

## Canada launches clean electricity procurement process with emphasis on Alberta solar

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On January 7, 2021, the federal government, through Public Services and Procurement Canada (Procurement Canada), announced the launch of two Alberta-specific and two Canada-wide procurement processes designed to further the Government's Clean Electricity Initiative plan to use 100% clean electricity by 2022.<sup>[1]</sup> The announcement includes the launch of:

- two requests for proposals (RFPs) for the purchase of solar electricity in Alberta to power federal operations in the Province (the Alberta RFPs), one of which is set aside for Indigenous businesses; and
- two RFPs for the purchase of Renewable Energy Certificates (RECs) from new clean electricity (wind and solar) generation in Canada (the Canada REC RFPs), one of which is set aside for Aboriginal businesses. Alberta solar developers may submit their project to the Alberta RFP as well as the technology-neutral and jurisdiction-neutral Canada REC RFPs.

The procurement processes have been designed to meet the goal of Public Works and Government Services Canada (PWGSC) to establish electricity supply agreements with solar electricity generators located in Alberta to purchase approximately 255,625 MWh of electricity per year for a term of at least 10 years, as well as its goal to purchase RECs of up to 128,000 MWh per year for a term of 20 years. For context, 200,000 MWh of annual generation is equivalent to approximately 60-70 MW of installed wind generation capacity or approximately 90-140 MW of installed solar generation capacity, depending on facility-specific characteristics.

Both the Alberta RFP and Canada REC RFP procurement processes have set aside 5% of the Government's procurement targets for Indigenous businesses under the Government's Procurement Strategy for Aboriginal Business. The solicitation for RFPs will close on February 16, 2021.

The following provides a general overview of the bidding process, requirements and selection criteria for contract awards for the Alberta RFPs and REC RFPs. While the procurement processes are similar for each RFP, the specific requirements vary and must be reviewed in detail prior to preparing and submitting a bid.

### Bidding information and instructions

- Detailed instructions and requirements for bid preparation and submission for each of the RFPs can be found [here](#). Bids must be submitted using "ePost Connect" to PWGSC by

February 16, 2021.

- Inquiries regarding the RFPs must be submitted in writing to the Contracting Authority (as described in the RFPs) no later than 14 calendar days before the bid closing date (i.e., February 2, 2021).
- Bids must be separated into the following sections: Section I: Technical Bid; Section II: Financial Bid; and Section III: Certifications. Further information on the specific requirements for each section of a bid can be found in each RFP.

## Evaluation of bids

Procurement Canada will use a “Phased Bid Compliance Process” (the PBCP) to evaluate and select successful bids. The PBCP has three phases – only bids that meet the requirements for each phase will move to the next phase of review. Each phase provides an opportunity for the Government to identify deficiencies in the bid and for bidders to correct these deficiencies.

### Phase I: Financial Bid

After the February 16 closing date for the RFPs, Procurement Canada will examine the Financial Bid to identify whether any information that is required under the RFP is missing. This phase of the PBCP will not assess whether the Financial Bid meets all RFP requirements.

### Phase II: Technical Bid

Phase II will be limited to a review of the Technical Bid to identify any instances where a bidder has not met any Eligible Mandatory Criterion, which are set out in detail in each RFP. This phase of the PBCP will not assess whether the Technical Bid meets all RFP requirements.

Each RFP incorporates mandatory requirements for Indigenous participation. For the RFPs set aside for Indigenous businesses, bidders are required to demonstrate that they are an Indigenous business as defined in the Eligible Mandatory Criterion. For the RFPs not set aside for Indigenous businesses, bidders are required to demonstrate that no less than 25% of the economic interest in respect of a project is held by one or more qualifying Indigenous entities or communities, and in Phase II, bidders will be assigned an Indigenous Participation Score based upon the level of Indigenous economic interest there is in a project.

### Phase III: Final Evaluation of the Bid

In Phase III, bids will be assessed in accordance with all of the requirements of each RFP, including the technical and financial evaluation criteria. A bid will receive no further consideration if it does not meet all mandatory evaluation criteria of the RFPs.

## Basis of selection and contract award

Bids that successfully make it through all of the phases of the PBCP will be considered for contract award. The Government will award contracts to bidders based on the following criteria:

- Eligible bidders will be ranked in a “Final Stack” from bids with the lowest price to the

highest price. For the RFPs not set aside for Indigenous bidders, the Final Stack will use an adjusted price, determined using a formula set out in each RFP that factors in a bidder's Indigenous Participation Score (i.e., the higher Indigenous Participation, the lower the adjusted price).

- Procurement Canada will award contract(s) to the bidder(s) with the lowest price (or lowest adjusted price) until the procurement target is met. The process is subject to adjustments to the selection process set out in each RFP to enable the Government to reach its procurement target for each RFP.

Under the Alberta RFP and Canada REC RFPs, contracts are anticipated to be awarded by the end of May 2021, with commercial operation of successful projects targeted to be no later than December 31, 2022. The RFPs do not include a complete form of the Solar Electricity Supply Contract to be entered into with selected bidders but include some clauses in Annex C of each RFP.

## Request for Information

Last year, the federal government issued a request for information (the RFI) in connection with this procurement process, which we discussed [here](#). The RFPs align with the details set out in the RFI but for several noteworthy aspects:

- **Emphasis on Solar:** The Alberta RFPs – which are aimed at offsetting federal power consumption in Alberta – are specific to solar power, whereas the RFI suggested the procurement would be technology-neutral, limited only to "renewable" generation.
- **Canada-wide REC Procurement:** Although the RFI indicated the government would seek to obtain RECs for Alberta-produced power, the Canada REC RFPs are not specific to any jurisdiction.
- **Fewer RECs:** The RFI stated the Government would procure 240,000 to 360,000 MWh annually in RECs, whereas the procurement target for the Canada REC RFPs is far less: only 128,000 MWh per year.
- **Jobs:** Even though the RFI indicated that, in addition to economic and Indigenous participation factors, "job creation in Canada" would be considered in awarding contracts, no such language is included in the Alberta RFPs or Canada REC RFPs (although information regarding contractor participation in the federal employment equity program for contractors is requested).
- **Procurement Process Delays:** The RFI suggested that Procurement Canada would issue the RFPs in the summer of 2020, with contracts to be awarded in late 2020 or early 2021. The current Alberta RFPs and Canada REC RFPs have only now been issued, with contracts to be awarded in mid-2021 to projects expected to be in-service before the end of 2022.

## Takeaways

The Alberta RFPs and Canada REC RFPs provide opportunities for the solar industry in Alberta and the renewables industry across Canada. This is a welcome development for renewable developers in Alberta following the termination of the remaining phases of the province's Renewable Electricity Program (REP) in 2019. Although the quantum of the power commitments on offer from Procurement Canada are far less than the power procured

through the three rounds of the REP (each of which procured power from over 350 MW of installed renewable capacity), the quantities being procured are far from trivial. As noted, the 255,000+ MWh to be purchased through the Alberta RFPs, which are solar-specific, equates to approximately 115-180 MWh of installed solar capacity. Given that the level of installed solar generation in Alberta is currently minimal (<100MW), the Alberta RFPs represent a notable boost to the industry. Furthermore, if the pricing of the contracts achieved through these government procurements are publicized, they will serve as a useful pricing benchmark in a burgeoning corporate power purchase agreement market in Canada that is largely opaque.

As Alberta is home to Canada's only deregulated electricity market, Alberta renewable developers have significant flexibility in terms of how they structure their projects and offerings. There have been record levels of activity in Alberta's renewable sector in recent years, with many projects in the queue. Given that the RFPs favour projects that are advanced in the regulatory process, Alberta projects could be well-suited to succeed in both the Alberta RFPs and Canada REC RFPs.

Finally, we note that renewable projects with significant Indigenous participation will be particularly well placed to take advantage of the RFP processes, as each RFP incorporates mandatory requirements for Indigenous participation. These procurements will support economic opportunities for Indigenous businesses by encouraging participation in the growth of the Canadian clean energy sector.

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[1]

<https://www.canada.ca/en/public-services-procurement/news/2021/01/requests-for-proposal-launched-for-purchase-of-clean-electricity-in-alberta.html>