

## **Comments on OPA Discussion Paper 8 Procurement Options**

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### **General Comments**

- The paper makes a number of references to facilitating the development of an electricity market in Ontario, and the OPA's role as a "guarantor of last resort" (pg.2) to ensure investments in generating assets and CDM programming take place, but never makes clear how that market is to develop given that the OPA is developing plan to meet all forecast electricity needs over the next 20 years. There seems no space for private sector investment in generating assets or CDM activities outside of the IPSP framework. The one exception may be spot market imports of out of province power during periods of very high demand. The paper does not discuss how such imports will be procured or how such procurements will affect the goals contained in the IPSP Supply Mix Directive, particularly the phase out of coal-fired supply.
- The paper fails to make clear how sustainability considerations will be incorporated into the procurement process. There is no reference to sustainability or environmental performance, for example in the principles outlined in section 2.2 and no discussion of how they would be incorporated into decision-making with respect to competitive procurement, or the design of standard offer or non-competitive procurement. Sustainability performance should be an evaluative criteria with respect to offers in response to a competitive procurement exercises. Sustainability criteria must also inform decision-making regarding the procurement of out-of-province power on spot market basis.
- More generally the paper fails to provide a standardized set of criteria upon which decisions, particularly in a competitive procurement situation, will be made. How will price, risk, sustainability, reliability and flexibility be weighed in the evaluation of proposals?
- CDM procurement should be approached differently from generating asset procurement. The paper assumes that the role of procurement for CDM resources will decline over time. However, experience in other jurisdictions demonstrates that ongoing development of CDM programming leads to additional reductions in energy consumption. CDM resources should continue to be acquired as long as it is cost-

effective to do so relative to the avoided cost of generating and transmission assets, included avoided environmental and health externalities. CDM procurement may take the form of standing competitive RFPs (i.e. best bids win), standard offers, or non-competitive procurement.

- A more compelling justification for non-competitive procurement outside of a CDM context needs to be provided. Favourable or advanced approvals, for example, do not provide a justification for non-competitive procurement - such circumstances would simply be advantageous in a competitive environment. The presence of very few proponents capable of meeting a given need could also be made apparent through a competitive process. Competitive processes can be run even where there are short lead times. Doing so would provide much greater transparency in the identification of suppliers capable of meeting a given need. Non-competitive procurement for generating assets should be avoided.
- All non-renewable power projects included in the OPA's plan should be subject to competitive procurement competing on a level playing field where all projects are subject to the same environmental and economic performance and completion terms currently in place for large natural gas and hydro power projects. Procurements should not be technology specific. All potential generation options should be permitted to respond to requests for proposals. All conventional power project proponents should be fully responsible for the costs of waste disposal, decommissioning and other liabilities associated with their facilities.
- The paper fails to provide any discussion of transparency in decision-making with respect to procurement. Will, for example, proposals received in response to RFPs and standard offers be made public? Will the OPA's basis for making choices between proposals received be made public?