ONTARIO POWER AUTHORITY

FAIRNESS ADVISOR’S REPORT

REQUEST FOR PROPOSALS

FOR A GENERATING FACILITY WITH A

SUMMER CONTRACT CAPACITY OF 500 MW TO 600 MW

CONNECTED TO THE AREA SURROUNDING TRAFALGAR TS

NOVEMBER 24, 2006

Submitted by
Knowles Consultancy Services Inc.
3660 Hurontario Street
6th Floor
Mississauga, Ontario L5B 3C4
Tel No: (905) 804-1958
Fax No: (905) 804-9327
Email: canada@jrknowles.com
# Table of Contents

EXECUTIVE SUMMARY ............................................................................................................. 3  
1.0  Introduction ........................................................................................................................ 5  
2.0  Role of Fairness Advisor .................................................................................................. 6  
3.0  Background ..................................................................................................................... 7  
4.0  RFP Document .................................................................................................................. 9  
5.0  RFP Consultation Strategy .............................................................................................. 13  
6.0  Adequate Time to Prepare a Proposal ............................................................................. 16  
7.0  Adequate Communication to Proponents ........................................................................ 17  
8.0  Adequate Notification of Changes in Requirements .................................................... 19  
9.0  Confidentiality and Security of Documents ................................................................... 20  
10.0 Qualifications of the Evaluation Team ........................................................................... 22  
11.0 Compliance with the Process ......................................................................................... 23  
12.0 Objectivity Respecting the Evaluations ......................................................................... 24  
13.0 Proper Use of Assessment Tools .................................................................................... 26  
14.0 Conflict of Interest ......................................................................................................... 27  
15.0 Conclusions ..................................................................................................................... 28  
Appendix A – OPA Information Session Protocol ................................................................. 29
EXECUTIVE SUMMARY

This report presents our findings and conclusions as Fairness Advisor for the Request for Proposals for a Generating Facility With a Summer Contract Capacity of 500 MW to 600 MW Connected to the Area Surrounding Trafalgar TS in the western part of the Greater Toronto Area (GTA West Trafalgar RFP). This is a final report on the GTA West Trafalgar RFP process. We were engaged in October 2005 and have been involved in an advisory capacity during the finalization of the RFP document and throughout the evaluation process. Earlier in the year we acted as Fairness Advisor for the RFQ phase of the procurement process.

The Fairness Advisor acts as a neutral, disinterested and independent monitor for the procurement process. We reported directly to the project manager responsible for the GTA West Trafalgar RFP process.

In our opinion the GTA West Trafalgar RFP was not written in an unduly restrictive manner and the evaluation process was transparent to Proponents. All of the evaluation criteria were clearly stated and objectively justified, and the process for applying the criteria was also clearly stated in the GTA West Trafalgar RFP.

We believe that the individual information sessions and ad-hoc NGEIR issue meetings conducted with Registered Participants 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 Contract Facility to the OPA. Both the Registered Participants and OPA complied with the Information Session Protocol. Changes to the GTA West Trafalgar RFP as a result of the individual information sessions were objectively justified and enhanced the clarity and transparency of the GTA West Trafalgar RFP.

Proponents had 54 business days (a day other than Saturday, Sunday or a Statutory Holiday) and 77 calendar days from the initial release of the final GTA West Trafalgar RFP to the Proposal Submission Deadline to prepare Proposals in response to the GTA West Trafalgar 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.
We are not aware of any discussions about any Proposal or its evaluation among anyone except the evaluators, those supporting the evaluators, counsel, and us. All members of the evaluation team signed confidentiality agreements and declarations of no conflict of interest pertaining to the evaluation process and information contained in the Proponents’ Proposals. 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.

None of the evaluation team members participated in the individual information sessions that were held with the OPA and Registered Participants prior to the Proposal Submission Deadline. All the evaluators were qualified to undertake the evaluation of the Proposals and we have no concerns about their qualifications.

We are satisfied that the evaluation of the Proposals was conducted strictly in accordance with the process set out in s. 1.5 of the GTA West Trafalgar RFP. We detected no bias or favoritism towards or against any particular Proponent. The Proposals were evaluated strictly against the evaluation criteria published in the GTA West Trafalgar RFP. A record of the consensus scores reached and reasons for the scores was maintained and kept by the evaluation team chair at the sessions.
1.0 INTRODUCTION

This report presents our findings and conclusions on the conduct of the Request for Proposals for a Generating Facility With a Summer Contract Capacity of 500 MW to 600 MW Connected to the Area Surrounding Trafalgar TS in the western part of the Greater Toronto Area (GTA West Trafalgar RFP). We were engaged in October 2005 and have been involved in an advisory capacity during the finalization of the RFP document and throughout the evaluation process. Earlier in the year we acted as Fairness Advisor for the RFQ phase of the procurement process.

Our report addresses the following aspects of the RFP process:

- Wording of the RFP document;
- Consultation Strategy and Individual Information Sessions
- Adequate communications to Proponents;
- 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; and
- Conflict of Interest.

The following sections in this report elaborate on these aspects of the GTA West Trafalgar RFP process, including the individual information sessions. Capitalized terms in this report have the same meaning as capitalized terms in the GTA West Trafalgar RFP.

This report is based on our own observations of the process and representations about the process made to Knowles Canada (Knowles) by the Ontario Power Authority (OPA). This report was prepared for the specific purposes of the OPA. Any other person that wishes to review this report must first obtain the written permission of the OPA and Knowles. Neither Knowles nor the individual authors of this report bear any liability whatsoever for opinions unauthorized persons may conclude from this report.
2.0 ROLE OF FAIRNESS ADVISOR

The OPA conducts its procurements in a manner that will withstand the test of public scrutiny, encourage competition and reflect fairness in the spending of funds. The OPA encourages competition among Proponents by affording them with equal and open access to OPA procurement opportunities.

To provide the vendor community with the confidence that that the contemplated procurement is conducted in a fair manner that is consistent with the above-mentioned principles, the OPA may retain the services of a Fairness Advisor to monitor the process and to advise it on matters that pertain to the fairness of the RFP process. The Fairness Advisor acts as a neutral, disinterested and independent monitor of the procurement process. We reported directly to the project manager responsible for the GTA West Trafalgar RFP process.
3.0 BACKGROUND

On June 15, 2005, the Ontario Minister of Energy directed the OPA to commence a procurement process for up to 1,000 MW of Generation in the Greater Toronto Area West of Toronto (GTA West). This Ministerial Directive stated that the GTA West was one of two priority electrical zones in the province of Ontario referenced in the recently issued RFP for 2500 MW of New Clean Generation and Demand-Side Projects (2500 MW RFP) issued by the Ministry of Energy. These two priority electrical zones require significant generation initiatives to address critical local and regional supply, reliability, and voltage support needs. The OPA and Independent Electricity System Operator (IESO) have conducted an analysis that confirms that only a maximum of 600 MW of new generation can be accommodated by the transmission infrastructure in the area surrounding Trafalgar TS.

The purpose of this RFP process is to identify a Selected Proponent to provide a Contract Facility to provide 600 MW of new generation in the area surrounding Trafalgar TS. Earlier this year the OPA conducted a Request for Qualifications (RFQ) to identify a short list of Qualified Applicants for the GTA West Trafalgar RFP. We observed that process, too, and submitted a report on that process dated 22 March 2006. Only the seven Qualified Applicants to the GTAW RFQ were entitled to participate in the GTA West Trafalgar RFP.

In order to respond to the GTA West Trafalgar RFP any interested party must have become a Registered Participant in the process. The details of the registration process are set out in s. 1.3 Participation in the GTA West Trafalgar RFP of the GTA West Trafalgar RFP. These Qualified Applicants could become Registered Participants in the GATW RFP by completing the registration form in Appendix C of the GTA West Trafalgar RFP and paying the non-refundable registration fee. There was no obligation for a Qualified Applicant to become a Registered Participant. Five of the seven Qualified Applicants decided to become Registered Participants.

If a Qualified Applicant became a Registered Participant it was entitled to two individual information session to discuss its proposed Contract Facility with the OPA. The OPA decided to conduct these meetings in two separate rounds where all Registered Participants would have an opportunity to have an information session before the second round of information sessions was held. 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 GTA West Trafalgar RFP process, the 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 GTA West Trafalgar RFP and the form of GTAW Contract. Any information presented by the Registered Participants during these sessions would not be evaluated if the Registered Participant becomes a Proponent to the GTA West Trafalgar RFP unless that content is presented in its Proposal.

In addition to the two information sessions for Registered Participants set out in the GTA West Trafalgar RFP, additional ad-hoc meetings were arranged with the Registered Participants to discuss the impact of the Ontario Energy Board (OEB) Natural Gas Electricity Interface Review (NGEIR). NGEIR was initiated by the OEB to consider the impact and effects on natural gas infrastructure and services of increased reliance on gas-fired electricity generation in Ontario. The focus of NGEIR was the current regulatory treatment of natural gas infrastructure and services in terms of the new demands of increased gas-fired electricity generation. The pricing and configuration of such services would have a direct impact on how Proponents priced their Proposals in response to the GTA West Trafalgar RFP, however, the NGEIR process would not be finalized until the autumn of 2006 after the scheduled Proposal Submission Deadline. The OPA was concerned that this could lead to inefficient pricing of the Proposals from the perspective of the electricity ratepayers for the province and decided to hold ad-hoc sessions with any interested Registered Participant to solicit its views on how the OPA might resolve this issue. All Registered Participants were each invited to participate in one ad-hoc meeting with the OPA where each Registered Participant could discuss their views on this issue and suggest how the OPA might resolve this issue. Although these meetings were not provided for in the GTA West Trafalgar RFP, we are of the opinion that each Registered Participant was treated equally and had the opportunity to share its views on the issue. One Proponent elected not to participate in an ad-hoc NGEIR meeting with the OPA.
4.0 RFP DOCUMENT

The main issue from our perspective was ensuring a fair and transparent evaluation process. The RFP document had to accomplish three tasks:

1. Clearly identify and describe the full scope of work required by Proponents;

2. Provide Proponents with the information they needed to prepare a Proposal; and

3. Clearly set out evaluation criteria and the process for applying them.

In achieving these objectives, the evaluation criteria had to be developed such that they were not biased for or against any particular Proponent and that undue advantage was not given to firms with previous experience with the OPA. Mandatory requirements could not be so narrowly developed to unduly restrict participation in the competitive process, e.g., restricting use of certain technologies, geographical location, professional designations, etc. Sufficient response time and information had to be provided to permit those unfamiliar with the OPA and its process to prepare.

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, was not written in an unduly restrictive manner, and was not biased towards any particular Proponent.

In s. 1 – Introduction, the RFP was introduced to Proponents and contextual background information was provided. The RFP clearly stated in s. 1.3 Becoming a Registered Participant that any interested party needed to become a Registered Participant, and this section described the process for becoming a Registered Participant. Section 1.4 described the Deliverables, which primarily consisted of a new gas-fired generating facility with a Summer Contract Capacity of 500 MW to 600 MW to relieve Trafalgar TS in the GTA West by delivering firm and reliable supply to the IESO-Controlled Grid at the Required Connection Point. Section 1.4 also
set out the requirement that the Selected Proponent enter into the Contract, which was described in Appendix A of the RFP. Section 1.4 also stated that, due to the uncertainty associated with the OEB’s NGEIR initiative, there was a great deal of uncertainty for Proponents in terms of how they ought to price gas management services. In recognition of this uncertainty the OPA decided that it would negotiate the cost gas management services with the Selected Proponent. Section 1.5 set out the evaluation process, i.e., the process used to apply the evaluation criteria. The RFP set out a three stage evaluation process:

- **Stage 1 – Mandatory Requirements** – Mandatory Requirements evaluated on a Pass/Fail basis only, where a Proposal had to satisfy all Mandatory Requirement in order to be advanced to Stage 2 of the evaluation process;
- **Stage 2 – Rated Criteria** – Evaluation of the Rated Criteria set out in s. 3 of the RFP. In evaluating Proposals in Stage 2, points were allocated for each of the Rated Criteria. Stage 2 was worth a maximum of 100 points, and Proposal had to score a minimum of 40 points to be advanced to Stage 3 of the evaluation process; and,
- **Stage 3 – Economic Bid Evaluation** – An evaluation of the Proponents’ Economic Bid Statements based on lowest Adjusted Evaluated Cost.

In s. 2 – Stage 1 - Mandatory Requirements, both the mandatory submission requirements and Mandatory Technical Requirements, set out in s. 2.2, were described for Proponents. These Mandatory Technical Requirements required that a proposed Contract Facility comply with certain requirements such as generating technology, site control, physical generator rating, Commercial Operation Date, Required Connection Point, etc.

In s. 3 – Stage 2 – Rated Criteria, the desirable attributes and characteristics of the Contract Facility were set out. These Rated Criteria addressed the Contract Facility (Proposed Milestone Date for Commercial Operation, Environmental Assessment, Municipal Land Use Approvals, and EPC Arrangements) and Risk Mitigation (Technology and Generation Facility, Fuel Supply, Water Supply, Other Permits and Approvals, Community Outreach, and Other Risks). Proponents were required to submit a completed Appendix G Technical Questionnaire along with supporting information and materials to substantiate responses to the Rated Criteria. The evaluation of the Rated Criteria was very transparent to Proponents. The maximum available total point allocation for each Rated Criterion was disclosed and a description was given as to
how the available points would be allocated based on the response that was given to each criterion. It was also stated that a Proposal would have to score a minimum of 40 points out of the maximum 100 points available for Stage 2 to be advanced to Stage 3 of the evaluation process.

In s. 4 – Stage 3 – Economic Bid Evaluation, the process for determining the Adjusted Evaluated Cost of a Proposal was described. The Evaluated Cost of each Proposal would be calculated using the Proposal Net Revenue Requirement, and other parameters provided by Proponents in their Economic Bid Statements such Contract Capacity (Summer and Winter), Contract Heat Rates, Start-up Costs, and O&M Costs. The economic model provided with the RFP would be used to calculate Evaluated Cost of each Proposal, which essentially was the cost of each Proposal net of market revenues that the proposed Contract Facility would have earned under a set of different electricity price and fuel price scenarios built into the economic model. The Evaluated Cost would then be adjusted based on the Stage 2 Rated Criteria point score to yield an Adjusted Evaluated Cost. Section 4.4 detailed how the Evaluated Cost would be adjusted. The Proposal with the lowest Adjusted Evaluated Cost would be selected, subject to the approval of the OPA Board of Directors and reserved rights of the OPA.

In s. 5 - Terms and Conditions, the terms and conditions of the RFP Process were set out. This section contained information and instructions related to the RFP timetable (s. 5.1), a process for the issuance of addenda (s. 5.4), submission instructions for the Proposals (s. 5.6), reserved rights of the OPA (s. 5.23), restrictions on communications (s. 5.3), etc. In s. 5.6.2 Proponents were instructed to submit their Proposals only in the prescribed manner set out in that section. Furthermore, Proponents were instructed to place their Economic Bid Statements (pricing information) in a separate, opaque envelope.

Appendices A to P of the GTAW contained the submission forms that formed part of the Mandatory Requirements, as well as provided information to Proponents. Appendix F contained the Financial Questionnaire, which summarized the financial information that a Proponent needed to submit, and Appendix G contained the Technical Questionnaire, which summarized the technical information that the Proponents had to submit. Appendix O set out a very detailed sample calculation of how a Proposal’s Adjusted Evaluated Cost would be calculated.
In our opinion, the GTA West Trafalgar RFP was not written in an unduly restrictive manner and the evaluation process was transparent to Proponents. All of the evaluation criteria were clearly stated and objectively justified, and the process for applying the criteria was also clearly stated in the GTA West Trafalgar RFP.
5.0 RFP CONSULTATION STRATEGY

The GTA West Trafalgar 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 Proponent consultation strategy. 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.

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. 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 GTA West Trafalgar RFP process, the form of GTAW 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 GTA West Trafalgar RFP and the form of GTAW Contract. Any information presented by the Registered Participants during these sessions was not evaluated if the Registered Participant became a Proponent to the GTA West Trafalgar RFP unless that content is presented in its Proposal. An interested party 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 GTA West Trafalgar RFP.

Prior to the first information session being held, a Protocol for Individual Information Sessions was circulated to the Registered Participants by the OPA, which is contained in Appendix A of this report (“Information Session Protocol”). We reviewed this protocol in advance and advised the OPA that these were appropriate rules for the conduct of the information sessions.

The purpose of the Information Session Protocol was to establish a set of rules for the conduct of the sessions. The protocol set out the following rules for the sessions:

- The role of Fairness Advisor as a monitor and moderator of the sessions;
• OPA representatives would not be evaluators and there would be no verbatim recording of the sessions so that the Registered Participants could speak freely without fear of prejudicing any Proposal submitted in response to the GTA West Trafalgar RFP;
• No presentation materials could be used;
• Each party was free to make whatever notes they wanted;
• The sessions were not intended to pre-approve or vet any Proposal;
• The OPA would treat information about the Contract Facility as confidential, but information from the OPA to the Registered Participant that pertained to the process would be shared with all Registered Participants; and,
• Registered Participants were cautioned not to discuss the price of any Proposal since this might prejudice the evaluation of the Proposal.

Between June 7 and June 16, 2006, the OPA conducted the first round of information sessions with the five Registered Participants. The second round of information sessions was held between July 25 and July 28, 2006. 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 the two information sessions with the OPA.

The information sessions were held at the OPA offices in Toronto, Ontario. The same three 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 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 www.ontarioelectricityRFP.ca website. In some instances we believed that the information shared with a Registered Participant was information that ought

---

1 This requirement was changed to no presentation materials could be left with the OPA, but could be referred to during the meeting.
to be shared with all Registered Participants and a notice was posted on the www.ontarioelectricityRFP.ca website to do this. 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 GTA West Trafalgar RFP via addenda. We reviewed these changes to the GTA West Trafalgar RFP and we believe that they were objectively justified and enhanced the clarity and transparency of the GTA West Trafalgar RFP.

All Registered Participants without exception and the OPA complied with the Information Session Protocol. Prior to each session the OPA made a revision to the protocol. The prohibition on presentation materials was clarified as an instruction to Registered Participants not to leave presentation materials with the OPA, and that such materials could be referred to during the sessions provided that they were collected by the Registered Participant and not left with the OPA.

The ad-hoc meetings with the OPA on the NGEIR issue were conducted in a similar format, however, we acted as an observer only at these meetings. The NGEIR issue meetings were held with four Registered Participants between June 22 and July 17, 2006. One Registered Participant elected not to have an ad-hoc meeting on the NGEIR issue. These meetings were essentially opportunities for the Registered Participants to share their views on the issue with the OPA. The OPA indicated at a high level for each Registered Participant a number of the options that it was considering for dealing with the issue and solicited comments from the Registered Participants.

In summary, we believe that the individual information sessions and ad-hoc NGEIR issue meetings conducted with Registered Participants 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 Contract Facility to the OPA. Both the Registered Participants and OPA complied with the Information Session Protocol. Changes to the GTA West Trafalgar RFP as a result of the individual information sessions were objectively justified and enhanced the clarity and transparency of the GTA West Trafalgar RFP.
6.0 Adequate Time to Prepare a Proposal

Proponents required sufficient time to prepare Proposals in response to the GTA West Trafalgar RFP. The larger the scope of an 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, consult legal counsel and arrange financing for their projects, etc.

The draft GTA West Trafalgar RFP was issued on 28 April 2006. The final GTA West Trafalgar RFP was released on 14 July 2006 and the Proposal Submission Deadline was 27 September 2006. Proponents had 54 business days (a day other than Saturday, Sunday or a Statutory Holiday) and 77 calendar days from the initial release of the final GTA West Trafalgar RFP to the Proposal Submission Deadline to prepare Proposals in response to the GTA West Trafalgar RFP. From release of the draft GTA West Trafalgar RFP to the Proposal Submission Deadline, Proponents had 155 calendar days and 108 business days to prepare their Proposals. Proponents were also made aware of the general requirements of the desired Contract Facility through the earlier RFQ process conducted earlier this year by the OPA. 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 PROONENTS**

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.

All communication with Proponents was done through the www.ontarioelectricityRFP.ca website (“Dedicated Website”). The Dedicated Website had functionality to support posing questions by Proponents and Registered Participants, and provision of responses by the OPA. Any information that would potentially identify a Proponent was removed from a question before the question and answer was posted to the Dedicated Website. All GTA West Trafalgar RFP-related documents were posted to the website in electronic format for convenient downloading by Proponents, including the economic model in MS-Excel format.

In s. 5.3 Prohibited Communications, Registered Participants and Proponents were cautioned against contacting the media and other specified individuals and entities set out in s. 5.3. We are aware of no occasions where Proponents breached this prohibition. There were a number of media reports about proposed Contract Facilities prior to the Proposal Submission Deadline, however, these reports did not attempt to promote any of the Contract Facilities and were more of an informational nature. We note that Proponents were encouraged via the Rated Criteria to engage in public consultation about their proposed Contract Facilities and that it is normal for the local media to cover such events and to report on them. Some Proponents asked permission of the OPA to talk to the media about their proposed Contract Facilities and the OPA granted the requested permission.

Following the Proposal Submission Deadline and during the Proposal evaluation process, a question of clarification was asked of a Proponent as part of the evaluation process. We monitored this request for clarifications process. The Proponent complied with the process outlined by the OPA in its response to the question of clarification. All communications were confirmed in writing, either by fax or e-mail.
8.0 **ADEQUATE NOTIFICATION OF CHANGES IN REQUIREMENTS**

All Proponents received the same and adequate notification about changes to the RFP requirements. The use of the Dedicated Website facilitated such communication.

There were two GTA West Trafalgar RFP and two GTAW Contract addenda issued. All of these addenda were posted to the Dedicated Website in electronic format for downloading by Proponents. These addenda detailed various changes to the RFP and Contract in response to questions posed by Proponents and the individual information sessions.
9.0 CONFIDENTIALITY AND SECURITY OF DOCUMENTS

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

The Proposals were kept in a locked storage facility at the OPA office in Toronto, Ontario. Evaluation documents were also stored in the same secure location. The contents of the Proposals were only known to the evaluation team members, those supporting the evaluation team, legal counsel and the Fairness Advisor.

The evaluators, as well as those supporting and advising the evaluators, 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 survives past the end of the evaluation process.

Evaluators were permitted to remove Proposals from the OPA office and were instructed in the proper care and handling of confidential information in their custody. We are aware of no Proposals leaving the evaluator’s custody. All deliberations of the evaluation team were conducted behind closed doors at the OPA office in Toronto, Ontario.

The Proponents’ Economic Bid Statements were always kept either at the Bank of New York (location where Proposals were submitted) or later, in a locked cabinet at the OPA offices in Toronto. The Economic Bid Statements were kept in their original sealed envelopes until the Stage 3 – Economic Bid Evaluation was conducted. No one was permitted access to these Economic Bid Statements until Stage 3.

We are not aware of any discussions about any Proposal or its evaluation among anyone except the evaluators, those supporting the evaluators, counsel, and us. All members of the evaluation team signed confidentiality agreements pertaining to the evaluation process and information contained in the Proponents’ Proposals. 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. The evaluation team for Stages 1 and 2 consisted of five individuals with knowledge of the energy sector in Ontario. The team members were drawn from the OPA, Independent Electricity System Operator (IESO), the Ontario Energy Board (OEB), and an external consultant. None of the OPA members of the evaluation team were from Generation Development.

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, which we attended.

The evaluation team was advised by external counsel to the OPA. Counsel provided advice only and did not participate in the scoring of any Proposal.

None of the evaluation team members participated in the individual information sessions that were held with the OPA and Registered Participants prior to the Proposal Submission Deadline.

All the evaluators were qualified to undertake the evaluation of the Proposals and we have no concerns about their qualifications.
11.0 COMPLIANCE WITH THE PROCESS

In order to ensure a fair process, the rules established for conducting the procurement and published in the GTA West Trafalgar RFP were followed and applied equally to all Proponents.

Four (4) Proposals were received by the Proposal Submission Deadline. One Qualified Applicant indicated to the OPA in writing prior to the Proposal Submission Deadline that it did not intend to submit a Proposal. The OPA conducted an initial completeness check of the Proposals before they were distributed to the evaluation team for their review. All Proposals received were complete.

The evaluation team conducted an initial screening as part of Stage 1 – Mandatory Requirements set out in s. 2 of the GTA West Trafalgar RFP. All four Proposals satisfied all Mandatory Requirements and were advanced to Stage 2 of the evaluation process.

The four Proposals advanced from Stage 1 were then subjected to the Stage 2 – Rated Criteria evaluation, where the Proposals were evaluated against the Rated Criteria set out in s. 3 of the GTA West Trafalgar RFP. All of the Proposals satisfactorily exceeded the minimum total point thresholds set out in s. 3 of the GTA West Trafalgar RFP, and were advanced from Stage 2 to Stage 3 – Economic Bid Evaluation.

Stage 3 – Economic Bid Evaluation consisted of opening the Economic Bid Statements and inputting each Proponent’s proposed Contract Facility economic parameters into the economic model and then running the model. The Evaluated Costs from the economic model were adjusted for the Stage 2 scores, as set out in s. 4.4, and then the Proposal with the lowest Adjusted Evaluated Cost was identified as the Selected Proponent.

We are satisfied that the evaluation of Proposals was conducted strictly in accordance with the process set out in s. 4 of the GTA West Trafalgar RFP.
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 ss. 2 to 4 of the GTA West Trafalgar RFP.

As we have stated in Section 4.0 of this report, Proposals were subjected to a three stage process for evaluation. The Stage 1 - Mandatory Requirements was essentially a determination that the Proposals met certain submission requirements and that the Proposed Contract Facilities met certain other Mandatory Technical Requirements. These criteria were objectively stated and this permitted an objective determination of compliance.

For the Stage 2 - Rated Criteria, evaluators individually read the Proposals and evaluated Proponents’ Proposals against the Rated Criteria set out in s. 3 of the GTA West Trafalgar RFP. Each evaluator read the Proposals in a different, randomized order. This was done for two reasons. Firstly, it promotes 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 often tend to anchor an evaluator’s expectation on what to expect from subsequent Proposals. This in turn affects how they evaluate these later Proposals.

The OPA decided that evaluators would use the consensus approach to scoring Proposals in Stage 2 after they had read and individually scored each Proposal. Once the individual scoring was completed, the evaluation team met as a group to discuss the individual scoring and to decide on a group consensus score for each criterion.

All of the evaluators met for the Stage 2 – Rated Criteria consensus evaluation sessions. The purpose of the consensus sessions was to have the members of the evaluation team arrive at a
consensus score for each Proposal. We attended the consensus scoring sessions as an observer of the process. We detected no bias or favoritism by the evaluators during their participation in the consensus evaluation sessions, and no external pressure was brought to bear on the evaluation team. We observed that each Proposal was subjected to same evaluation process, which consisted of applying the evaluation criteria in s. 3 using the evaluation process set out in s. 1.5.

For Stage 3 – Economic Bid Evaluation, the seven Proposals passing Stage 2 had their Economic Bid Statements opened and the economic parameters for each Proposal were input into the economic model. We verified the Stage 3 results from the economic model. The Evaluated Cost for each Proposal was adjusted by its Stage 2 score using the process set out in s. 4.4 of the GTA West Trafalgar RFP.

In summary, we detected no bias or favoritism towards or against any particular Proponent. The Proposals were evaluated strictly against the evaluation criteria published in the GTA West Trafalgar RFP. A record of the consensus scores reached and reasons for the scores was maintained and kept by the evaluation team chair at the sessions.
13.0 PROPER USE OF ASSESSMENT TOOLS

Assessment tools used by the evaluators to evaluate the Stage 1 - Mandatory Requirements, Stage 2 – Rated Criteria, and Stage 3 – Economic Bid Evaluation were based on the published evaluation criteria in the GTA West Trafalgar 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 procurement 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 procurement.

Proponents were required to disclose and declare any actual or potential conflict of interest, which included by definition any knowledge of confidential information of the OPA. None of the Proponents indicated any actual or potential conflicts 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, were asked to sign a declaration that they were not in a potential or actual conflict of interest in undertaking their role in the process. One evaluator disclosed the holding of a security issued by a Proponent in the evaluator’s personal investment portfolio. We investigated the matter, as did the OPA’s counsel, and concluded that the value of the holding was minor in relation to the evaluator’s net worth, and as such it did not constitute an actual conflict of interest. The OPA informed us that all the evaluators, as well as those who were supporting and advising them, signed this declaration.
15.0 CONCLUSIONS

In summary, based on our review, we are satisfied that the GTA West Trafalgar RFP process was conducted in a procedurally fair, open, and transparent manner. All Proposals received were evaluated against the evaluation criteria published in the GTA West Trafalgar RFP. We detected no bias either for or against any particular Proponent in the application of the evaluation criteria. Evaluation criteria were applied objectively based on the criteria published in the GTA West Trafalgar RFP.
APPENDIX A – OPA INFORMATION SESSION PROTOCOL
Protocol for Individual Information Sessions – GTA West Trafalgar RFP

The purpose of Individual Information Sessions is to provide Registered Participants with an opportunity to discuss the GTA West Trafalgar RFP process and the Contract with the OPA’s project team. The protocol/rules for the sessions are as follows:

1. The Fairness Advisor will monitor and moderate all sessions.
2. The Fairness Advisor will render a report on the conduct of the sessions.
3. All OPA attendees will not be evaluators for the GTA West Trafalgar RFP.
4. No verbatim recording of the sessions
5. No hand outs or visual aids.
6. OPA and the Registered Participants may record notes for their own purposes, however no distribution between the OPA and the Registered Participants will be permitted.
7. Sessions are solely for clarification purposes and are not an approval or pre-vetting activity. No “sales” presentations or pitches will be permitted.
8. OPA will have the right to make public any new requirements or processes resulting from the sessions that affect all bidders, which will be posted on the RFP website in form of generic, anonymous questions or comments, as well as via Addenda.
9. Any new information provided by the OPA to a Registered Participants will be made available to all Registered Participants.
10. No discussion will be permitted with respect to matters dealing with the price submission for a project, in particular the Economic Bid Statement with the exception to clarifications of Contract terms and conditions affecting financial considerations.