



Stakeholder Comment and AESO Replies Matrix

AESO Consultation – Competitive Procurement Process

September 17, 2010

The AESO is asking market participants and interested parties to indicate their interest in participating in the AESO's consultation regarding the AESO's proposed competitive procurement process and to provide comments on the related Terms of Reference and Discussion Paper.

Date of Request for Comment: <u>2010-MM-DD</u>	Contact: <u>Jeff Hilton</u>
Period of Consultation: <u>2010-MM-DD</u> through <u>2010-MM-DD</u>	Phone: <u>(403) 536-4811</u>
Comments From: <u>SNC Lavalin T&D</u>	E-mail: Jeffrey.hilton@snclavalin.com
Date [yyyy/mm/dd]: <u>2010-11-03</u>	

Interest in Participating in AESO Consultation for a Proposed Competitive Procurement Process		
Please indicate your interest in participating in this consultation		
	Stakeholder Comment	
	<input checked="" type="checkbox"/> Interested <input type="checkbox"/> Not Interested	
Terms of Reference - In-Scope Section		
Do stakeholders agree with the scope set out in the Terms of Reference? Are there any other documents the AESO should consider as in scope?		
Stakeholder	Stakeholder Comment	AESO Replies
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose <u>We are quite comfortable with the</u>	

AESO Stakeholder Comment and AESO Replies Matrix – Proposed Competitive Procurement Process: 2010-09-17



Stakeholder Comment and AESO Replies Matrix
AESO Consultation – Competitive Procurement Process
September 17, 2010

	scope – while value could be obtained if it were expanded slightly to include the proposed structure and schedule of a Request for Proposal and/or a Request for Quote process.	
Terms of Reference – Out-of-Scope Section		
Do stakeholders agree with the out-of-scope section?		
Stakeholder	Stakeholder Comment	AESO Replies
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose We respect and support remains focused on enabling the CTI legislation.	
Terms of Reference - Consultation Activities, Documents and Schedule Section		
Do stakeholders agree with the consultation activities, documents and schedule?		
Stakeholder	Stakeholder Comment	Replies
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose We agree, please confirm the step 7 meeting is intended to include stakeholders. We feel a feedback loop is important, particularly if the clarification is required arises from comments and considerations collected from stakeholders prior to recommendation paper creation.	
Terms of Reference - Other Comments		



Stakeholder Comment and AESO Replies Matrix
AESO Consultation – Competitive Procurement Process
September 17, 2010

Do stakeholders have any other comments regarding the Terms of Reference for the competitive procurement process documents?		
Stakeholder	Stakeholder Comment	
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose	
Discussion Paper		
The AESO is seeking stakeholder comments regarding the proposed implementation schedule.		
Stakeholder	Stakeholder Comment	
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose Process improvement is good – while in this case, urgency is paramount. We recommend revisiting the schedule based on the merits of infrastructure need, not process improvements.	



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AESO Consultation – Competitive Procurement Process

September 17, 2010

Discussion Paper		
<p>The AESO is seeking stakeholder comments regarding the objectives and principles to be used in the design of a competitive procurement process for CTI in Alberta.</p>		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <p>SNC T&D is aligned with the intent of the Objectives and Principles outlined however we feel that Goal 2.2.a <u>cost minimization without affecting system reliability</u> might be changed to <u>Minimizing cost while minimizing system stability</u>.</p> <p>Introduction of new entrants (goal 2c) and the adoption new technology (goal 3c) <u>will</u> adversely affect system reliability particularly in the short term.</p>	
Discussion Paper		
<p>The AESO is seeking stakeholder comments regarding additional alternatives including associated advantages and disadvantages for the competitive procurement process.</p>		
Stakeholder	Stakeholder Comment	
	<p>The existing TFO's EPC model is bound by competitive Procurement of materials and services. ~90% of the build costs within the EPC's scope of a</p>	



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AESO Consultation – Competitive Procurement Process

September 17, 2010

	<p>CTI project meet all of the goals outlined above. The Process allocates the risk of Land Access, Consultations and Permit & Licensing back to the TFO's, who have the most control. Should the risk be assigned to an EPC, we would need to factor in a huge risk premium to effectively manage the Land, Permitting and Consultation process.</p> <p>We feel the existing Direct Assign process enable new entrance, and with some modifications to the procurement tender processes, larger blocks of material and services contracts could attract more non-traditional sources and entrance.</p> <p>Advantages to retaining the current Direct Assign with minor changes to the procurement process would be efficient deployment within the most aggressive build cycle in 30 years, appropriately distribute risk on the front end Land and Permitting/consultation activities, stability of the system.</p> <p>As all builds today are scrutinized</p>	
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AESO Consultation – Competitive Procurement Process
September 17, 2010

	through a fully transparent deferral account process, Goal 2.2.i Transparency and consistency over time is achieved immediately.	
Discussion Paper		
The AESO is seeking stakeholder comments regarding the process steps in the Own Alternative.		
Stakeholder	Stakeholder Comment	
	<input checked="" type="checkbox"/> Support <input type="checkbox"/> Oppose The process steps within this model do not impact us as stakeholders.	
Discussion Paper		
The AESO is seeking stakeholder comments regarding the advantages, as well as any other advantages and disadvantages the stakeholder believes are appropriate for the Own Alternative.		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose A disadvantage to introducing more TFO's assuming that a CTI is awarded to someone other than the current cast	



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AESO Consultation – Competitive Procurement Process

September 17, 2010

	<p>of TFO's, is the complexity of P&C, Telecom and SCADA along the new asset.</p> <p>Alberta's current oligopoly creates a rather complex concurrent engineering and document control process on overlapping projects as it stands. Add multiple additions of new TFO's and their corresponding EPC... this thing will become unmanageable quickly.</p> <p>Augmentations and system growth strategies complicate as well, creating the need to contemplate how mutations to the original transport link are to be managed</p> <p>Thought must be given to the system performance measures associated with a new entrant in the TFO realm. Given SAIFI and SAIDI measures dictate much for a TFO – are these measures effective for a potentially single facility owner?</p> <p>Finally, it is critical not to underestimate the inevitable instability that will be associated with unique designs and builds from new entrants.</p>	
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AESO Consultation – Competitive Procurement Process

September 17, 2010

	<p>Some of this exposure could be mitigated within the RFQ process, by imposing a requirement of new entrance that they be an existing utility – thus of a similar mindset.</p>	
Discussion Paper		
The AESO is seeking stakeholder comments regarding efficient risk-sharing options that will optimize the overall cost of CTI projects.		
Stakeholder	Stakeholder Comment	
	<p><input type="checkbox"/> Support <input type="checkbox"/> Oppose</p> <p>Risk should only be distributed if it is reasonable and can be calculated - and then it should be distributed to those that have the most control on it.</p> <p>If it is open ended, transferring this to the open market will simply result in extremely high estimates to cover the portfolio risk.</p> <p>Soliciting for a Fixing price contract for the Land Acquisition, Consultation and Permitting costs is not reasonable.</p>	
Discussion Paper		



Stakeholder Comment and AESO Replies Matrix
AESO Consultation – Competitive Procurement Process
September 17, 2010

The AESO is seeking stakeholder comments regarding the process steps in the EPC Alternative.		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <p>The process steps within the EPC Alternative identify the AESO develops an RFP for the CTI project – the term RFP requires detail as many definitions of a Request for Proposal exist. The process for determining the scope of this RFP will be a critical component in the achieving any of the Competitive Procurement Goals.</p> <p>In Step 7 the process envisions cooperation between the incumbent TFO and the EPC firm that the AESO awarded the CTI Design build contract to. This appears to be flawed. If the EPC is contracted with the AESO – then a separate agreement must be struck between the EPC and the Incumbent. Cooperation details will require general and special terms and conditions.</p> <p>If the original award and subsequent agreement is established between the incumbent and the EPC the Incumbent should issue and award the tender.</p>	



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AESO Consultation – Competitive Procurement Process
September 17, 2010

Discussion Paper		
The AESO is seeking stakeholder comments regarding the advantages, as well as any other advantages and disadvantages the stakeholder believes are appropriate for the EPC Alternative.		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose As stated previously, the EPC Alternative contemplates a fix price Land, Consultation and Permitting bid – we feel this is very miss-guided – and if imposed, the Rate Payers of the province would ultimately pay for this risk premium.	
Discussion Paper		
The AESO is seeking stakeholder comments regarding additional issues for consideration applicable to the Own and EPC Alternatives, as well as identification of any other issues that will need consideration.		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose Consider opportunities to address the Land, Consultation and Permitting	



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AESO Consultation – Competitive Procurement Process

September 17, 2010

	<p>process – as this is the most detrimental influencing cost component of any transmission build. Delays, re-routes, inability to perform early discovery of geotech necessary to complete detailed engineering in a timely fashion are significant contributors to the overall cost of a project – and establishing an efficient model to manage this would have the most positive impact to the Ratepayers of Alberta.</p>	
Discussion Paper		
<p>The AESO is seeking stakeholder comments regarding additional issues for consideration applicable to the Own Alternative, as well as identification of any other issues that will need consideration.</p>		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose	
Discussion Paper		
<p>The AESO is seeking stakeholder comments on the inclusion of the proposed structure for the Request for Qualifications (RFQ), as well as any other information the stakeholder believes should be included.</p>		
Stakeholder	Stakeholder Comment	



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AESO Consultation – Competitive Procurement Process
September 17, 2010

	<input type="checkbox"/> Support <input type="checkbox"/> Oppose <p style="color: blue;">The Request for Qualifications – regardless of the alternative, should be open enough to attract new entrants – however restricted to those companies that have demonstrated delivery in a system designed and managed similar to Alberta’s current environment. Alberta cannot afford to destabilize the system infrastructure during the most aggressive build in 3 decades.</p>	
Discussion Paper		
The AESO is seeking stakeholder comments on the inclusion of the information required by potential bidders to substantiate their qualifications to an RFQ, as well as any other information the stakeholder believes should be included.		
Stakeholder	Stakeholder Comment	
	<input type="checkbox"/> Support <input type="checkbox"/> Oppose	
Discussion Paper		
The AESO is seeking stakeholder comments on the potentially required amendments to relevant regulations, as well as any other amendments the stakeholder believes will be necessary.		
Stakeholder	Stakeholder Comment	



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AESO Consultation – Competitive Procurement Process

September 17, 2010

	<input type="checkbox"/> Support <input type="checkbox"/> Oppose	
Discussion Paper		
The AESO is seeking any other stakeholder comments on the Discussion Paper concerning the AESO's proposed competitive procurement process.		
Stakeholder	Stakeholder Comment	
	<p>Perhaps a revisit to the existing Direct Assign process is worth considering as an alternative. Minor modifications to that model may be the most efficient and effective way of achieving the majority of the goals set out in this exercise.</p>	