

Federal government seeks information from Indigenous businesses to support clean electricity procurement for national defence operations

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On October 18, 2018, Public Works and Government Services Canada issued a request for information (RFI) from Indigenous companies regarding the supply of clean electricity to Department of National Defence (DND) establishments.^[1] Clean electricity is broadly defined in the RFI and includes “electricity generated through non-emitting resources such as hydro, wind, solar, nuclear and geothermal,” not solely those power sources that are traditionally recognized as renewable. Responses to the RFI are due November 20, 2018. While the RFI is only seeking information from Indigenous companies, the program will ultimately present opportunities to non-Indigenous businesses due to the potential to form joint ventures or enter into other contractual relationships.

The use of clean electricity at DND establishments is intended to support Canada’s commitment to use solely clean electricity to power federal facilities by 2025.

The feedback obtained through the RFI will be used to inform a potential solicitation for clean electricity production under two possible contracting models:

1. Power Purchase Agreements, which will involve generating clean power for the DND under a fixed-price plan for a negotiated duration under the Procurement Strategy for Aboriginal Business (PSAB) on DND or adjacent Indigenous lands.
2. Construction of small micro-generation systems under the PSAB on DND property.

Indigenous set-aside

The PSAB is a Government of Canada initiative that seeks to increase federal contracting opportunities and access to federal procurement for Aboriginal businesses. Set-Aside Programs, which limit qualified bidders to majority-owned Aboriginal businesses, is one way the Government of Canada achieves this goal.

Among other things, the RFI seeks to bring attention to the potential for an Indigenous set-aside and to gauge interest in Indigenous business opportunities for clean electricity. Under the PSAB, eligible bidders for set-aside projects are limited to businesses in which Aboriginal persons have at least 51% ownership and control or a joint venture in which an Aboriginal business or businesses have at least 51% ownership and control.

Questions to industry

The RFI poses six questions to “Industry,” which appears to be limited to Indigenous companies. These questions relate to a company’s interest in responding to a set-aside under the PSAB, the province that the company conducts business in, the type of clean energy projects the company has completed and is interested in, the capacity to meet the electricity demands for DND establishments, and the capacity to design, build or operate micro-generating facilities.

The RFI reflects the growing trend of encouraging Indigenous participation in clean electricity initiatives. For example, see our April 6, 2018 Update regarding Alberta’s Renewable Electricity Program. In addition to the Alberta Renewable Electricity Procurement Program Round 2, Alberta Infrastructure is currently undertaking a request for proposals for procurement of renewable generation to power provincial government facilities that encourages Indigenous equity participation.

A sign of significant opportunity

Although DND is simply seeking information at this time and the RFI will not in and of itself result in the awarding of fixed-price power purchase contracts, the RFI signals great potential for clean energy developers in Canada. It is estimated that all 46 DND establishments across Canada consumed 894,526 MWh of electricity between 2017 and 2018. Therefore, any procurement process that arises from the RFI could represent a significant opportunity for Aboriginal and clean energy businesses in Canada.

[1] The RFI is posted on Public Works and Government Services Canada’s procurement platform and is available at:
<https://buyandsell.gc.ca/procurement-data/tender-notice/PW-KIN-519-7597>.