



ONTARIO POWER AUTHORITY
REQUEST FOR PROPOSALS
FOR
APPROXIMATELY 350 MW OF PEAKING GENERATION
IN
NORTHERN YORK REGION
FAIRNESS REVIEW

22 JANUARY 2009

Submitted by
Knowles Consultancy Services Inc.
1599 Hurontario Street
Suite 106
Mississauga, Ontario L5G 4S1
Tel No: (905) 891-2555
Fax No: (905) 891-5400
Email: canada@jrknowles.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3
1.0 Introduction.....	5
2.0 Role of Fairness Advisor.....	7
3.0 Background.....	8
4.0 RFP Document.....	9
5.0 RFP Consultation Strategy.....	15
6.0 Adequate Time to Prepare a Proposal.....	18
7.0 Adequate Communication to Proponents.....	19
8.0 Adequate Notification of Changes in Requirements.....	20
9.0 Confidentiality and Security of Documents.....	21
10.0 Qualifications of the Evaluation Team.....	22
11.0 Compliance with the Process.....	23
12.0 Objectivity Respecting the Evaluations.....	25
13.0 Proper Use of Assessment Tools.....	26
14.0 Conflict of Interest.....	27
15.0 Debriefings.....	28
16.0 Conclusions.....	29

EXECUTIVE SUMMARY

This report presents our findings and conclusions as Fairness Advisor for the Request for Proposals (“RFP”) process for the procurement of Approximately 350 MW of Peaking Generation in Northern York Region. The purpose of this RFP was to identify a Supplier to provide peaking electricity generation in Northern York Region. This is a final report on the RFP process. We were engaged in February 2008 and were involved in an advisory capacity during the Request for Qualifications (“RFQ”), which preceded this RFP. We were involved in an advisory capacity during the finalization of the RFP document, prior to the Proposal Submission Deadline, and throughout the evaluation period.

The Fairness Advisor acted as a neutral, disinterested and independent monitor for the procurement process. We were not part of the RFP development or evaluation teams. We reported directly to the OPA project manager responsible for the RFP process.

In our opinion the evaluation process was transparent to Proponents. The evaluation criteria and process for applying them was clearly stated in the RFP. The Mandatory Requirements were objectively stated, which permitted an objective determination of compliance to be made. The Rated Criteria were described in detail and the point score allocation for each criterion was disclosed in the RFP. The four-stage evaluation process for applying these criteria and identifying a Selected Proponent was clearly set out in the RFP.

Prior to finalization of the RFP, the OPA undertook a consultation process with Qualified Applicants identified through the RFQ. We believe that all the RFP consultation sessions were conducted in an appropriate manner. We attended the Technical Information Session as an observer. We also attended the session conducted by the IESO with all Qualified Applicants present in April 2008, where it discussed its approach to peaking generation. We attended each Individual Information Session held with Registered Participants. All Registered

Participants were afforded the same opportunity to meet with the OPA and to communicate matters of interest about their proposed Contract Facility to the OPA. Both the Registered Participants and OPA complied with the Individual Information Session protocol. Changes to the RFP as a result of the Individual Information Sessions were objectively justified and enhanced the clarity and transparency of the RFP.

All RFP-related documents were posted to the Generation Procurement Website. Questions received and answers given were also posted to that same website. We reviewed the questions received and answers posted. Any information identifying a Qualified Applicant or Registered Participant was removed by the OPA prior to posting the question and answer. The RFP also provided an email address for Qualified Applicants and Registered Participants to communicate with the OPA at any time during the process. Questions received and OPA answers were also posted to the Generation Procurement Website.

We are satisfied that the evaluation of the Proposals was conducted in accordance with the process set out in s. 3 of the RFP by applying the evaluation criteria set out in s. 3 and applying these criteria using the process set out in that same section. We detected no bias or favouritism towards or against any particular Proponent. The Proposals were evaluated strictly against the Mandatory Requirements and Rated Criteria published in the RFP.

None of the Proponents or evaluation team members declared that they were in a position of actual or potential Conflict of Interest.

We are satisfied that the RFP process was conducted in a fair, open, and transparent manner. All Proposals received were evaluated against the evaluation criteria published in the RFP. We detected no bias either for or against any particular Proponent in the application of the evaluation criteria. The evaluation criteria published in the RFP were applied objectively to each Proposal.

1.0 INTRODUCTION

This report presents our findings and conclusions as Fairness Advisor for the Request for Proposals (“RFP”) process for the procurement of Approximately 350 MW of Peaking Generation in Northern York Region. The purpose of this RFP was to identify a Supplier to provide peaking electricity generation in Northern York Region. This is a final report on the RFP process. We were engaged in February 2008 and were involved in an advisory capacity during the Request for Qualifications (“RFQ”), which preceded this RFP. We were involved in an advisory capacity to the OPA during the finalization of the RFP document, prior to the Proposal Submission Deadline, and throughout the evaluation period.

Our report addresses the following aspects of the RFP process:

- Wording of the RFP document;
- Adequate communications to RFP Applicants;
- Adequate notification of changes in requirements;
- Confidentiality and security of Proposals and evaluations;
- Qualifications of the evaluation team;
- Compliance with the process;
- Objectivity and diligence respecting the evaluations;
- Proper use of assessment tools;
- Conflict of Interest; and,
- Debriefings.

The following sections in this report elaborate on these aspects of the RFP process. Capitalized terms in this report have the same meaning as capitalized terms in the RFP and are defined in Appendix A - Glossary of Terms of the RFP.

This report is prepared for the specific purposes of the Ontario Power Authority (“OPA”). Any other person that wishes to review this report must first obtain the written permission of the

OPA and Knowles Canada (“Knowles”). Knowles or the individual authors of this report bear no liability whatsoever for opinions unauthorized persons may conclude from this report. This report is intended to be read as a whole document.

2.0 ROLE OF FAIRNESS ADVISOR

The OPA conducts procurement in a manner that stands the test of public scrutiny, encourages competition and reflects fairness in the spending of public funds. Competition among Proponents is encouraged through open processes that afford vendors equal access to OPA procurement opportunities.

To provide the vendor community with the confidence that the contemplated procurement is conducted in a fair manner that is consistent with the above-mentioned principles, the OPA often retains the services of a Fairness Advisor to monitor the process and to advise it on matters that pertain to the fairness of the procurement process.

The Fairness Advisor acted as a neutral, disinterested and independent monitor for the procurement process. We were not part of the RFP development or evaluation teams. We reported directly to the OPA project manager responsible for the RFP process.

3.0 BACKGROUND

On 31 January 2008, the Ontario Minister of Energy directed the OPA (“Ministerial Directive”) to commence a procurement process for a simple cycle gas-fired peaking electricity generation facility in Northern York Region, with a rated generation capacity of approximately 350 MW, but not more than 400 MW of generation capacity. The northern part of York Region has experienced robust growth over the past few years and the demand for electricity exceeds the capacity of the existing electrical infrastructure serving the region. The Ministerial Directive followed a study by the OPA on generation supply in Northern York Region that was submitted to the Ontario Energy Board (“OEB”) in 2005. This study focused on the urgent need for generation in Northern York Region, particularly in the communities served by the Armitage Transformer Station. It is expected that the peaking generation facility will have an in-service date of not later than 31 December 2011. It is further expected that the peaking generation facility will be located in the vicinity of the 230 kV transmission line supplying the Armitage and Holland Transformer Stations.

Early in 2008 the OPA undertook an RFQ process to identify Qualified Applicants who would possibly become Proponents for the RFP. The RFQ set out the minimum technical and financial qualifications that RFQ Applicants needed to meet to become qualified to respond to the RFP. Five RFQ Applicants emerged from this process as Qualified Applicants. Subsequent to the finalization of the RFQ process, one Qualified Applicant notified the OPA that it would not be proceeding to submit a Proposal for the RFP and did not submit a Proposal. Four Registered Participants submitted Proposals and became Proponents.

4.0 RFP DOCUMENT

As Fairness Advisor, our main task was to provide advice to the OPA on drafting the RFP to ensure that the evaluation process was transparent. The RFP document had to accomplish three tasks:

1. Clearly identify and describe the nature of the opportunity;
2. Provide Qualified Applicants and Registered Participants with the information they needed to prepare a Proposal that demonstrated their ability to respond to the evaluation criteria; and
3. Describe the necessary and desirable qualifications for the Selected Proponent and clearly set out these evaluation criteria and the process for applying them.

In achieving these objectives, the evaluation criteria had to be developed such that they were objectively justified by the requirements of the peaking generation facility. Mandatory requirements could not be so narrowly developed to unduly restrict participation in the competitive process. Sufficient response time and information had to be provided to permit those unfamiliar with the OPA and its procurement processes to prepare a Proposal.

We are satisfied that the RFP stated all the evaluation criteria used in the evaluation process, and provided an appropriate process for consistently and fairly evaluating the Proposals. The RFP was not written in an unduly restrictive manner, and was not biased towards any particular Proponent. The evaluation criteria were objectively justified in that they assessed the technical aspects of the proposed peaking generation facility, the experience of the Proponents to develop and construct a generation facility, Proponents' financial capability, and desirable

characteristics and attributes of the Proponents' projects such as extent of community involvement, progress seeking approvals, progress obtaining an environmental assessment, etc..

The RFP clearly stated in s. 1.1 of the RFP that only those Proponents that were qualified under the RFQ, the Qualified Applicants, would be eligible to respond as Proponents to the RFP.

Section 1 - Introduction described the opportunity, and provided background information for Proponents. Each Qualified Applicant was entitled, but not obligated, to become a Registered Participant for the RFP. Only Registered Participants were eligible to submit Proposals in response to the RFP and could become Proponents. The NYR Contract was briefly described in s. 1.4, and the Selected Proponent was required to enter into the NYR Contract in its final form, as posted to the Generation Procurement Website, without negotiation.

Section 2 - NYR RFP Process Overview provided information on the RFP process and set out the Schedule for the RFP. Subsection 2.4 Registration Process set out how a Qualified Applicant could register with the OPA to become a Registered Participant. In order to become a Registered Participant, a Qualified Applicant was required to submit a completed Registration Form, which contained non-binding information about its Contract Facility, as well as payment to the OPA of a non-refundable Registration Fee. Section 2.5 Information Sessions described that a Technical Information Session would be held for all Registered Participants, and that each Registered Participant was entitled to have an Individual Information Session with the OPA to discuss its proposed Contract Facility, the RFP, or the NYR Contract. Section 2.6 set out the rules for communications about a proposed Contract Facility, and allowed such communication for Permitted Purposes, but excluded communication for any other purpose.

Section 2.7 described how Proponents should prepare their Proposals and explained what the submission requirements were and how to comply with these requirements. This section

explained that certain Mandatory Requirements, such as those set out in s. 3.2.3 Development Experience, 3.2.4 Tangible Net Worth, and 3.2.5 Site Control, required the provision of information that had already been submitted by the Proponent in response to the earlier RFQ. If such information was the same, then Proponents were not required to resubmit this information with their Proposals and were merely required to declare that there had been no change. If there were changes to this information, then Proponents were instructed how to resubmit any changed information for s. 3.2.3 Development Experience, 3.2.4 Tangible Net Worth, and 3.2.5 Site Control. Subsection 2.7.1 established that whether any such changed information satisfied the Mandatory Requirements was entirely at the Discretion of the OPA.

Section 3 - Evaluation, disclosed in detail the evaluation criteria and the process for applying these criteria. Proposals were evaluated by applying both Mandatory Requirements and Rated Criteria. The RFP disclosed a four-stage evaluation process:

- Stage 1 – Proposal Completeness Requirements, where Proposals were reviewed to determine if they were complete and satisfied the Proposal Completeness Requirements, which were set out in s. 3.1. Only those Proposals that satisfied all of the Proposal Completeness Requirements were advanced to the next stage of the evaluation process;
- Stage 2 – Mandatory Requirements, where each Proposal was evaluated for compliance with the Mandatory Requirements set out in s. 3.2. Sections 3.2.1 to s. 3.2.13, inclusive, detailed each of the Mandatory Requirements. Section 3.2.14 described the required documentation that needed to be provided in each Proposal to substantiate compliance with the Mandatory Requirements. Only those Proposals satisfying all of the Mandatory Requirements would be advanced to the next stage of the evaluation process;
- Stage 3 – Rated Criteria, where each Proposal was rated against the Rated Criteria set out in s. 3.3. These criteria addressed characteristics and attributes of a proposed Contract Facility,

which are summarized in Table 1. Section 3.3 explained that these criteria were designed to rate the proposed Contract Facility in terms of its quality, including its technical and operational features, mitigation of specific elements of risk as well as its maturity. These Rated Criteria were intended to measure the likelihood of a Contract Facility achieving a Commercial Operation Date by the proposed Milestone Date for Commercial Operation. Sections 3.3.1 to Sections 3.3.10, inclusive, described each Rated Criterion in detail and indicated the allocation of points based on the response given in a Proposal. Proposals had to score at least 40 points in Stage 3 to advance on to the next stage of the evaluation process; and

- Stage 4 – Evaluation and Selection Process, where each of the Proposals advanced from Stage 3 was ranked based on its Adjusted Evaluated Cost. Sections 3.4.1 to 3.4.3, inclusive detailed how a Proposal's Evaluated Cost and Adjusted Evaluated Cost were calculated. The Economic Bid Evaluation Model posted to the Generation Procurement Website was used to arrive at the Evaluated Cost for each Proposal. This Evaluated Cost was then factored by the Proposal's Stage 3 score for the Rated Criteria to arrive at an Adjusted Evaluated Cost. Section 3.4.4 established that the Proposal with the lowest Adjusted Evaluated Cost will be selected and the Proponent submitting this Proposal will become the Selected Proponent.

Table 1 – Summary of Rated Criteria

Section	Overview of Rated Criteria	Maximum Point Scores
3.3.1	Electrical Connection Point and Islanding	20
3.3.2	Environmental Assessment	18
3.3.3	Municipal and Regional Approvals	18
3.3.4	Community Outreach	17
3.3.5	EPC Arrangements	8
3.3.6	Equipment Availability	5
3.3.7	Fuel Supply	5
3.3.8	Water Use	4
3.3.9	Water Supply	3
3.3.10	Proposed Milestone Date for Commercial Operation	2
	TOTAL MAXIMUM POINT SCORE	100
	Minimum Required Total Point Score	40

Section 4 – General Terms and Conditions, set out the terms and conditions of the RFP process, including the reserved rights of the OPA.

There were also 15 appendices to the RFP:

- Appendix A – Glossary of Terms;
- Appendix B – Rated Criteria Information Form;
- Appendix C – Conflict of Interest Declaration;
- Appendix D – Economic Bid Statement;
- Appendix E – (Intentionally Deleted);
- Appendix F – Proposal Return Label
- Appendix G – Proposal Security – Form of Letter of Credit;
- Appendix H – Proposal Security – Form of Bid Bond;
- Appendix I – Proposal Submission Form;

- Appendix J – Registration Form;
- Appendix K – Required Connection Areas Map;
- Appendix L – Mandatory Technical Requirements Declaration and Statutory Declaration (Combined);
- Appendix M – Technical Questionnaire;
- Appendix N – Development Experience Form;
- Appendix O – Tangible Net Worth Form; and
- Appendix P – Municipal Response Form.

The NYR Contract was posted to the Generation Procurement Website as a separate document, however, s. 4.3 incorporated the NYR Contract into the RFP by reference.

In our opinion the evaluation process was transparent. The evaluation criteria and process was clearly stated in the RFP. The Mandatory Requirements were objectively stated, which permitted an objective determination of compliance to be made. The Rated Criteria were described in detail and the point score allocation for each criterion was disclosed in the RFP. The four-stage evaluation process for applying these criteria and identifying a Selected Proponent was clearly set out in the RFP.

5.0 RFP CONSULTATION STRATEGY

The RFP was a rather large and complicated undertaking for both the OPA and the Proponents. In order to reduce the complexity and risk for Proponents and OPA alike, the OPA embarked on a consultation strategy with Qualified Applicants and Registered Participants. This process was consistent with the overall OPA goal of engaging its stakeholders in these processes. In our experience this is a rather common process for large, complex procurement initiatives.

On 16 April 2008, prior to the release of the RFP but after the RFQ was concluded, an information session was held for all five Qualified Applicants by the Independent Electricity System Operator (IESO) to present its approach to the operation of peaking generation plants and their integration into the market. The OPA had a representative at this session and we attended to monitor the session.

The OPA conducted a Technical Information Session on 20 June 2008. The Technical Information Session was a plenary session with all five Qualified Applicants in attendance. At this Technical Information Session the OPA presented the salient features of the RFP, reviewed the evaluation criteria, and presented an example of how Evaluated Cost was calculated given the information in an Economic Bid Statement. We were in attendance at the Technical Information Session.

Once an interested party became a Registered Participant it was entitled to an Individual Information Session to discuss its proposed Contract Facility with the OPA. Only Qualified Applicants that were identified through the RFQ were eligible to become Registered Participants. Five Qualified Applicants emerged from the earlier RFQ, one decided to leave the process in July 2008, and the remaining four Qualified Applicants became Registered Participants. A Qualified Applicant was required to become a Registered Participant for each one of the Contract Facilities for which it might submit a Proposal in response to the RFP. One Qualified Applicant registered six projects with the OPA.

The purpose of these individual information sessions was to provide each Registered Participant with an opportunity to meet with the OPA and to discuss the RFP process, the form of NYR

Contract and, on a confidential basis, the technical elements of its proposed Contract Facility. These information sessions were offered only to Registered Participants and only as an aid to their understanding of the RFP and the form of NYR Contract. Any information presented by the Registered Participants during these sessions was not evaluated if the Registered Participant became a Proponent unless that content was presented in its Proposal.

A protocol for the conduct of the Individual Information Sessions was included in s. 2.5.2 Individual Information Sessions. The purpose of this protocol was to establish a set of rules for the conduct of the sessions. All Registered Participants without exception and the OPA complied with the Individual Information Session protocol.

On 9, 10 and 15 September 2008 the OPA conducted Individual Information Sessions with the four Registered Participants. The information sessions were scheduled by the OPA with Registered Participants on a first come, first served basis. No Registered Participant who wanted an information session was denied one. All Registered Participants elected to participate in an information sessions with the OPA.

The information sessions were held at the OPA offices in Toronto, Ontario. The same two representatives of the OPA met with Registered Participants each time. As Fairness Advisor we moderated the sessions. Each session was one hour in duration.

The sessions were conducted informally in the sense that each Registered Participant was free to set the agenda for the session and could raise whatever matters that it wished. In general, the matters that were raised dealt with the RFP requirements and the NYR Contract. For some matters, the OPA felt that it was in a position to respond directly to the Registered Participant, whereas for others the OPA reserved comment and requested that the Registered Participant submit a written question via the Generation Procurement Website. The OPA kept a detailed log of matters raised by the Registered Participants and, when all the information sessions were over, a number of changes were made to the RFP via Addenda. We reviewed these changes to the RFP and we believe that they were objectively justified and enhanced the clarity and transparency of the RFP.

In summary, we believe that all the RFP consultation sessions were conducted in an appropriate manner. All Registered Participants were afforded the same opportunity to meet with the OPA and to communicate matters of interest about their proposed Contract Facility to the OPA. Both the Registered Participants and OPA complied with the Individual Information Session protocol. Changes to the RFP as a result of the Individual Information Sessions were objectively justified and enhanced the clarity and transparency of the RFP.

6.0 ADEQUATE TIME TO PREPARE A PROPOSAL

Proponents required sufficient time to prepare Proposals in response to the RFP. The larger the scope of the RFP and more complex it is, the longer the time that should be provided for Proponents so that they can understand the RFP requirements, assimilate the information in the RFP, conduct whatever research they deem necessary, and prepare a response to the RFP.

Table 1 - RFP Timetable

Issuance of the draft NYR RFP with out the NYR Contract	6 June 2008
Release of draft NYR Contract	13 June 2008
Technical Information Session	20 June 2008
Release of Economic Bid Evaluation Model	27 June 2008
Release of draft NYR RFP Appendices	30 June 2008
Question and Comment Period I	6 June 2008 to 11 July 2008
Release of final NYR RFP and final NYR Contract	31 July 2008
Registration Deadline	3 pm on 21 August 2008
Question and Comment Period II	21 August to 19 September 2008
Individual Information Sessions	9 and 10 September 2008
Comment Period (responding to posted answers only)	24 to 26 September 2008
Deadline for Issuing Addenda	3 October 2008
Proposal Submission Deadline	3pm on 4 November 2008
Evaluation of Proposals	November 2008
Completion of Evaluation and Announcement	31 December 2008

The RFP was issued on 6 June 2008 (“Issue Date”) and closed on 4 November 2008 (Proposal Submission Deadline). Proponents had 106 clear business days (a day other than the Issue Date, Proposal Submission Deadline, Saturday, Sunday or a Statutory Holiday) and 147 clear calendar days (any calendar day other than the Issue Date and Proposal Submission Deadline) to prepare Proposals in response to the RFP. In our opinion, the amount of time Proponents had to respond to this RFP was adequate given the size and complexity of the undertaking.

7.0 ADEQUATE COMMUNICATION TO PROPONENTS

It was important that all Proponents had timely access to the same and adequate information about the RFP and the associated process at the same time.

Subsection 2.6 instructed Qualified Applicants and Registered Participants that the RFP and NYR Contract were available at the Generation Procurement Website. The URL for this website was given in Appendix A – Glossary of Terms. Section 2.3 set out that any Addenda were publicly available at the Generation Procurement Website. In s. 2.6, Qualified Applicants and Registered Participants were requested to relay questions and comments through the Generation Procurement Website. Also, if a Qualified Applicant or Registered Participant had a specific question about communications in general, such a question could be submitted to the OPA via the generation.procurement@powerauthority.on.ca email address. During the RFP process, including the evaluation of Proposals and determination of the Selected Proponent, we were aware of no instance where a Qualified Applicant or Registered Participant communicated with the OPA using a communications channel not provided for in the RFP. Subsequent to the announcement of the Selected Proponent, we were made aware that one Proponent had begun to engage in communications for Excluded Purposes. As this occurred after the evaluation of Proposals was completed and the determination of a Selected Proponent, we do not believe that these communications had any bearing on the fairness of the process.

All RFP-related documents were posted to the Generation Procurement Website. Questions received and answers given were also posted to that same website. We reviewed questions received and answers posted. Any information identifying a Qualified Applicant or Registered Participant was removed by the OPA prior to posting the question and answer. The RFP also provided an email address for Qualified Applicants or Registered Participants to communicate with the OPA at any time during the process. Questions received and OPA answers were also posted to the Generation Procurement Website.

8.0 ADEQUATE NOTIFICATION OF CHANGES IN REQUIREMENTS

All Qualified Applicants and Registered Participants received the same and adequate notification about changes to the RFP requirements.

There were two RFP addenda issued. Questions by Qualified Applicants or Registered Participants and answers by the OPA were periodically posted to the Generation Procurement Website for Qualified Applicants and Registered Participants. All questions were rendered anonymous for posting so that the Qualified Applicants or Registered Participants were not identified.

One addendum was issued after the deadline for issuing Addenda set out in s. 2.2. In this same s. 2.2 the RFP contemplated that such Addenda might need to be issued. Late in the process it was discovered by the OPA that Hydro One would not enter into any agreements for the Connection Line with any Registered Participant or Proponent. Section 3.2.14 of the RFP set out a Mandatory Requirement that a Proponent provide proof of any agreement with, among others, Hydro One for the necessary Connection Line route. As the criterion was impossible for a Proponent to comply with where its Connection Line route required an agreement with Hydro One, which the OPA had reason to believe would be the case in respect of several proposed sites of Proponents, the OPA decided to revise the requirement by issuing the Addendum. The Addendum also clarified an aspect of s. 3.2.8 Gas Management Overview. The OPA believed that this Addendum did not increase the scope of work required of a Proponent, and accordingly it did not extend the Proposal Submission Deadline. We concurred with the OPA decision in this regard.

9.0 CONFIDENTIALITY AND SECURITY OF DOCUMENTS

All Proposals and evaluation documents were kept strictly confidential and in secure locations. Documents relating to the RFP process were also kept secure. During development of the RFP the draft document was circulated only to those that were working on the document or that were reviewing and commenting on the document.

Proposals and associated evaluation documents were kept in secure locations at all times. The Proposals were kept at OPA offices in Toronto, Ontario, until they were distributed to the evaluators. Evaluation documents were also stored in secure locations at OPA offices. The contents of the Proposals and identities of the Proponents were only known to the evaluation team members, those supporting the evaluation team, and the Fairness Advisor.

Evaluators were permitted to take Proposals they were evaluating to their individual offices, but at all times the documents were under the care and control of the evaluators. All deliberations of the evaluation team were conducted behind closed doors at OPA offices, in Toronto, Ontario.

The evaluators, and those supporting the evaluators, who were OPA employees were bound to keep all RFP-related information confidential by virtue of their employment contracts. Non-OPA employee evaluators or advisers were required to sign a confidentiality agreement, which was an undertaking to keep the contents of the Proposals and any information related to the evaluation process confidential. This undertaking survived past the end of the evaluation process.

We are not aware of any discussions about any Proposal or its evaluation among anyone except the evaluators, those supporting the evaluators, and us. To our knowledge, no information about the Proposals or evaluation was communicated in any form to persons not directly involved with the evaluation process.

We are satisfied that the Proposal contents and all information generated in the evaluation process was kept secure and confidential at all times.

10.0 QUALIFICATIONS OF THE EVALUATION TEAM

The evaluation team members had the appropriate knowledge and expertise to review and evaluate the Proposals. An evaluation team composed of five members: two from the OPA; one from the IESO; one from the OEB; and, an external consultant, who acted as chair. All of the evaluators had energy industry experience and backgrounds. None of the OPA evaluators worked in the Electricity Resources group.

All evaluators had reviewed the RFP and familiarized themselves with the evaluation tools prior to commencing their evaluation of the Proposals. A training session was held to explain the evaluation process and evaluation tools to the evaluators. We attended this session as an observer.

In summary, all the evaluators were qualified to undertake the evaluation of the Proposals and we have no concerns about the qualifications of any of the evaluators.

11.0 COMPLIANCE WITH THE PROCESS

In order to ensure a fair process, the procedures and process established for conducting the procurement and published in the RFP were followed and applied equally to all Proponents. We are of the opinion that the evaluation process outlined in the RFP was complied with by the evaluators.

Six (6) Proposals were received by the Proposal Submission Deadline. The OPA subjected each Proposal to the Stage 1 – Proposal Completeness Requirements stage in the evaluation process. During this stage of the evaluation process it was discovered that one Proposal contained a number of qualifications, which made it non-responsive to the RFP as it was a counteroffer. The OPA sought the advice of its counsel. The OPA decided that this Proposal needed to be disqualified in order to maintain the integrity of the procurement process. We concurred with this decision by the OPA.

The Proposals were reviewed and evaluated individually by the evaluators, and then the evaluators met as a group and conducted a consensus evaluation session for Stage 2 and Stage 3 of the evaluation process. The evaluation team was also present during Stage 4 of the evaluation process. We attended both of the consensus evaluation sessions for Stage 2 and Stage 3, as well as the Stage 4 evaluation, as an observer and the Proposals were evaluated strictly against the evaluation criteria published in s. 3 of the RFP.

Each of the remaining five Proposals was found to have satisfied the Proposal Completeness Requirements set out in s. 3.1 of the RFP. We reviewed the Proposals as well and concur that all met the Proposal Completeness Requirements. All five Proposals were advanced to Stage 2 – Mandatory Requirements. One Proponent had registered three different projects and submitted three Proposals. Consequently, the five remaining Proposals were from three Proponents.

In Stage 2 – Mandatory Requirements, each of the Proposals was evaluated against the Mandatory Requirements set out in s. 3.2 of the RFP. Each one of the Proposals satisfied the Mandatory Requirements set out in s. 3.2 of the RFP and was advanced to Stage 3 – Rated Criteria.

In Stage 3 – Rated Criteria, the evaluators rated each Proposal against the Rated Criteria set out in s. 3.3.1 to s. 3.3.10, inclusive. All five Proposals satisfied the point threshold set out in s. 3.3 required to advance to Stage 4 – Evaluation and Selection Process.

In Stage 4 – Evaluation and Selection Process, each Proposal's Economic Bid Statement was opened. There were no irregularities with any of the Economic Bid Statements. The contents of each Economic Bid Statement were input into the Economic Bid Evaluation Model, which was downloaded from the Generation Procurement Website. The Economic Bid Evaluation Model was run for each Proposal to generate an Evaluated Cost for each Proposal. Once this was completed the Evaluated Cost was adjusted using each Proposal's Stage 3 score using the adjustment formula set out in s. 3.4.3 to calculate each Proposal's Discount Factor. Each Proposal's Evaluated Cost was multiplied by its corresponding Discount Factor to yield an Adjusted Evaluated Cost for each Proposal. The Proposal with the lowest Adjusted Evaluated Cost was selected by the OPA and the Proponent who had submitted it became the Selected Proponent.

We are satisfied that the evaluation of the Proposals was conducted in accordance with the process set out in s. 3 of the RFP by applying the evaluation criteria set out in s. 3 and applying these criteria using the process set out in that same section.

12.0 OBJECTIVITY RESPECTING THE EVALUATIONS

The Proposals received were evaluated objectively and diligently, as evaluators owed a duty of care to Proponents to do so. We attended all evaluation sessions and we are satisfied that there was no external pressure placed on the evaluation team with regard to the evaluation of any Proposal. We are satisfied that all Proposals were objectively evaluated against the evaluation criteria published in s. 3 of the RFP.

The Stage 1 – Proposal Completeness Requirements were objectively stated as each Proposal had to provide the content set out in s. 3.1. The OPA was able to determine objectively that a Proposal passed Stage 1 – Proposal Completeness Requirements.

For Stage 2 – Mandatory Requirements and Stage 3 – Rated Criteria, each evaluator read the Proposals in a different, randomized order. This was done for two reasons. Firstly, it promoted individual evaluation since no two evaluators would be reviewing the same Proposal at the same time. Secondly, it reduced any bias that might occur had all the evaluators read the same Proposal first since the first few Proposals read might tend to anchor an evaluator’s expectation on what to expect from subsequent Proposals. This in turn affects how they may evaluate these later Proposals.

The OPA decided that evaluators would use the consensus approach to determining compliance of each Proposals with the Mandatory Requirements and Rated Criteria. The consensus evaluation meetings were held after the evaluators had completed their individual evaluations. We attended these consensus meetings and detected no bias or favoritism by the evaluators during their participation in the consensus evaluation sessions.

In summary, we detected no bias or favoritism towards or against any particular Proponent. The Proposals were evaluated strictly against the Mandatory Requirements and Rated Criteria published in the RFP. A record of the consensus scoring reached and reasons for the compliance determinations was maintained and kept by the team leader.

13.0 PROPER USE OF ASSESSMENT TOOLS

Assessment tools used by the evaluators to evaluate the Proposals had to reflect the evaluation criteria set out in s. 3 of the RFP. We reviewed all the evaluation tools and we are satisfied that they accurately reflected the published evaluation criteria.

14.0 CONFLICT OF INTEREST

For the RFP process to be fair there had to be no Conflict of Interest between the evaluators and the Proponents and between the Proponents and anyone involved in planning or conducting the procurement. Proponents must also not have had access to confidential information of the OPA as it pertains to the RFP.

Proponents were required to disclose and declare any actual or potential Conflict of Interest, which included by definition in the RFP any knowledge of confidential information of the OPA. None of the Proponents indicated any actual or potential Conflict of Interest.

Prior to the start of the evaluation process, evaluation team members, as well as those who were supporting and advising them, were informed of the requirement to disclose any actual or potential Conflicts of Interest. Each evaluator, as well as those supporting the evaluators, was asked to sign a declaration that they were not in a potential or actual Conflict of Interest in undertaking their role in the process. The OPA informed us that all the evaluators, as well as those who were supporting and advising them, signed this statement. As we have stated previously, none of the OPA evaluators worked in Electricity Resources.

15.0 DEBRIEFINGS

As of the date of this report, debriefing sessions have been conducted with all unsuccessful Proponents. At these sessions the OPA provided feedback only on the unsuccessful Proponents' Proposals. We attended all debriefing sessions and we are satisfied that they were conducted appropriately.

16.0 CONCLUSIONS

In summary, based on our review, we are satisfied that the RFP process was conducted in a procedurally fair, open, and transparent manner. All Proposals received were evaluated against the evaluation criteria published in the RFP. We detected no bias either for or against any particular Proponent in the application of the evaluation criteria. The evaluation criteria published in the RFP were applied objectively to each Proposal.