

Request for Expressions of Interest

**FOR THE FIRST RENEWABLE ELECTRICITY PROGRAM COMPETITION
REP ROUND 1**



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1. Introduction

1.1 PURPOSE

The purpose of this Request for Expressions of Interest (**REOI**) is to assist the Alberta Electric System Operator (**AESO**) in identifying those interested in participating in the first competition (**Round 1**) of the Renewable Electricity Program (**REP**). REP Round 1 is intended to select a party, or parties, to enter into Renewable Electricity Support Agreement(s) (**RESA**) to develop, finance, build, own, operate and maintain projects which produce electricity from renewable energy resources (**Renewables Projects**). Under each RESA, revenues generated by the sale of electricity from the Renewables Projects will be for the account of the Renewables Project owner, but renewable attributes associated with a Renewables Project having decreased environmental impacts (**Renewable Attributes**) will be transferred to the AESO in exchange for support payments, all as further described in the RESA. The Renewable Attributes will be held by the AESO on behalf of the Government of Alberta (**GoA**). It is expected that the AESO and GoA will enter into a funding agreement respecting the support payments.

Information received through this REOI may be used by the AESO to refine elements of the REP Round 1 competition.

1.2 REOI – NOT A CALL FOR TENDERS AND NO OBLIGATION

This REOI is not a request for qualifications, request for proposals or call for tenders. This REOI merely seeks to identify those who may have an interest in participating in REP Round 1.

No person is obligated to respond to this REOI, and the AESO has no responsibility to reimburse or compensate any person for responding to this REOI.

1.3 BACKGROUND

On November 27, 2015, the GoA announced its Climate Leadership Plan, a policy initiative designed to take action on climate change and protect the province's health, environment and economy.

On January 26, 2016, the Minister of Energy (**Minister**) directed the AESO to develop and implement a plan to incent the development of new renewable electricity generation projects in Alberta by 2030. This direction stated that a competitive process be utilized to keep the costs of the plan as low as possible.

In the first quarter of 2016, the AESO undertook stakeholder engagement activities and conducted a review of how other jurisdictions approached their renewable incentive programs to better inform its program recommendations to the GoA. In May 2016, the AESO submitted its *Renewable Electricity Program Recommendations* to the GoA. These recommendations were approved by the GoA, and details were announced on November 3, 2016. The AESO's *Renewable Electricity Program Recommendations* can be viewed on the AESO website. Visit www.aeso.ca/rep and click on *Background and resources*.

During November and December 2016, the AESO posted the key provisions of the RESA on its website and sought stakeholder comments on those provisions. Also in December 2016, the Alberta Legislature passed the *Renewable Electricity Act (REA)*, which is an important element in the GoA's Climate Leadership Plan. The REA establishes the target that, by 2030, at least 30 per cent of electric energy produced in Alberta will be from renewable energy resources, and authorizes the Minister to direct the AESO to develop renewable electricity program proposals to incent large-scale renewable electricity generation. Pursuant to the REA, the Minister approved key elements of the renewable electricity program proposal developed by the AESO for REP Round 1, including the key provisions of the RESA.

1.4 KEY PROVISIONS OF THE RESA

The key provisions of the RESA are posted on the AESO website. Visit www.aeso.ca/rep and click on *Participate in the REP*.

1.5 THE AESO

The AESO's mandate is derived from the *Electric Utilities Act* and related regulations. The AESO is governed by its board (**AESO Board**) which is comprised of individuals (**Members**) appointed by the Minister. Each Member must be independent of any person having a material interest in the Alberta electric industry.

The AESO is responsible for a broad range of duties, responsibilities and functions with respect to the electricity industry, including:

- Operating Alberta's fair, efficient and openly competitive energy-only market for electricity;
- Designing and implementing the addition of a capacity market to the current electricity market;
- Determining the order of dispatch of electric energy and ancillary services;
- Providing system access service on the transmission system;
- Directing the safe, reliable and economic operation of the interconnected electric system;
- Planning the capability of the transmission system to meet future needs;
- Developing, implementing and administering renewable electricity programs; and
- Administering load settlement.

Further information on the AESO and its legislative mandate is available at www.aeso.ca.

The AESO has a corporate credit rating of AA-/Stable from S&P Global Ratings.

1.6 RENEWABLE ELECTRICITY ACT

The REA sets out a framework for competitions designed to promote large-scale renewable electricity generation in Alberta. Acting on direction from the Minister, the AESO must prepare a program proposal (i.e. a competition proposal) that:

- Promotes large-scale electricity projects;
- Employs a fair and transparent competitive process;
- Does not jeopardize the safe, reliable and economic operation of Alberta's interconnected electric system; and
- Addresses any program objectives and evaluation criteria established by the Minister.

The AESO must submit such program proposal to the Minister for approval and, upon receiving such approval, implement the program as approved. The AESO is required to engage a fairness advisor during the development and implementation stages of each competition to ensure fairness is upheld.

At the conclusion of each competition, the Minister must approve, amongst other things, the total quantity of renewable electricity in respect of which RESAs may be awarded. After receiving this approval, the AESO will execute RESAs with those parties who have been successful in the competition.

1.7 REP OBJECTIVES

Key objectives for all REP competitions are as follows:

- Utilize competitive market forces to drive down the GoA's cost of support for Renewables Projects;
- Be fair and transparent;
- Remove barriers to entry, where appropriate, in order to maximize the number of competitors;
- Be straightforward and efficient; and
- Be guided by the principle of allocating risk to those best able to manage it.

1.8 COMPETITIVE PROCESS STAGES AND KEY FEATURES FOR REP ROUND 1

The competitive process for REP Round 1 will consist of three stages:

- This REOI stage;
- A Request for Qualifications (**RFQ**) stage wherein RFQ respondents will submit their qualifications and Renewables Project proposals, and the AESO will determine which respondents and proposals are qualified to move forward into the Request for Proposals (**RFP**) stage of the competition; and
- An RFP stage wherein each RFP proponent will submit a bid price for each of its qualified Renewables Project proposals and the proponents of Renewables Projects having the lowest bid prices will, subject to certain Ministerial approvals required under the REA, enter into a RESA for each such Renewables Project.

More information on what will be required of bidders at the RFQ and RFP stages is available on the AESO website. Visit www.aeso.ca/rep and click on *Participate in the REP*, *REP news and updates*, and *REP stakeholder FAQ*.

Key features of REP Round 1 include the following:

- The AESO will procure Renewable Attributes from up to 400 MW of Renewables Projects.
- The capacity of the Alberta Interconnected Electric System (AIES) will not be expanded to accommodate REP Round 1 projects. Accordingly, all successful Renewables Projects must be located where the available capacity of the relevant region of the AIES, under system normal conditions, can accommodate at least 100 per cent of such project's contract capacity.
- The payment mechanism used to provide support payments will be an Indexed REC.
- Renewables Projects must, among other eligibility requirements:
 - Be 5 MW or greater;
 - Achieve commercial operation by December 2019;
 - Be located in Alberta;
 - Be new or expanded Renewables Projects;
 - Be able to connect to the existing transmission or distribution system; and
 - Generate electricity using renewable energy resources (as defined in the REA).
- As part of its RFQ submission, each party will be required to pay a non-refundable submission fee. This fee will be calculated based on the aggregate nameplate capacity of all projects submitted plus a fee for all projects submitted in addition to the first, as follows:
 - \$1,000/MW of the aggregate nameplate capacity of all projects submitted by a single party, with this portion of the fee being a minimum of \$10,000 and a maximum of \$50,000; plus
 - For each project submitted in addition to the first, a fee of \$2,500.
- If a proponent is selected to participate in the RFP stage, they will be required to post financial bid security for each Renewables Project submitted at RFP in the amount of \$25,000/MW of the project's nameplate capacity.
- Both RFQ submissions and RFP submissions will be evaluated in accordance with set evaluation criteria by evaluation panels comprised primarily of independent external experts. The competition will be subject to oversight by an independent fairness advisor retained by the AESO.
- The relationship between the AESO and the successful proponent(s) will be governed by the RESA.
- The final quantity of renewable electricity in respect of which RESAs can be awarded is subject to approval by the Minister.
- The REA contains provisions requiring the GoA to provide the funding for the support payments contained in the RESA. The AESO and the GoA intend to enter into a Renewable Electricity Funding Agreement (**REFA**) pursuant to which such support payments are funded to the AESO by the GoA. The GoA has a credit rating of AA/Negative from S&P Global Ratings.

2. REP Round 1

2.1 SCHEDULE

The AESO's anticipated schedule for REP Round 1 is as follows:

AESO ISSUANCE OF REOI	March 31, 2017
REOI question submission deadline	April 11, 2017
REOI information session	April 18, 2017
REOI concludes & EOI Forms due	April 21, 2017
AESO ISSUANCE OF RFQ TO INTERESTED PARTIES	April 28, 2017
RFQ submissions due	June 16, 2017
AESO evaluation of RFQ submissions and selection of qualified respondents	June to September 2017
AESO ISSUANCE OF RFP TO PROPONENTS	September 15, 2017
RFP submissions due	October 13, 2017
Selection of successful proponent(s) and execution of RESA(s)	December 2017
Target commercial operation date	December 2019

The AESO may delete, modify or add to any of the above steps and timeline, or may choose not to pursue any further activities associated with this REOI.

2.2 ELIGIBILITY TO PARTICIPATE

All parties are eligible to participate in REP Round 1 but participation in consortia will be subject to the rules relating to common ownership. Visit www.aeso.ca/rep and click on *REP news and updates* for more information on the AESO's definition of common ownership.

The AESO may, in order to maintain the integrity of the competition, restrict participation of parties who, in the AESO's view, have a conflict of interest or might otherwise compromise the fairness of the competition (**Restricted Parties**). A list of current Restricted Parties is set out in Section 2.4.

2.3 KEY AESO PERSONNEL FOR REP ROUND 1

The following are the identities and roles of those key individuals and entities undertaking administration of REP Round 1 for the AESO:

- AESO Director, Renewables Development – E. Moore
- AESO Legal Counsel – C. Stilwell
- AESO Senior Financial Specialist – R. Ferguson
- AESO Project Manager – Y. Dawson
- AESO Program Coordinator – A. Mathews
- Financial Advisor – KPMG LLP
- Legal Counsel – Norton Rose Fulbright Canada LLP
- Fairness Advisor – P1 Consulting Inc.

2.4 RESTRICTED PARTIES

The RFQ document for REP Round 1 will describe parties who are ineligible to participate or support the participation of others in the competition. The RFQ may also describe the process by which interested parties may be determined to be eligible by the AESO notwithstanding perceived conflict. Without limiting those parties who are stipulated to be ineligible in the RFQ, the following parties are ineligible:

- Financial Advisor – KPMG LLP
- Legal Counsel – Norton Rose Canada LLP
- Fairness Advisor – P1 Consulting Inc.
- Evaluation Panel Members
- AESO Board Members and staff, any former AESO Board Members, and all former AESO staff and other person(s) who, in the sole opinion of the AESO, were principally involved in the development or implementation of REP Round 1 or are in possession of non-public information, the disclosure of which to anyone would give a potential participant in the competition any material advantage in REP Round 1.

2.5 FAIRNESS ADVISOR

The AESO has engaged the services of P1 Consulting Inc. as its fairness advisor for REP Round 1. The fairness advisor has provided advice to the AESO in developing REP Round 1 to ensure it is a fair process and will oversee the implementation of REP Round 1 to ensure it is conducted fairly. Once REP Round 1 is concluded the fairness advisor will issue a public report evidencing its findings.

2.6 ACCESSING THE REOI AND THE EOI FORM

This REOI is available to download from the AESO website. Each interested party is responsible for making appropriate arrangements to download the REOI and, if they so choose, submit the Expression of Interest Form (**EOI Form**) via email to the AESO at rep@aeso.ca. A sample of the EOI Form is included in Section 4 on page 8; however, interested parties must complete and submit the fillable PDF form available on the AESO website. To download the REOI and EOI Form, visit www.aeso.ca/rep and click on *Participate in the REP*.

2.7 REP SHAREPOINT ONLINE SITE

The AESO will use the REP SharePoint Online Site (**SharePoint**) for the RFQ and RFP stages of REP Round 1. Registration for access to SharePoint will commence on **April 21, 2017**. To sign up for access to SharePoint, please contact rep@aeso.ca with the subject line “SharePoint Online Registration” to begin the process of registration.

Interested parties are responsible for ensuring that they have received the RFQ and any addenda issued by the AESO once access has been granted to the SharePoint site and documents have been posted.

2.8 COMMUNICATIONS

The mandatory method of communication between interested parties and the AESO is through rep@aeso.ca. Other than information provided at the REOI information session referred to in Section 2.10, information obtained verbally during REP Round 1 or from any other sources is not official and cannot be relied upon.

2.9 REOI QUESTION SUBMISSION PERIOD

Questions regarding this REOI or other REP Round 1 questions may be submitted to rep@aeso.ca no later than 3:30 p.m. Mountain Daylight Time (MDT) on **April 11, 2017**, with the subject line "Question for REP Round 1". The AESO will make every effort to address these questions at the REOI information session referred to in Section 2.10. No answers to these questions will be provided any earlier than the REOI information session.

2.10 REOI INFORMATION SESSION

An REOI information session is planned for **April 18, 2017**, beginning at 1:30 pm and lasting approximately 2.5 hours. The session will be held in the Britannia / Belaire Rooms at the Westin Hotel in Calgary, Alberta. Interested parties must RSVP to attend in person or via webinar by emailing rep@aeso.ca no later than 3:30 p.m. MDT on **April 11, 2017**. Please note, space is limited for those wishing to attend in person. This session will be recorded and posted on www.aeso.ca/rep for those unable to attend.

The information session will consist of a presentation on REP Round 1, including key RFQ, RFP and RESA details. There will also be a question and answer period regarding same. Following the information session, interested parties will be unable to submit further questions or to seek clarifications from the AESO in any manner until the RFQ stage of the competition.

3. Expression of Interest

3.1 EOI FORM

Please complete and submit the EOI Form as soon as possible, and no later than 3:30 p.m. MDT on **April 21, 2017**. The EOI Form must be submitted electronically to rep@aeso.ca with “EOI Form” and the interested party’s name in the subject line of the email. The AESO will confirm receipt of the EOI Form by responding to the email from which the EOI Form was received no later than forty-eight hours after it is received. See Section 2.6 for information about accessing the EOI Form.

Submissions in an EOI Form are not evaluated in any way and will neither exclude nor shortlist interested parties.

Submitting an EOI Form is not a prerequisite to participating in further steps of REP Round 1.

3.2 REVIEW OF EOI FORM

The AESO will review the EOI Forms and other information to identify interested parties and may use the information it receives through the EOI Form to refine elements of REP Round 1.

3.3 PUBLICATION OF INTERESTED PARTIES

Profile information related to each response is being collected for the purposes of identifying interested parties who may wish to participate in REP Round 1. The AESO intends to maintain a log of all the contact names and contact information of interested parties submitting an EOI Form or otherwise expressing an interest to the AESO in REP Round 1. This log may be made public at the AESO’s discretion.

3.4 FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY

The AESO appreciates that the information provided on the EOI Form may include limited sensitive business information and accepts this information in confidence. Notwithstanding the forgoing, the AESO is a public body subject to the provisions of the *Freedom of Information and Protection of Privacy Act (FOIP Act)* and may be required to disclose such information pursuant thereto, in the absence of a mandatory exception (FOIP Act, Sections 16 and 17).

Should third party information held by the AESO be requested under the FOIP Act, the AESO is required to notify each affected party and request representations regarding disclosure.

3.5 ERRORS AND OMISSIONS

The information contained in this REOI is supplied solely as a guideline for interested parties. The information is not guaranteed or warranted to be accurate by the AESO nor is it necessarily comprehensive or exhaustive. Nothing in this REOI is intended to relieve interested parties from forming their own opinions and conclusions with respect to the matters addressed in this REOI.

3.6 NO OBLIGATION TO PROCEED

This REOI does not constitute an offer of any kind, including an offer to enter into any contract with any person. This REOI does not in any way commit the AESO to, or make the AESO responsible for, anything whatsoever, including proceeding with an RFQ stage or RFP stage, or any other part of REP Round 1.

3.7 ADDITIONAL SOURCES OF INFORMATION

For additional information about REP Round 1, interested parties are encouraged to visit www.aeso.ca/rep.

4. Expression of Interest Form

REP ROUND 1

Please complete and submit the EOI Form as soon as possible, and no later than 3:30 p.m. MDT on **April 21, 2017**. The EOI Form must be submitted electronically to rep@aeso.ca with "EOI Form" and the interested party's name in the subject line of the email. No other documents, including supporting information, will be accepted. Please note this is an Expression of Interest only, not an RFQ submission.

Interested party name (Full legal name) _____

Contact name and title _____

Contact phone _____

Contact email _____

Mailing address _____

EXPRESSION OF INTEREST

Would you describe your interest in participating in REP Round 1 as: High Medium Low

Please comment on your indicated level of interest.

If you are part of a team, what is your anticipated role on the team?

SAMPLE EOI FORM

If you are part of a team, who are the other team members and what are their potential roles?

Team member _____ Role _____

Team member _____ Role _____

Team member _____ Role _____

Team member _____ Role _____

Please provide brief general background information for you and each of your proposed enterprise (i.e. not individual) team members. Please do not include brochures or marketing materials.

Are you interested in future REP competitions? Yes No

Are there features of REP Round 1 as described in the REOI that materially impact your level of interest in participating in the competition? Yes No

If yes, why?

SAMPLE EOI FORM

Please provide the anticipated number of Renewables Projects you plan to submit at RFQ _____

For each Renewables Project, provide the following:

Name of Renewables Project _____

Renewables fuel type _____

Size of Renewables Project _____

Anticipated commercial operation date _____

Renewables Project location in Alberta _____

Name of Renewables Project _____

Renewables fuel type _____

Size of Renewables Project _____

Anticipated commercial operation date _____

Renewables Project location in Alberta _____

Name of Renewables Project _____

Renewables fuel type _____

Size of Renewables Project _____

Anticipated commercial operation date _____

Renewables Project location in Alberta _____

Name of Renewables Project _____

Renewables fuel type _____

Size of Renewables Project _____

Anticipated commercial operation date _____

Renewables Project location in Alberta _____

SAMPLE EOI FORM

CONFIRMATION, ACKNOWLEDGMENT AND AUTHORIZATION

By submitting this EOI Form, you:

- Confirm you have reviewed the REOI and are interested in receiving further information regarding REP Round 1;
- Acknowledge that the REOI is an inquiry only and does not imply a commitment by the AESO to proceed with any qualification or competitive bidding process for REP Round 1 as discussed in the REOI; and
- Authorize the AESO to send further correspondence relevant to the REOI via the email address provided on page 1.

On behalf of the Interested Party, this EOI Form is submitted by:

Name _____

Title _____

Date _____