

# REP Rounds 2 & 3 Frequently Asked Questions (FAQ)



*The following questions have been received by parties interested in participating in Rounds 2 or 3 of the Renewable Electricity Program (REP). Responses to any additional questions received at the Rounds 2 and 3 REOI information sessions on April 17 and up until April 20 will be added to this document prior to the Request for Qualifications stage opening on April 27, 2018.*

## Rounds 2 & 3 Schedule

### 1. Can timelines be extended for Rounds 2 and 3?

The AESO is running two competitions in parallel, and the expected dates for competition stages identified [here](#) apply to both Round 2 and Round 3. These dates have been set to ensure that successful projects in each round can be awarded by the end of the year, and will not be changed.

### 2. Can the timelines for Round 2 be extended to allow more time for partnering and project development?

The competition schedule for Round 2 is available [here](#) and, similar to the schedule for Round 3, must be maintained so that successful projects can be awarded by the end of the year.

The Request for Qualifications (RFQ) stage for Round 2 opens on April 27, and closes June 21, 2018. The AESO has made special provisions for Round 2 to allow as much time as possible for interested parties to work out their partnership details for specific projects. For Round 2, interested parties only need to indicate ownership participation at the RFQ stage. Confirmation of Indigenous equity ownership must be demonstrated at the RFP stage, which opens on September 17 and closes on October 23, 2018.

### 3. Can Rounds 2 or 3 projects energize earlier than the target commercial operation date of June 30, 2021?

Yes, however, support payments will not be provided any earlier than April 1, 2020.

### 4. If I participated in Round 1, am I eligible to participate in Rounds 2 or 3?

Yes, parties that participated in Round 1 are eligible to participate in Round 2 or Round 3. All RFQ participants must provide all required information in Rounds 2 or 3, regardless of their participation in Round 1. There is no expedited process for Round 1 participants.

## REOI, RFQ and RFP-related Questions

### 5. Do I need to submit an EOI Form in order to participate in the RFQ?

No, submitting an EOI Form is not a prerequisite to participating in the RFQ stage of Rounds 2 or 3. Please refer to Sections 1.3 and 4.1 of the REOI documents for Rounds 2 and 3.

**6. Does the party that submits an EOI form need to be the same party that submits the RFQ submission?**

No, any party can submit an EOI form. The EOI form assists the AESO in identifying those parties interested in participating in REP. Information received through this REOI may be used by the AESO to refine elements of the Rounds 2 and 3 competitions.

**7. Is there a fee to participate in the REOI stage?**

No, there are no fees to participate in the REOI stage of the competitions.

**8. Will the AESO make public the list of participants who attend the REOI information sessions on April 17, 2018?**

While the AESO will not make the list of REOI information session attendees public, it may choose to make the names and contact information of REOI respondents public.

The AESO may share other details from the REOI submissions on a confidential basis with the Government of Alberta. Please refer to Section 4.6 of the REOI documents for Rounds 2 and 3.

**9. Is there a preference to any one renewable energy technology for Rounds 2 and 3?**

No. Both Rounds 2 and 3 are technology neutral. All projects in Rounds 2 and 3 must utilize an eligible renewable energy resource as defined in the *Renewable Electricity Act*. Further details on requirements related to sustainable biomass are available [here](#).

Because energy storage is not considered a renewable resource under the *Renewable Electricity Act*, it is not eligible to participate in Rounds 2 or 3.

**10. How do I access the RFQ and draft RESA documents?**

Copies of these documents will be available on [aeso.ca/rep](https://aeso.ca/rep) on April 27, 2018. However, any party who is considering participating in either Round 2 or Round 3 should register an account on Bonfirehub to view the competition documents. Further details on the AESO's registration process will be provided at the Rounds 2 and 3 REOI information sessions on April 17, 2018.

**11. Where can I find more information about the RESA?**

The RESA for Round 1 approved by the Minister of Energy is available [here](#). The RESA key provisions for Round 2 are available [here](#) and the RESA key provisions for Round 3 are available [here](#). A copy of the draft RESA approved by the Alberta Minister of Energy for Rounds 2 and 3 will be available on [aeso.ca/rep](https://aeso.ca/rep) on April 27, 2018. Interested parties are encouraged to review the RESA with legal counsel to understand the specific provisions that may be of interest to them.

## Participating in Rounds 2 and 3

**12. Can control group members participate in multiple projects?**

Participants must follow the AESO's common ownership and control rules. For more information, refer to the Common Ownership and Control section (Section 3.2.3) of the Round 2 or Round 3 REOI document.

**13. Can I bid the same project in Round 2 and Round 3?**

No. A project may only compete in one of Round 2 and Round 3. Once a project has been submitted to the AESO through an RFQ submission for either Round 2 or Round 3, such project will no longer be eligible to participate in the other competition.

**14. Can a project have multiple sizes or the same site location with another project?**

No. The site of each project must be separate and distinct from the site of each other project and the projects must have separate metering points.

**15. Can a project submit more than one price?**

No. A project can only bid a single strike price.

**16. What is meant by new and expanded projects?**

New and expanded renewables projects located in Alberta will be eligible to participate in Rounds 2 and 3. A new renewables project that is located on a previously used site will be eligible if there has not been any generation unit utilizing renewable fuels on such site since September 1, 2017 and all generating units and other equipment and facilities are new (other than transmission facilities and site infrastructure such as roads and utility services).

A facility that is expanded will be eligible if the addition of new generation units are separately metered and do not replace any existing generating equipment utilizing renewable fuels which are currently operating (or which utilized renewable fuels and have been operating at any time since September 1, 2017).

In all cases the projects must have a design life that is equal to or greater than the term of the RESA.

**17. Does my project need to be in a certain stage of the Connection Process to qualify for Rounds 2 or 3?**

There are no specific project stage requirements. The evidence provided by a bidder at RFQ will need to demonstrate to the AESO's satisfaction that it is reasonable to expect the project to meet the target commercial operation date of June 30, 2021.

**18. What is the timeline for forming the legal entity that will own the project assets and be the counterparty to the RESA?**

The Special Purpose Vehicle (SPV), i.e. the generator, is the legal entity that will own the project assets and be the counterparty to the RESA. The SPV may be formed at the time of RFQ submissions, but this is not a requirement. The SPV must, however, be formed at the time of the RFP submissions.

**19. At the RFP stage, will the winner(s) selected be based solely on the bid price or will the AESO consider other characteristics, such as the time of day electricity is produced or the fuel type?**

At RFP, projects that meet the eligibility criteria will be ranked only according to their bid strike price. The proponents of projects that meet all eligibility criteria (including connecting to the existing system) and have the lowest bid prices will, subject to certain ministerial approvals required under the *Renewable Electricity Act*, be awarded a RESA for each such renewables project.

## **20. Where can I find more information about Alberta's transmission system?**

The AESO is mandated through legislation to operate the Alberta Interconnected Electric System in a safe, reliable and economic manner, and plan a transmission system that meets electricity demand today and in the future. General information about timing and location of future transmission facilities to meet Alberta's needs can be found in the AESO's *2017 Long-term Transmission Plan* available [here](#).

## **21. Are there any areas with limited transmission capacity in Alberta?**

The AESO publishes a Connection Project List every month which shows the number of projects currently moving through the Connection Process. The list includes a reference to the planning area that each project is located in. Refer to the AESO's [Planning Area Map](#) for the location of each planning area.

Please note that there is currently limited transmission capacity in the central east area of the Central Planning Region of the province. Based on current information, the AESO expects to be able to connect approximately 130 MW of renewables projects in the Central Planning Region.

# **Round 2 Indigenous Equity Participation Requirements**

## **22. How is Indigenous equity ownership defined for Round 2?**

Indigenous equity ownership is defined as the right to receive, or the opportunity to participate in any payment arising out of, or return from and exposure to, a loss or risk of loss by the business activities. Please refer to Section 3.1 of the Round 2 REOI document for further information.

## **23. What are the requirements and restrictions relating to Indigenous equity participation in Round 2?**

At all times from the date of RFP submissions until at least the third anniversary of commercial operation of the project, not less than 25% of the equity ownership in respect of the generator (i.e. the project entity which owns the project assets and is the counter-party to the RESA) must be held by Qualifying Indigenous Communities (i.e. one or more First Nations in Alberta, Metis Settlements, the Metis Nation of Alberta, or the Aseniwuche Winewak Nation) or Qualifying Indigenous Entities (i.e. an entity which is 100% owned by a Qualifying Indigenous Community or a trust held by such a community).

## **24. Are there any restrictions on changes to the Qualified Indigenous Community during the competition or during the term of the RESA?**

No changes to the proponent team members (including the Qualified Indigenous Community or Qualified Indigenous Entity) will be permitted between RFP submission and execution of the RESA. After the RESA is executed, the generator will be responsible for complying with both the general change of control and the Indigenous participation requirements of the RESA. Provided these requirements are met, a Qualified Indigenous Community (or Qualified Indigenous Entity) may transfer its ownership to another Qualified Indigenous Community (or Qualifying Indigenous Entity). These requirements are fully described in the draft RESA.

## **25. How will proponents demonstrate Indigenous equity ownership of 25%?**

An officer of the generator (or, if applicable, its general or managing partner), will be required to provide a statutory declaration as part of its RFP submission confirming that not less than 25% of the equity ownership in respect of the Generator is held by one or more Qualifying Indigenous Communities or Qualifying Indigenous Entities. Following execution of the RESA, the generator will be required to provide

similar statutory declarations, confirming that the Indigenous participation requirement continues to be met, prior to commencement of construction, at commercial operation of the facility, and annually during the first three years following commercial operation.

## Site Control for Projects on Reserve Land or Metis Settlements

### **26. What requirements must Respondents (person or group that responds to the RFQ) meet at the RFQ stage to demonstrate site control for projects that will be located on First Nations reserve land?**

Respondents will need to:

- identify the geographic location of the project properties which are part of the proposed site, including the name of the reserve, a legal description of such project properties, and a site diagram;
- provide a solicitor's opinion which confirms project location is on reserve land; and
- identify the First Nation community engagement activities undertaken to date as they relate to the renewable project's development.

### **27. What requirements must Respondents meet at the RFQ stage to demonstrate site control for projects that will be located on Metis Settlement land?**

Respondents will need to:

- identify the geographic location of the project properties which are part of the proposed site, including the name of the Metis Settlement, a legal description of such project properties, and a site diagram;
- provide a solicitor's opinion which confirms project location is on Metis Settlement land; and
- identify the Metis community engagement activities undertaken to date as they relate to the renewable project's development.

### **28. What documents need to be produced to indicate site location on First Nations reserve or Metis Settlement lands?**

Respondents will be required, as part of the RFQ qualification submissions, to provide a site diagram, including legal descriptions, for all properties constituting the site. The Respondent's solicitor will be required to provide an opinion that such properties and site are located on a reserve or settlement, as the case may be. In order to provide this opinion, a solicitor will need to examine title documents, and, in the case of reserve lands, may need to examine reserve general abstract reports, parcel abstract reports, and/or plans of survey registered in the Canada Lands Survey Records.

### **29. What requirements must Respondents meet at the RFP stage to demonstrate site control for projects that will be located on First Nations reserve land?**

Respondents will need to:

- reconfirm that the geographic location of the project properties which are part of the proposed site have not changed;
- have evidence of a designation under Section 38(2) of the *Indian Act* (Canada) confirming that such reserve land has been appropriately designated for lease;
- have each of the following:
  - a binding agreement with the applicable First Nation which sets forth the terms and conditions upon which the Respondent's project company will enter into a lease with the Crown (or a sub-lease, or an option/agreement to acquire a lease or sub-lease) in respect of such reserve land, subject only to the approval of (or such changes as may be required by) the Crown; and

- evidence of a band council resolution authorizing the reserve land manager to request the Crown to finalize a lease which incorporates the terms and conditions of such binding agreement (along with evidence that such resolution has been submitted to the reserve land manager );
- provide a waiver from the applicable First Nation, in favour of the AESO, of its rights under Section 89 of the *Indian Act* (Canada) in relation to the project. This waiver would only become effective if the party executes a RESA.
- provide a solicitor's opinion which confirms, among other things, compliance with the foregoing.

**30. What requirements must Respondents meet at the RFP stage to demonstrate site control for projects that will be located on Metis Settlement lands?**

Respondents will need to:

- reconfirm that the geographic location of the project properties which are part of the proposed site have not changed;
- have a lease from the applicable Settlement Council (or a sub-lease, or an option/agreement to acquire a lease or sub-lease) in respect of such settlement land, which is only conditional upon the enactment of a bylaw of the applicable settlement authorizing a lease term which is longer than 10 years (and which is not less than the term of the RESA); and provide a solicitor's opinion which confirms, among other things, compliance with the foregoing.

**31. If the renewables project is awarded a RESA, what final documents must be produced to evidence site control for First Nations reserve or Metis Settlement lands prior to commencement of construction?**

If a project is on First Nations reserve lands, Generators will need to:

- have a lease from the Crown (or a sub-lease) in respect of such reserve land; and
- provide a solicitor's opinion which confirms compliance with the foregoing.

If a project is on Metis Settlement lands, Generators will need to:

- provide evidence that a bylaw of the applicable settlement has been enacted which authorizes a lease term which is longer than 10 years (and which is not less than the term of the RESA); and
- provide a solicitor's opinion which confirms compliance with the foregoing.