and not one primary proponent or beneficiary (e.g. common use over single use).</p> <p>The report must:</p> <ul style="list-style-type: none"> ○ Identify possible risks and constraints that would need to be managed in order for the development of NBG basin. ○ Identify opportunities to proactively overcome these constraints, and other opportunities to accelerate, facilitate and/or influence development for domestic and international supply markets. ○ Include clearly defined baseline assumptions, data and results from the scenario based modelling. ○ Present an optimised solution prioritising next steps in the development of the NBG basin. <p>Note content from the final report will be used internally to advise the Government, and also may be used, referenced and published in large part (including the data and analysis) for the Government's public facing basin plan document.</p> <p>The service provider will have some flexibility in the manner in which the project is delivered and the format of the outputs. This can be managed by an agreement with the Department.</p> <p>The service provider may wish to partner with others (e.g. independent experts, academic institutions, consultants) with complementary expertise and experience to deliver the required services to ensure a holistic yet sufficiently detailed analysis. Proposals for collaborations/sub-contracting should be detailed in</p>

	<p>response to the RFQ, and are subject to the same standard requirements.</p> <p>Project Partners</p> <p>The Department will work closely with its project partners during this project. These partners represent agencies that have an active role in, or are directly impacted by, the delivery of the measures announced as part of the broader Gas fired recovery package. The project partners are officials from:</p> <ul style="list-style-type: none"> • Geoscience Australia • the Geological and Bioregional Assessments team within DAWE • Queensland Government. <p>Project partners will be engaged actively throughout the delivery of this project; in particular, invitation to participate in the initiation meeting and stakeholder workshops where possible, sharing progress reports, and inviting review of the draft and final reports prior to acceptance.</p>
<p>Required skills and experience / Selection Criteria</p>	<p>The capability of the tenderer to provide the goods or services in accordance with the statement of services required. For example:</p> <ul style="list-style-type: none"> • Tenderer's skills, experience and past performance particularly in economic modelling, regional development and infrastructure projects, or within key commodity sectors (gas, coal, gold, and critical minerals). • previous experience with minerals and gas sector stakeholders • identification of strategies to obtain information from stakeholders where it may not be forthcoming (for example, due to sensitivity or 'consultation fatigue') • previous experience with resource and energy portfolio modelling, and an understanding of Australia's resources and manufacturing sectors • availability of tenderer's personnel and time allocation to the task • ability to meet short project deadlines • capacity to provide the goods or services over the required period
<p>Key Performance Indicators</p>	<p>Meeting of key milestones and deadlines as per above <i>Deliverables scope</i> specifically:</p>

	<p>A. A face to face initiation meeting to discuss the project and approach by <u>20th November 2020</u></p> <p>B. Fortnightly teleconference with the Department to update on progress, and any preliminary findings, opportunities or challenges.</p> <p>C. A draft report by <u>4th January 2021</u></p> <p>D. Teleconference with the Department to present and discuss the draft report within 1 week. Department feedback will be provided to the service provider within two weeks of the teleconference. Within one week of delivering final report</p> <p>E. A final report and supporting material (data models, briefing, presentation slides) incorporating feedback from the Department by <u>11th January 2021</u></p>
Fee Structure	<p>Quote to include all costs, fees, allowances and charges associated with the implementation and completion of contract obligations.</p> <p>Note we are seeking a response in line with rates against the panel SON3438903.</p>
Timetable for Services	<p>As stated under deliverables section above key timelines are as follows:</p> <p>Initiation meeting – 20th November 2020</p> <p>Draft Report – 4th January 2021</p> <p>Teleconference to present Draft Report (within a week of providing to Government)</p> <p>Final Report – 11th January 2021</p>

<p>Security clearance</p>	<p>No security clearance, required.</p> <p>Please note confidentiality should be maintained for contents of this study as it will be used to inform government decisions.</p> <p>Please indicate in the response to RFQ if personnel working on this project do have baseline or additional security clearance.</p>
<p>Contact Officer</p>	<p>s 22 @industry.gov.au s 22</p> <p>s 22 @industry.gov.au s 22</p> <p>s 22 @industry.gov.au s 22</p>

MINUTE

Resources Division

Procurement for the North Bowen and Galilee Strategic Basin Plan

For Action

1. To consider the responses to a Request For Quote (RFQ) tendered to deliver resources development, infrastructure and workforce modelling to support development of the North Bowen and Galilee (NBG) Strategic Basin Plan.
2. As delegate for this procurement, to endorse the evaluation ahead of signing the procurement paperwork and work order form.

s22

.....
Dan Quinn, General Manager, Resources Strategy

Date: *19 November 2020*

cc-Paul Trotman, Head of Division, Resources

Key Points

- A RFQ was sent to 13 members of the Infrastructure Panel SON 3438903 with a response deadline by **4:00pm Friday 13th November 2020.**

s47E(d)

- The panel considered the quotes against two criteria:
 - *Capability* – addressed all RFQ components; firm reputation and track record; team expertise, systems and software; relevant past experience.
 - *Capacity* – demonstrated a cohesive project plan; commitment to deadlines and mitigation of risks; allocated a sufficient quantum of staff and resources; added capacity brought through partnership where relevant.
- The panel also considered the price of services, any risks identified by the tenderer, and resourcing allocated to the project. Social impact factor was not relevant criteria for this procurement based on the quotes received.
- Based on the responses received the following three quotes scored the highest (in order):

BCG with Worley: 20/20 \$869,000

The panel considered that this quote was the most comprehensive and addressed all components of the RFQ. The tenderer showed a strong understanding of the context and drivers for this project, and the various interconnected pieces of work occurring through government and in the region. It was the only to offer a sizeable, dedicated team and offered detailed risk mitigation strategies to keep the project on-track.

While being the most expensive quote, the panel also considered that the quote included roughly double the number of hours in other quotes. Noting this, and other elements of the quote, the panel would expect this quote to result in the most detailed end-product.

s47E(d)

s22

Next Steps:

- With your agreement of this assessment, the Tender Assessment Panel will finalise the Procurement Evaluation Report, Risk Management Plan and Work Order Request for your approval.
- An initiation meeting with the successful tenderer will be organised for a suitable time (tentatively on Friday 20 November 2020), and unsuccessful tenderers will be notified.



Australian Government
Department of Industry, Science,
Energy and Resources

10 Binara Street
Industry House
Canberra ACT 2601
GPO Box 2013
Canberra ACT 2601 Australia
Email: LFS@industry.gov.au
Web: www.industry.gov.au
ABN: 74 599 608 295

.....
.....
.....
.....
.....

Request for Offer (RFO)

The Department of Industry, Science, Energy and Resources invites **[insert company name]** (the Respondent) to provide a response for Fuel market advice – including commercial, financial, technical and analytical advice and modelling – to support development of the Australian Government’s fuel security package. The RFO closes at **11:59pm 8 November 2020**, Australian Eastern Daylight Saving Time (UTC+11) and the department will not consider responses after this time. Please e-mail your RFO response to **LFS@industry.gov.au**. The department will provide a return e-mail confirming receipt of your response. Please ensure all necessary parts of the RFO are complete.

Background

On 14 September 2020, Prime Minister Scott Morrison and Federal Minister for Energy and Emissions Reduction Angus Taylor announced a new package of measures to boost Australia’s fuel security, including:

- i. creating a minimum stockholding obligation for key transport fuels
- ii. investing \$200 million to assist industry build 780 megalitres of additional diesel storage
- iii. backing the local refining sector by entering into a detailed market design process for a refinery production payment.

The official media release can be accessed at: pm.gov.au/media/boosting-australias-fuel-security.

The Government has committed to working with industry over the next six months on the legislative and regulatory design of the fuel security package. This will involve three distinct workstreams as set out in the package, each following their own timeline. The challenge of this work is that while each of the three workstreams needs to deliver separate policy objectives, they also need to operate in conjunction with the other workstreams – to the extent that at least two of them are likely to be implemented through the one piece of legislation.

In designing and implementing the measures contained in the fuel security package, the objective will be to avoid adverse impacts on competition between fuel suppliers, minimise administrative costs for business and government, and minimise price impacts for fuel consumers.

1. Minimum stockholding obligation for key transport fuels

The Government has announced a plan to establish a minimum stockholding obligation on the fuel industry. This obligation will act as a safety net for petrol and jet fuel stocks, and increase domestic diesel stocks by 40 per cent. The obligation will be established in legislation to be drafted following consultation with industry and other stakeholders. These discussions are set to start in late 2020.

2. \$200 million grant program for additional diesel storage

This is a competitive grants program that aims to invest in new domestic diesel storage facilities to enhance Australia's fuel security, bolster jobs in local industry, and keep fuel prices low. The program will provide support to industry to build an additional 780 ML of onshore diesel storage. The grant guidelines are in preparation, with an expectation that the program will open for submissions in the first quarter of 2021.

3. Establishing a refinery production payment

The refinery production payment will be in recognition of the fuel security benefits a sovereign on-shore refinery capability provides to Australia. For refineries to receive support, they will need to commit to stay operating in Australia.

Statement of Requirement

The adviser engaged through this procurement will support the design and development of each of the three workstreams and related work that may arise. The support requested is detailed below and should be quoted separately. This procurement will be seeking a retainer style time and materials contract. Subcontracting specific skills sets is encouraged, details of subcontractors should be included in the tender and the availability of these sub contracting arrangements should be well documented.

Task One: Design of a mechanism to deliver the minimum stockholding obligation.

The Department will initiate consultation with stakeholders on the parameters for a minimum stockholding obligation by the end of November. Obvious parameters of the mechanism include the levels the obligation will be set at; how it will be measured, reported and frequency of reporting; and who the obligation will apply to. The full scope of the obligation will be laid out in the initial consultation paper, which is currently in preparation.

We require assistance with designing a mechanism to deliver a minimum stockholding obligation, which could include, but not be limited to:

- Assessment of the fuel market to determine which market participants are best placed to be obligated to hold minimum stocks of petrol, jet and diesel fuels having regard to:
 - Potential competition and market power/distortionary impacts;
 - Whether thresholds for the reporting obligation set out in the *Petroleum and Other Fuels Reporting (POFR) Rules 2017* are appropriate as thresholds for regulating minimum stocks;
 - Whether information collected by Government under the POFR Act and Rules is adequate in providing necessary information on fuel stocks and throughput for the purposes of the minimum stockholding obligation;
- What metric to base the minimum obligation on and the time period to which the minimum will apply. E.g. the previous year's imports or refinery production or wholesales;
- Whether there are benefits or costs to regulating on a state/territory basis rather than a national basis; and
- How the minimum obligation would best link or interact with the POFR and Liquid Fuel Emergency legislation and the fuel storage grants program (diesel only) and the refinery production payment
- Assessment of any commercial and financial implications or risks of the proposed arrangements.

Task Two: Design a robust assessment framework for assessing grant applications and support the subsequent evaluation of grant applications.

The supplier will provide technical assistance in designing an assessment framework for assessing grant applications against the criteria stipulated in the grant guidelines. The supplier will also be required to assist the evaluation committee for the grants program with technical expertise to support the committee's decision making.

- This could include, but not be limited to analysis and preparation of a report that provides the evidence base for the assessment framework on:
 - The areas of particular need/importance for fuel security.
 - Evaluating and noting the location and useability of nearby infrastructure (such as ports, rail, freight hubs etc.).
- In addition ad-hoc advice as required on:
 - Evaluating the feasibility of the proposal from a technical standpoint (size, construction timing etc.).
 - Noting the additionality of the proposed storage from the entity's current plans.
 - Noting any unintended market impacts or distortions by awarding the grant.
 - Evaluation of risks of any proposed commercial and financial arrangements.

Task 3: Refinery production payment

The overarching objective of this workstream is twofold. Firstly, to reach an agreement with the refining sector on key decisions related to the refinery production payment, including the rate of production payment, and relevant conditions for payment (or quid pro quo) (Task 3a). The analysis and advice delivered through this Statement of Requirement will support these discussions.

Secondly, building on results of industry discussions on the refinery production payment, to develop a range of fully costed options for a payment mechanism to fund and deliver payments to refineries and/or achieve the minimum stockholding obligation (Task 3b).

3a. Support discussions with refineries

The supplier will provide analytical support and advice on refinery business operations to support Government discussions with Australian refiners. The supplier will work with industry to understand operational and business issues and report to the Department. The analysis and advice will help ensure that production payments are efficient and effective.

Specific tasks could include (but not be limited to):

- Participation in discussions with refiners in a supporting role to the Department
- Reviewing/critiquing material provided by refiners and assisting the Department to understand the details and whether the material addresses the topic at hand
- Preparation and review of technical material for use in discussions with refiners, which could include preparation of market analysis and modelling, and/or technical details such as preparations required to support fuel security in extreme conditions.

The specific deliverables will be determined to accommodate developments in discussions with refiners, but may include:

- Critique/review of proposals including quality assurance of the modelling of costs and benefits
- Advice on the type and level of detail required from refiners to support discussions and design of a production payment mechanism
- Advice to Government on refinery costs associated with potential adjustments to fuel quality standards to understand potential future pressures on refineries
- Advice to Government on the actions refineries may need to take to be prepared to support fuel security in extreme conditions
- Advice on the expected efficacy (in terms of a positive NPV) of internal efficiency measures undertaken or proposed to be undertaken by refineries
- Advice on refinery business operations, including potential turnaround times, requirements for decision making etc.
- Advice on market conditions that could be used to test the level of support for refineries required into the future
- Advice on Australian market conditions and how they may differ from global trends
- Quality assurance and assessment of the risks relating to any commercial or financial arrangements that the Commonwealth may enter with market participants

3b Design and subsequent assessment of options for the mechanism to deliver the production payments

Analysis, modelling and advice to support the development of a range of fully costed options for a payment mechanism to fund and deliver payments to refineries and/or maintain a minimum level of fuel stocks as per the minimum stockholding obligation.

The range and type of options will depend on the outcomes of the discussions with refineries and other stakeholders. The analysis and modelling will consider, for each mechanism option, the impact on cost of fuel at the bowser, relative size of compliance costs, regulatory requirements or impacts etc, to support a cost benefit analysis of each of the options and assessment of the commercial and financial arrangements where the Commonwealth would be required to make an investment.

Depending on the outcome of discussions with industry, advice may include suggestions for mechanism options and or/contractual arrangements to deliver refinery production payment, or require integration of the payment mechanism with that to deliver the minimum stockholding obligation.

Task Four: *Ad hoc* advice

In addition to the above tasks, the Department may seek ad hoc advice from the supplier to support the delivery of the fuel security package. This advice may include but not be limited to topics such as:

- liquid fuel wholesale markets
- future fuel consumption
- future fuel production, including non-petroleum based fuels
- market design
- regulatory impact of other fuel security measures

Expertise requirements:

- Required: Experience in delivering independent advice
- Required: Expertise in oil refining economics and detailed knowledge of Asian regional refining market
- Required: Expertise on fuel storage construction, operation and subsequent consumption.
- Required: Technical expertise on refineries and refinery businesses
- Required: Expertise in refinery operations and economics
- Required: Expertise in downstream oil markets, in particular Australian wholesale oil markets
- Required: Expertise in the Australian fuel distribution sector
- Required: Expertise in economic modelling
- Required: Experience delivering commercial advice, and assessing financial governance arrangements
- Desirable: Detailed knowledge of the operations of Australia's refineries
- Desirable: Expertise in developing/modelling market mechanisms
- Desirable: Prior experience/knowledge of government policy development processes

Evaluation Criteria

The department will assess proposals on the basis of value for money through the application of the Evaluation Criteria. Value for money is a comprehensive assessment that takes into account price, risk and social impact and the value represented by the assessment of capability and capacity.

1. Capability

- (a) The capability of the proposal in providing the goods or services in accordance with the Statement of Requirement. This includes

- (i) Respondent's skills, experience and past performance; and
- (ii) skills, experience and past performance of the Respondent's personnel.

2. Capacity

- (a) The capacity of the proposal in providing the goods or services in accordance with the Statement of Requirement. This includes
 - (i) availability of Respondent's personnel and time allocation to the task;
 - (ii) ability to meet project deadlines; and
 - (iii) capacity to provide the goods or services over the required period.

3. Price

- (a) All costs, fees, allowances and charges associated with the implementation and completion of contract obligations
- (b) Quotes should include an estimated cost for each component of the request and a proposed cap for the full contract.

4. Risk

- (a) Any risks inherent in the proposal. This includes:
 - (i) level of compliance with this RFO and
 - (ii) adequacy of insurance held or proposed to be held by the Respondent.

5. Social Impact

- (a) Social responsibility initiatives the Respondent supports directly and indirectly related to the Statement of Requirement. For example:
 - (i) Employment and engagement opportunities and strategies
 - (ii) Environmental and sustainability initiatives
 - (iii) Innovation

Information Required by Respondent

Capability

1. The Respondent should demonstrate its capability to provide the services in accordance with the Statement of Requirement.
2. This includes:
 - (a) information on whether the Respondent can meet all of the requirements in the Statement of Requirement;
 - (b) information demonstrating its understanding of the required services;
 - (c) information on how it proposes to provide the services;
 - (d) information on how the Respondent will manage and control the provision of the services;
 - (e) information on its personnel who will provide the services, including:
 - (i) skills, qualifications, experience and past performance;
 - (ii) curriculum vitae for key personnel; and
 - (iii) if any personnel are former employees of the department (or a predecessor), length of employment and positions held
 - (f) information on any subcontractors it proposes to use in providing the services, including:

- (i) name and ABN;
 - (ii) address; and
 - (iii) work to be carried out by the subcontractor
- (g) contact details for at least 2 referees for whom the Respondent has provided similar services; and
- (h) information on how the Respondent proposes to manage any delays in providing the services.

Capacity

1. The Respondent should demonstrate its capacity to provide the services in accordance with the Statement of Requirement.
2. This includes:
 - (a) if the Respondent is lodging the offer for a consortium, details of the consortium arrangement, all members and proposed subcontractors;
 - (b) information on how it proposes to meet the required deadlines;
 - (c) names of the Respondent's senior management;
 - (d) name of ultimate holding entity (if applicable);
 - (e) details of its enterprise profile, including the size, location of sites and principal locations for the provision of the services; and
 - (f) information on how long it has been in business.
 - (g) Noting the potential time sensitivity of the advice, tenderers should demonstrate that firm has sufficient coverage to meet all the criteria above including contingency arrangements if a specific person became unavailable including any sub contracting arrangements and their respective availability.

Price

1. All prices should be provided on a GST inclusive basis with any GST component separately identified.
2. Respondents should provide details of any discounts offered (e.g. volume discounts or discounts for payments in advance).
3. All offered prices, fees, rates and charges are to be inclusive of:
 - (a) all taxes; and
 - (b) all things necessary and incidental to the provision of the required [goods/services] and the due and proper performance of a contract with the department.
4. All expenses should/must be included in the contract price.

Social Impact

1. Employment Opportunities - the Respondent should provide:
 - (a) information on whether the Respondent has implemented employment opportunities or strategies for people with a disability, indigenous people or women in the workplace;
 - (b) information on whether the Respondent has implemented strategies for engaging indigenous business and/or business that primarily exist to employ people with a disability and/or small business within the supply chain;

2. Environmental Sustainability - the Respondent should provide:
 - (a) information on whether the Respondent has implemented environmental and sustainability initiatives related to providing the goods/services (manufacture, use and disposal), including initiatives within the supply chain.
 - (b) information on whether the Respondent has implemented environmental and sustainability initiatives within the organisation (e.g. recycling/carbon offset initiatives, environmental friendly programs);
3. Innovation – the Respondent should provide:
 - (a) information on whether the Respondent has implemented innovation through supplier diversity practises, new work practices and capabilities to improve business competitiveness, adaptable and streamlined thinking, new and emerging opportunities and technologies.
 - (b) information on whether the Respondent has developed practical training to build long-term employment opportunities, strengthening the economy and ensuring its financial sustainability.

Insurance

Respondents are required to provide a summary of insurance held including type of insurance and sum insured.

Ownership of RFO documents

1. All documents comprising this RFO remain the property of the department. Each Respondent is permitted to use them for the purpose only of compiling an offerand, where relevant, negotiating the terms of an agreement with the Department.
2. All copyright and other intellectual property rights contained in this RFO are and remain vested in the department and any third party who has given the department permission to incorporate them in this RFO.