

AESO Procurement Process

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The AESO procures services, including but not limited to, Ancillary Services, IT services, engineering or other technical services in order to meet its obligations under the *Electric Utilities Act* (EUA), in a manner that upholds the fair treatment of all participants in the procurement process. The AESO may procure these services through either a competitive procurement process or through a bilateral process if the service(s) cannot be procured through competitive means. The following details the steps/stages in the procurement process.

A. Competitive Procurement

Request for Expressions of Interest (REOI)

A Request for Expressions of Interest helps the AESO identify parties who are interested in providing the specified services. This stage helps the AESO gauge the level of interest in the competition and the capabilities of those expressing interest. This stage may also assist new entrants to the province by affording them an opportunity to understand the procurement requirements of the sector and to identify local partners and firms with specialized skillsets. Participating at the REOI stage is not a pre-requisite for participating in the other stages of the process unless specified. The AESO may choose to have a stakeholder session with all interested service providers at the beginning of a competitive procurement process if it deems that one is required. This will especially be true in circumstances when the AESO is launching a request for new products or services.

If the REOI attracts sufficient interest and the procurement process is deemed to be competitive, a Request for Proposals is issued in an effort to procure the services competitively. The AESO will determine whether the REOI is competitive with input from the Market Surveillance Administrator (MSA), if required. The MSA is typically consulted for services such as Ancillary Services, so as to ensure compliance with the *Fair, Efficient and Open Competition* (FEOC) Regulation, but this is not always the case for other types of services.

Examples of a competitive service are:

- The number of providers showing interest will be at least one more than the minimum requirement; i.e. if the AESO, for technical reasons, requires a minimum of three providers, four providers showing interest may suffice;
- The available quantity/amount of services required that can be competitively procured will be at least 1.5 times the requirement; i.e. if the AESO requires 100 MW of load shed service, an interest to supply 150 MW by a number of competitors would suffice.

Request for Proposals (RFP)

In the event the AESO initiates the RFP process, it shall act as a Rational Buyer. Rational Buyer means that the AESO will act in a rational manner, considering competitive benchmarks, AUC decisions, statutory limits and/or principles and whether there was sufficient interest before making a decision. The AESO is not necessarily issuing the RFP to obtain services at the lowest possible price, but rather to obtain services in a competitive environment that meet the needs of the AESO. The AESO may elect to accept a Proposal(s) which (having regard to all of the evaluation criteria) may not have the lowest price.

The AESO continues to retain its autonomy in deciding whether or not to enter into contracts, and may decide to postpone procuring the services for a variety of reasons.

The AESO may also choose to procure services through other competitive means in order to meet our mandate, legislative obligations or government direction.

B. Bi-lateral Procurement

The AESO will proceed with bi-lateral negotiations with a provider if the required services are such that there is only one provider that can meet the requirements, or if the services cannot be procured in a competitive manner. The AESO may consult with the MSA regarding the rationale for proceeding with bi-lateral negotiations prior to contacting any such uniquely situated provider, depending on the type of service procured. The AESO continues to retain its autonomy in deciding whether or not to enter into contracts, and may decide to postpone procuring the services for a variety of reasons.

Internal Governance

The AESO has integrated and robust internal governance mechanisms which provide for the appropriate checks and balances at the requisite times. This further ensures that each stage of the competition is conducted in a FEOC manner.