



RENEWABLE ELECTRICITY
PROGRAM COMPETITION
REP ROUND 3

Fairness Advisor

Report

December 14, 2018



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1.0 Introduction

P1 Consulting Inc. (P1 Consulting or Fairness Advisor) was engaged by the Alberta Electric System Operator (AESO) in January 2018 to perform fairness advisory services and to provide independent verification throughout the Renewable Electricity Program Round 3 Competition (“REP Round 3” or “Competition”) to ensure that the process is conducted in a fair and transparent manner. Our mandate included reviewing the procurement documents and communications; providing advice on leading practices; reviewing and monitoring the evaluation; ensuring the adequacy of the documentation and overseeing the decision-making and governance processes that were associated with the Competition to ensure fairness, equity, objectivity and transparency. Our scope included:

- Ensuring that the REP Round 3 Request for Expressions of Interest (REOI), Request for Qualifications (RFQ) and Request for Proposals (RFP) stages of the Competition were undertaken in a fair and transparent manner and in accordance with the applicable policies, documents and agreements;
- Assuring the consistent application of the evaluation criteria and evaluation procedures of the AESO in accordance with the REOI, RFQ and RFP, and applicable policies of the AESO;
- Ensuring that all Interested Parties, Respondents and Proponents were treated consistently in the evaluation process and in accordance with the REOI, RFQ or RFP; and
- Ensuring that AESO personnel and external advisors adhered to the AESO’s conflict of interest and confidentiality requirements.

As Fairness Advisors, we were also to attend, observe and provide guidance at internal meetings. In particular, in our role as Fairness Advisors, we ascertained that the following steps were taken to ensure a fair and transparent procurement process:

- Compliance with the procurement policies and procedures;
- Objectivity and diligence during the procurement process;
- Compliance of participants with requirements related to conflict of interest and confidentiality during the process; and
- Oversight during the process in order to ensure that all Respondent and Proponents (the “Bidders”) were treated fairly and equally.

Louise Panneton, Oliver Grant, Jillian Newsome, Martin Cukierman, Geoff Capelle, Stephanie Braithwaite and Robin McLernon were the members of P1 Consulting who acted as Fairness Advisors throughout the Competition.

2.0 Scope of the Fairness Advisor

In addition to providing general fairness advisory services, P1 Consulting performed the following discrete tasks. P1 Consulting’s findings, with respect to whether each of these tasks was conducted in a fair and transparent manner, are also indicated.

2.1 *Review of Procurement Documentation*

In our role as Fairness Advisor, we reviewed all draft procurement documentation, including the REOI, RFQ and RFP prior to issuance for the renewable electricity industry to identify potential inconsistencies or lack of clarity and provided feedback to the AESO. The review included:

- Reviewing and analyzing the evaluation criteria and sub-criteria, the scoring methodology set out in the procurement documents, ensuring full disclosure of information, and determining that the evaluation process is appropriate;
- Determining whether or not the approach to the technical and financial evaluation is appropriate and defensible;
- Reviewing the procurement documentation for ambiguity and consistency; and
- Reviewing the procurement documentation for bias for or against any Bidder.

The procurement documentation prepared by the AESO was fair and transparent.

2.2 *Review of Communication with the Bidders*

As the Fairness Advisor, we observed all communication, including written and verbal communication, between the AESO and the Competition participants to ensure that the Bidders were treated in a consistent manner.

With respect to written communication, we were responsible for reviewing all Notices, Addenda, and Communique to ensure they were clear, unambiguous and free from bias. We reviewed all Requests for Information (RFIs), in order to confirm:

- Whether the information in the question was commercially confidential in nature, and if so, ensuring the response was fair (e.g. no general information was included in the response);
- Whether the response required a change to the procurement documentation; and
- Whether the response was clear, unambiguous and free from bias.

Additionally, we reviewed all Requests for Clarification (RFCs) to ensure that:

- No new information related to the Respondents' and Proponents' submissions was requested or received; and
- The question was clear, unambiguous and free from bias.

The communication between the AESO and the Competition participants was conducted in a fair and transparent manner.

2.3 *Evaluation Process*

2.3.1 **Evaluation Manuals**

Prior to the commencement of the evaluation processes for both the RFQ and RFP, the AESO developed an Evaluation Manual, which documents the governance structure, methodology and approach to the evaluation process. Prior to finalizing the Evaluation Manual, we reviewed and commented on the draft documents, to ensure appropriateness, accuracy, completeness, and consistency between the methodology established in the Evaluation Manual with the requirements, evaluation criteria and methodology described in the procurement documents.

2.3.2 **Evaluation Training**

All Evaluation Participants attended evaluation training prior to participating in the RFQ and RFP evaluation process to ensure that they understood the objectives of and the approach to the evaluation. We reviewed and contributed to the training material and attended all evaluation training sessions.

2.3.3 **Submission Closing**

The AESO implemented a process related to submission closings (for the RFQ and RFP Submissions) to ensure that they were conducted in a fair manner. We reviewed and approved the process and participated in the submission closings to confirm that the process was followed, and that there were no issues, from a fairness perspective.

2.3.4 **Evaluation Meetings**

P1 Consulting attended all internal evaluation meetings where Evaluation Panels met for consensus discussion and where Evaluation Panels presented their results through the established governance structure.

2.3.5 Evaluation Results

Throughout the RFQ and RFP evaluation processes, and at the end of each process, we reviewed and validated the results to confirm that they were consistent with what we observed. The RFQ and RFP evaluation processes undertaken by the AESO were fair and transparent.

2.4 Conflicts of Interest

A conflict of interest refers to situations in which personal, occupational or financial considerations may affect or appear to affect the objectivity or fairness of an individual. The Fairness Advisor must ensure that project participants who are involved in the Competition identify and resolve any real, perceived or potential conflict of interest.

The AESO established an Integrity, Due Diligence and Ethical Conduct Committee (IDDECC) who received, analyzed and developed a determination related to declared conflicts of interest. P1 Consulting participated in the IDDECC meetings and were satisfied that any declared conflicts were managed and there were no concerns from a fairness perspective.

2.5 Confidentiality

The Fairness Advisor ensured that project participants who are involved in the Competition adhered to the confidentiality policies provided by the AESO. As Fairness Advisor, P1 Consulting reviewed and provided input into such policies, and ensured that the relevant project participants signed them.

During the evaluation phase, the Fairness Advisor reviewed and provided input into the development of the AESO guidelines with respect to receiving, storing, distributing and reviewing Submissions in order to protect the commercial confidentiality of the RFQ Respondents and the RFP Proponents.

The provisions related to confidentiality were maintained, and the documentation was managed in a fair manner.

3.0 Request for Expressions of Interest

The project team from the AESO reviewed the REOI responses diligently. They responded positively to all fairness comments and questions and there were no unresolved issues.

4.0 Request for Qualifications Process

Respondents to the RFQ submitted Qualification Submissions on or before the Closing Deadline of June 21, 2018 at 15:00:00 (MDT).

The evaluation process was set up in 3 stages:

- Stage 1 – Completeness Validation
- Stage 2 – Pass/Fail review [independent Technical and Financial Panels], including an Initial Connection Capacity Assessment
- Stage 3 – Integrity, Due Diligence and Ethical Conduct Committee (IDDECC) Review

The Fairness Advisor attended the evaluation consensus sessions held during the months of July and August, 2018 to ensure the consistency and fairness of the evaluation. P1 Consulting concluded that the evaluation was performed in a fair and transparent manner. The Fairness Advisor also attended the Panel and REP Office presentations to the IDDECC.

The Fairness Advisor reviewed the final results of the evaluation. P1 Consulting concluded that the evaluations were conducted fairly and in accordance with the RFQ.

4.1 *Pass/Fail Assessment Process*

Where an Evaluation Panel performed a pass/fail assessment, following individual assessments, the Panels convened as a group to determine whether the Respondent Qualification Submissions met (or did not meet) the content requirements set out in the RFQ. P1 Consulting attended all Evaluation Panel pass/fail assessment meetings and reviewed the results, and confirmed that a consistent approach to the evaluation was applied and that the assessments were conducted in a fair manner.

4.2 *RFQ Selection Result*

Any Respondent that had a project pass the RFQ requirements was invited to participate in the RFP process. A Respondent could receive multiple invitations in respect of separate Renewables Projects if more than one Renewables Project in their Qualification Submission met the requirements of the RFQ.

4.3 *RFQ Debriefing Sessions*

The RFQ provided the opportunity for unsuccessful Respondents to request a debriefing following the conclusion of the RFQ. Sessions with the successful Respondents are to be offered following the conclusion of the RFP process, estimated to be Q1 2019. Sessions with the unsuccessful Respondents were held the weeks of October 8 and 15, 2018. The Fairness Advisor participated in all and confirmed that a consistent approach to each debriefing session was applied and that the sessions were conducted in a fair and transparent manner.

4.4 *Observations of the RFQ Process*

The project team from the AESO, the Evaluation Panel Members, the Evaluation Panel Chairs, and the IDDECC undertook their respective roles diligently. They responded positively to all fairness comments and questions and there were no unresolved issues.

5.0 *Request for Proposals Process*

Respondents to the RFP submitted RFP Submissions on or before the Closing Deadline of October 23, 2018 at 15:00:00 (MDT).

The evaluation process was set up in 3 stages:

- Stage 1 – Completeness Validation
- Stage 2 – Pass/Fail review [independent Financial Panel – if applicable]
- Stage 3 – Integrity, Due Diligence and Ethical Conduct Committee (IDDECC) Review

The Fairness Advisor monitored the evaluation to ensure the consistency and fairness of the evaluation. P1 Consulting concluded that the evaluation was performed in a fair and transparent manner. The Fairness Advisor also attended the Panel presentations to the IDDECC during Stage 3.

The Fairness Advisor reviewed the final results of the evaluation. P1 Consulting concluded that the evaluations were conducted fairly and in accordance with the RFP.

5.1 *REP Round 3 Results*

5.1.1 *Selection Process*

AESO established a selection process prior to receipt of submissions in order to maintain the confidentiality of proposals between REP Round 2 and REP Round 3 and to ensure that the selection process was conducted in a consistent manner. The Fairness Advisor reviewed the final results of the selection process conducted by the Government of Alberta. P1 Consulting concluded that the selection

process by AESO and the Government of Alberta were conducted fairly and in accordance with the established process and the RFP.

5.1.2 Selection Results

This report has been provided upon request in advance of the completion of the RFP process and will be updated upon completion of Proponent debriefings.

5.2 RFP Debriefing Process

The RFP provided the opportunity for Proponents to request a debriefing following the conclusion of the RFP. Sessions with the Proponents will be scheduled in 2019. As we understand it, the Fairness Advisor will be invited to participate in all debriefing sessions in order to confirm that a consistent approach to each debriefing session is applied and that the sessions will be conducted in a fair and transparent manner.

5.3 Observations of the RFP Process

The procurement team from the AESO and the Evaluation Panels undertook their respective roles diligently. They responded positively to all fairness comments and questions and there were no unresolved issues.

6.0 Conclusion

As the Fairness Advisor for REP Round 3, overall and to the extent that P1 Consulting has been involved in the Competition, we certify, in our opinion that, up to the point at which this Report was delivered, the Competition was undertaken in a fair and transparent manner.

A handwritten signature in blue ink, appearing to read 'Louise Panneton', is positioned above a horizontal line.

Louise Panneton
Fairness Advisor
c.c.: Oliver Grant