

EXERCISE USE ONLY

**Northeast Home Heating Oil Reserve
SIMULATED Notice of Sale DE-FB01-Oct2016-IndustrySimulation**

Posted: August 2016

To Prospective Purchasers:

In accordance with Title II of the Energy Act of 2000 (Public Law 106-469), the U.S. Department of Energy (DOE) is conducting a **simulated** sale of **1,000,000 barrels of ULSD heating oil** from the U.S. Government's Northeast Home Heating Oil Reserve storage sites. You are invited to submit **simulated** bids to purchase lots of ULSD in multiples of 50,000 barrels from the heating oil reserve.

Bids must be received by the Department via the online bidding system **between 10:00 a.m. and 11:00 a.m., Eastern Standard Time, Tuesday, October 18, 2016**. See PDSP B.1(c) for submission under special circumstances and B.7(c) regarding extension of the bidding window.

The **simulated** sale will be competitive, with quantities of ULSD heating oil awarded according to price as submitted in the bids. More detailed guidelines for the sale can be found in:

- a. the Department of Energy's Petroleum Distillate Sales Provisions (PDSPs) which are available from the DOE Northeast Home Heating Oil Reserve web site.
- b. the DOE Northeast Heating Oil Distribution Plan which contains specific information for each storage terminal and can be obtained from the DOE Home Heating Oil Reserve web site.

This Notice of Sale contains:

- a. Specific terms and conditions of the sale,
- b. Instructions for preparing and submitting bids, and
- c. Instructions and forms for financial transactions.

Specific Terms and Conditions of Sale

- 1. The Department of Energy is offering **1,000,000 barrels of ULSD heating oil** for **simulated** sale with delivery to successful bidders over a 10-day delivery period from the date of the award. Deliveries may begin earlier, provided that the Department of Energy has received full payment for the awarded quantities. The commodity to be sold is ULSD heating oil conforming to the specifications set forth in Exhibit B of the PDSPs and is offered at the following locations:

<u>Location</u>	<u>Quantity (MB)</u>
New York Harbor	
Buckeye Port Reading, NJ Terminal	300
New England	
Global Revere, MA Terminal	400
Buckeye Groton, CT Terminal	300

2. In accordance with PDSP B.17, the bidder will state the quantity of barrels desired (minimum 50,000, or multiples thereof) and the corresponding unit price per gallon, expressed as a premium to the CME Group New York Mercantile Exchange (NYMEX) near month closing price for ULSD on the day of the bidding. For this Notice of Sale, the day of **simulated** bidding and award is **Tuesday, October 18, 2016**.
3. Delivery of ULSD heating oil sold from the Northeast Home Heating Oil Reserve will be made on a prepaid basis only. PDSP C.7 is modified to require the successful bidder to wire payment to the U.S. Treasury over the Fedwire Deposit System Network prior to taking delivery and no later than **COB Thursday, October 20, 2016 (does not apply to the simulated sale)**. Information to be included in the wire transfer will be provided with the award notification.

Title to and risk of loss will occur at vessel loading flange or when the product passes the custody measurement point for pipelines, trucks, inter- and intra-terminal transfers, as specified in the DOE Northeast Home Heating Oil Distribution Plan. All deliveries must be completed by **COB Sunday, October 30, 2016 (does not apply to the simulated sale)**.

4. All product purchased under this solicitation is subject to the terms of the DOE Northeast Home Heating Oil Distribution Plan. The Distribution Plan guarantees product will be delivered FOB across the contractor's docks or truck racks in a reasonable time frame. It specifies the custody transfer point, provides sampling requirements, and describes third party inspector and DOE Quality Surveillance Representatives duties in monitoring quality and quantity of the heating oil delivered.

Any adjustments to the contract value based on delivery will be made in accordance with PDSP Section C.7(b). Adjustment amounts owed by the purchaser will be due 14 days after receipt of invoice.

5. Pursuant to the Energy Act of 2000, the Secretary may not sell the heating oil for less than the fair market value, or with a loss of revenue or value to the United States (EPCA Sec. 183.d(2)).
6. Pursuant to the Energy Act of 2000, "The Secretary shall only sell the oil in the Reserve to entities customarily engaged in the sale and distribution of petroleum distillate." By submission of a bid, a bidder certifies that he meets this requirement (EPCA Sec. 183.d(33)).
7. No bidder, including affiliates, if any, will be awarded more than 40 percent of the heating oil offered. The Parent company, if different than the specified Company Name, must be identified in the line provided on the DOE Heating Oil Reserve Registration Form.
8. In accordance with PDSP B.9, each bidder must submit a bid guarantee of \$250,000 by wire transfer of funds to the U.S. Treasury over the Fedwire Deposit System Network. Bid guarantees must be received **no later than 10:00 a.m., Eastern Standard Time, Tuesday, October 18, 2016 (does not apply to the simulated sale)**. The format for wire transfer is included in Attachment A.

Information needed by the Government for return of bid guarantees to unsuccessful bidders and to bidders who withdraw their bids prior to the time set for receipt of bids is contained in Attachment B **(does not apply to the simulated sale)**.

Failure to include any of this information could lead to delays in crediting the payment to your account, and thus possible rejection of your bid or default of your contract.

Simulated Sales: In lieu of payments to the U.S. Treasury, please review PDSP B.9 and required financial forms (Attachments A & B).

Submitting Bids

Purchasers must submit their **simulated** bids using the pages posted at the Northeast Home Heating Oil Reserve website. Bids are to be submitted by entering UserName and password with the "Logon" option, and entering the unit price with the "Bid" option. Users may continue to submit bids until the time remaining on the auction page is exhausted. In the case of an exception and the sale must be conducted by alternative means, purchasers should follow the submission instructions provided separately by the Department of Energy.

Point of Contact

Should you have any questions on this **simulated** Notice of Sale, please contact Clark James, at (202) 586-6995. Written questions or comments concerning this **simulated** solicitation may also be submitted to email address HeatingOil@hq.doe.gov no later than **Monday, October 17, 2016 at 3:00 p.m.**

ATTACHMENT A
INSTRUCTIONS FOR WIRE TRANSFER OF FUNDS TO THE
DEPARTMENT OF ENERGY

Purchasers must submit Offer Guarantee and pay contract amounts by wire transfer of funds over the Fedwire Deposit System Network (FDS). Purchasers will provide the information in items 2, 6, 7, 8, 10, 11, 12 and 13 to the sending bank and the sending bank will provide the information in items 3 and 4. All items MUST appear on all transfers as they appear below.

Item Number	Fedwire Field Tag	Length	Fedwire Field Name	Required Information
1	{1510}	4	Type/Subtype	1000
2	{2000}	12	Amount	<i>Enter payment amount</i>
3	{3100}	9	Sending ABA number	<i>Sender ABA-number</i>
4	{3320}	16	Sender Reference	<i>Filled by sender</i>
5	{3400}	9	Receiver ABA number *	021030004
6	{3400}	18	Receiver Short Name	TREAS NYC
7	{3600}	3	Business Function Code	CTR (or CTP)
8	{4200}	34	Beneficiary Identifier (account number)	89000001
9	{4200}	35	Beneficiary Name	DEPARTMENT OF ENERGY
10	{5000}	35	Originator Name	<i>Enter the (company) name of the originator of the payment</i>
11	{6000}	35	Originator to Beneficiary Information – Line 1	<i>Company Name</i>
12	{6000}	35	Line 2	<i>Solicitation or Contract Number</i>
13	{6000}	35	Line 3	<i>UserName** and (Cargo Number if applicable)</i>

* **The financial institution address for Treasury's routing number is:**
Federal Reserve Bank of New York
33 Liberty Street
New York, NY 10045

** **UserName is as you chose when you registered online or specified to the Contracting Officer if you were unable to register online.**

**ATTACHMENT B
BID GUARANTEE RETURN FORM**

**UNITED STATES DEPARTMENT OF ENERGY
STRATEGIC PETROLEUM RESERVE
900 COMMERCE ROAD EAST
NEW ORLEANS, LA 70123-3406**

BIDDER/CONTRACTOR BANKING DATA

PRIVACY ACT STATEMENT The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). All information collected on this form is required under the provisions of 31 U.S.C. 3322 and 31 CFR 210. This information will be used by the U.S. Treasury Department to transmit payment data by electronic means to offeror's/contractor's financial institution. Failure to provide the requested information may delay or prevent the receipt of payments through the Automated Clearing House Payment System.

Name of Company: _____

Street Address or P.O. Box: _____

City: _____ State: _____ Zip: _____

Solicitation/Contract/Purchase Order Number: _____

Name of Bank: _____

City and State of Bank: _____

American Bankers Association (ABA) Number (9 digits): _____

Automated Clearinghouse (ACH) Bank Account Number: _____ Checking { } Savings { }

Taxpayer Identification Number (**REQUIRED**): _____

Dun & Bradstreet Number (if one exists): _____

E-mail address for payment notification: _____

(Signature) (Date) (_____) (Phone Number)

Please complete and return ASAP via fax to: (504) 818-5968

Or mail to: U.S. Department of Energy
Attn: Finance, FE-4452
900 Commerce Road East
New Orleans, LA 70123-3406

PLEASE COMPLETE A NEW FORM AND FORWARD IMMEDIATELY WHENEVER ANY OF THE ABOVE INFORMATION IS CHANGED.

Please direct questions to Gary Durel at (504) 734-4969 or e-mail gary.durel@spr.doe.gov