



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

REQUEST FOR PROPOSALS

PROFESSIONAL SERVICES

TO REVIEW AND REPORT ON

TWO GENERATION EXPANSION ALTERNATIVES

**ISLAND OF NEWFOUNDLAND
INTERCONNECTED ELECTRICAL SYSTEM**

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1. PURPOSE

- 1.1 The purpose of this Request for Proposals (RFP) is to invite proposals for all work required to review and to report on Two Generation Expansion Alternatives (hereinafter called the “Alternatives”) for the Island of Newfoundland Interconnected Electrical System, including the review of all relevant studies, reports, cumulative present worth analyses and other available information.
- 1.2 Definitions used in this RFP have meanings given in the draft Agreement included with this RFP.
- 1.3 Proponent means a consultant submitting or invited to submit a proposal in response to this RFP.
- 1.4 Terms and conditions of the draft Agreement shall also apply to this RFP.

2. BACKGROUND INFORMATION

- 2.1 The Newfoundland and Labrador Board of Commissioners of Public Utilities (the “Board”) is an independent, quasi-judicial tribunal constituted under the *Public Utilities Act* and is responsible, among other things, for the regulation of and general supervision of public utilities in the Province of Newfoundland and Labrador.

The Lieutenant - Governor in Council of the Province has made a Reference to the Board in which it is stated:

“In the Energy Plan, 2007, Government committed to the development of the Lower Churchill hydro resource. It has been determined that the least-cost option for the supply of power to the Island interconnected system over the period of 2011-2067 is the development of the Muskrat Falls generation facility and the Labrador-Island Link transmission line (the “Projects”)..., as compared to the isolated Island development scenario (the “Isolated Island Option”)...both of which shall be outlined further in a submission made by Nalcor Energy (“Nalcor”) to the Board of Commissioners of Public Utilities (the “Board”). It is contemplated that Newfoundland and Labrador Hydro (“NLH”) would enter into a long-term power purchase agreement and transmission services agreement with Nalcor, or its subsidiaries, the costs of which would be included in NLH’s regulated cost of service with the full cost of the Projects being recovered from NLH’s Island interconnected system customers (the Island Interconnected Customers”).”

The Board was directed to:

“review and report to Government on whether the Projects represent the least-cost option for the supply of power to Island Interconnected Customers over the period of 2011-2067, as compared to the Isolated Island Option, this being the “Reference Question”.

The Board was further directed that:

In answering the Reference Question, the Board:

- *shall consider and evaluate factors it considers relevant including NLH's and Nalcor's forecasts and assumptions for the Island load, system planning assumptions, and the process for developing and comparing the estimated costs for the supply of power to Island Interconnected Customers; and*
- *shall assume that any power from the Projects which is in excess of the needs of the Province is not monetized or utilized, and therefore the Board shall not include consideration of the options and decisions respecting the monetization of the excess power from the Muskrat Falls generation facility, including the Maritime Link Project."*

The Board has decided to retain consultants to assist in the review required for the Reference.

2.2 The major components and timeframes for each of the Alternatives are summarized as follows:

Alternative 1: (the "Projects")

- Installation of a 50 MW combustion turbine in 2014;
- Development of the 824 MW hydroelectric potential at Muskrat Falls on the Lower Churchill River in Labrador and completion of a nominal 900 MW HVDC link, including submarine cables across the Strait of Belle Isle, to the Island of Newfoundland in 2016. Coincident with this, the nominal 500 MW oil-fired Holyrood Thermal Generating Station (HTGS) on the Island would be placed on standby;
- Retirement of the HTGS in 2021; and
- Installation of primarily thermal capacity in the 2030 to 2067 timeframe.

Alternative 2: (Isolated Island Option)

- Installation of a 25 MW wind farm in 2014;
- Completion of the 36 MW Island Pond hydroelectric plant on the Island in 2015;
- Upgrades to the HTGS including the addition of electrostatic precipitators, scrubbers and NOX burners in the 2015 to 2017 timeframe;

- Completion of the 23 MW Portland Creek hydroelectric plant on the Island in 2018;
- Completion of the 18 MW Round Pond hydroelectric plant on the Island in 2020;
- Installation of a 170 MW combined cycle combustion turbine in 2022;
- Installation of 50 MW combustion turbines in 2024 and 2027;
- Installation of 50 MW of wind capacity in 2029; and
- Replacement of the HTGS and the addition of more thermal capacity in the 2030 to 2067 timeframe.

It is understood that all necessary equipment such as transmission lines and terminal stations associated with each Alternative will be part of the review.

2.3 Numerous studies, reports and related information have been prepared over the past years on the various components of each Alternative. Copies of the reports and analyses to be reviewed will be provided to the Consultant and may include the following:

- Load Forecast;
- Generation Expansion Plan;
- Feasibility Studies for the:
 - Muskrat Falls Development;
 - HVDC Interconnection (including submarine cables);
 - Island Pond Development;
 - Portland Creek Development; and
 - Round Pond Development.
- Power and Energy Studies;
- Optimization Studies;
- Water Management Agreement;

- Power System Studies;
- Reliability Studies;
- Cost Estimates for the:
 - Combined Cycle Combustion Turbines;
 - Combustion Turbines;
 - Wind Farms; and
 - Refurbishment of the Holyrood Thermal Generating Station (including the addition of scrubbers, electrostatic precipitators and NOX burners);
- Fuel Price Forecasts;
- Cumulative Present Worth (CPW) Analyses of the two Alternatives; and
- All data and assumptions used to complete the CPW analyses.

All relevant materials made available to the Board will be made available to the Consultant after award of the Contract. All reports and information provided to the Consultant by the Board remain the sole property of the Board and shall not be used for any purpose without the written consent of the Board.

3. SCOPE OF SERVICES

The Services which the Consultant shall perform or cause to be performed with diligence, skill and care shall be as stated in Article 3, SCOPE OF SERVICES of the attached draft Agreement.

4. REMUNERATION

- 4.1. The Proponent shall provide its proposed pricing to complete the Services, which shall include the following minimum detail:
- the estimated person-hours and associated hourly all-inclusive rates for each person involved in the performance of the Services. The Proponent shall specify how these rates would change for overtime work, if applicable; and
 - anticipated sub-consulting services by location.

The Proponent shall also provide an estimate of reimbursable (out-of pocket) costs by type and the total estimate cost to complete the Services.

4.2 Harmonized Sales Tax (HST) will be identified separately from the cost estimate.

5. PROPONENT'S PROPOSAL

5.1 The Proponent's Proposal shall, as a minimum, include the following information:

- (a) a listing of the Proponent's experience pertinent to the nature of the Services, including applicable project descriptions, dates and clients' names and addresses;
- (b) details of the organizational structure and personnel proposed for performance of the Services and such personnel shall not be changed by the Consultant over the duration of the Services without the prior written consent of the Board;
- (c) curriculum vitae for all proposed management and professional personnel;
- (d) details of the methodology intended for performance of the Services including as a minimum: key activities, involvement of proposed personnel, and intended office location(s);
- (e) basis of remuneration, in the level of detail indicated elsewhere herein;
- (f) proposed procedures for monitoring and controlling costs; and
- (g) subject to the provisions of Clause 12.2 of this RFP, identification of any proposed changes to the draft Agreement.

5.2 All costs associated with Proposal preparation, including but not limited to matters such as Proposal development, investigations, clarification and other meetings shall be the responsibility of and borne solely by the Proponent, and shall not be subject to any reimbursement by the Board.

6. SUBMISSION OF PROPOSALS

6.1 The Proposal shall be submitted to the Board before 3:00 p.m. local time (NST) on June 27, 2011 at the following address:

Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St. John's, NL A1B 5B2
Attention: Cheryl Blundon
Director of Corporate Services and Board Secretary
Fax: 709-726-9604 or email: ito@pub.nl.ca

Proposals may be submitted by fax or email and if so, an original shall be delivered to the Board within 72 hours.

- 6.2 During the Proposal preparation period, the Proponent may seek written clarification on Proposal requirements by contacting Cheryl Blundon, Director of Corporate Services and Board Secretary, using the contract information noted above, not less than five (5) days prior to the date for Proposal submission stipulated in clause 6.1.
- 6.3 The Board shall not be responsible for oral instructions or clarifications and no instructions or clarifications shall be binding unless communicated by the Board in writing.

7. VALIDITY PERIOD

Each Proposal shall remain open for acceptance and irrevocable for a period of seven (7) days after the deadline for receipt of Proposals.

8. CONSULTANT'S REGISTRATION REQUIREMENTS

- 8.1 The Consultant shall be authorized to do business in the Province of Newfoundland and Labrador prior to performance of the Services. Where the Consultant is a corporation, it shall be registered to carry on business in compliance with the laws of the Province of Newfoundland and Labrador and shall be registered in good standing with the Registry of Companies of Newfoundland and Labrador.
- 8.2 The Consultant shall be authorized to engage in the practice of engineering in the Province of Newfoundland and Labrador in accordance with the requirements of the *Engineers and Geoscientists Act*, RSNL 1990, Chapter E-12, as amended, prior to performance of the Services. If required by the Board, the Consultant shall provide evidence satisfactory to the Board to this effect.

9. CONFIDENTIALITY AND ACCESS TO INFORMATION

- 9.1 The Consultant shall retain as confidential and not divulge, other than to persons specifically designated and approved by the Board, financial, technical or schedule information or any additional information designated as confidential by the Board that was furnished to Consultant by the Board or was acquired by the Consultant in the performance of the Services. The Consultant shall treat all such information as confidential and the foregoing shall not apply to information and data which:
- (a) were in the Consultant's possession or was previously known by the Consultant prior to submission of its Proposal in response to this RFP; or
 - (b) becomes known or published through some agency other than the Consultant from third parties not connected with the performance of the Services; or

- (c) becomes part of the public domain through no fault of the Consultant.
- 9.2 The Board is subject to the *Access to Information and Protection of Privacy Act*, Statutes of Newfoundland and Labrador, 2002 Chapter A-1.1 (hereinafter referred to as the “*ATIPP Act*”).
- 9.3 The Board shall not be liable for any claims, costs, losses or damages experienced by a Consultant as a result of the Board’s release of information to another party pursuant to the provisions of the *ATIPP Act*. The Consultant should familiarize itself with the provisions of the *ATIPP Act*.

10. INSURANCE

- 10.1 The Consultant shall comply with Article 12, INSURANCE of the attached draft Agreement.
- 10.2 Prior to commencing the performance of any part of the Services, and at any time upon the request of the Board, the Consultant shall give the Board a completed certificate of insurance.

11. CONFLICT OF INTEREST

The Proponent must disclose in its Proposal any potential conflict of interest. If a conflict of interest does exist, the Board may, at its discretion, refuse to consider the Proposal. If during the Proposal evaluation process or the negotiation of an Agreement, the Proponent is retained by another client giving rise to a potential conflict of interest, then the Proponent will refuse the new assignment or will take such steps as are necessary to remove the conflict of interest.

12. EVALUATION OF PROPOSALS

- 12.1 Proposals will be evaluated on the basis of key considerations noted in Table 12.1, which include, but are not limited to, the following considerations:
- (a) all relevant legal and financial considerations;
 - (b) capability of the Proponent, based on the relevant experience of the Proponent and the personnel to be assigned to the Services to undertake the Professional Services required;
 - (c) technical adequacy of the Proposal, including appreciation of the scope of the Services, schedule requirements and proposed methodology to complete the Services; and
 - (d) basis of remuneration and the proposed cost estimate for performance of the Services.

TABLE 12.1 EVALUATION CRITERIA		
ITEM	KEY CONSIDERATIONS	MAXIMUM POINTS
1	UNDERSTANDING OF SCOPE OF WORK	
1.1	Recognition of Scope and Objectives	15
1.2	Methodology	20
	Sub-Total	35
2	CONSULTANT'S CAPABILITY AND EXPERIENCE	
2.1	Experience in Similar Work	10
2.2	Project Team (Organization and Experience)	25
	Sub-Total	35
3	CONSULTANT'S OVERALL SCHEDULE	20
4	COST OF SERVICES	10
	TOTAL POINTS	100

- 12.2 The successful Proponent shall be required to enter into an appropriate agreement, generally in the form of the draft Agreement included with this RFP, with the Board for the performance of the Services specified in this RFP.
- 12.3 The Board reserves the right to accept or reject any or all proposals or portions thereof, as well as the right to negotiate with one or more Proponents to finalize the form and substance of the Contract. After negotiations are concluded with the successful Consultant, all other Proponents will be notified of the award of the contract.

13. CLARIFICATION MEETING

If required by the Board before a Proposal is accepted, the Proponent shall, at its costs, attend a Clarification Meeting to review its Proposal, and such Meeting shall be held at the Board's offices.

14. LANGUAGE OF THE CONTRACT

Documentation, required submittals and all other communications, whether verbal or written, shall be in English.