

Questions/Answers ECCC Electricity Unit Costs in Canada (Bid No. 5000038750)

Q1 - Topic: Budget (Page 25 of 43, item 1.2.3)

- MF1 states that "Environment Canada has established funding for this project at a maximum amount of \$50,000, excluding taxes." Is the maximum amount of \$50,000 inclusive of travel costs?

Response: Yes, the \$50,000 is inclusive of travel costs.

Q-2 - Topic: Previous Study

- Can you confirm if a similar study on Electricity Unit Costs in Canada has previously been completed for ECCC? If so, can ECCC provide a copy of the previous study?

Response: Yes, in 2012 a similar study was done for ECCC by a consultant, however the current requirements have additional technologies and cost variables in them. The previous study cannot be shared with the proposing companies for this requisition as this may confuse the bid preparation process - by allowing references to be made to the previous contract requirements and hence risk of non-compliant bids.

Q-3 - Topic: Electrical Generation Units per Region (Page 36 and 37 of 43)

- The first paragraph of Task 3 states that capital and operation costs of new electricity generation plants shall be regionalized according to each of the Canadian provinces and territories. Task 3 also lists the types of electrical generation plant to include for regional cost estimation of new Canadian electricity generation plants. Some of the types of generation plants listed may not be technically feasible in every province/territory (e.g., offshore wind in Saskatchewan). Can you confirm that not all of the listed electrical generation units will need to be included in the study for each region in such circumstances?

Response: Yes, electrical generation units to be included in the study's regions are those that are technically feasible for the region being considered. This is touched on in Task 2, which explains that the capacity sizes of generation units to be adopted for the study should cover only those probable to be built in the region being considered.

Q-4 - Topic: Total Levelized Cost of Electricity (LCOE) (Page 35 and 36 of 43)

- Does the LCOE need to be calculated at the generation point, or should it calculate a LCOE for a product delivered to an existing transmission network (e.g. should LCOE include the average costs of transmission to connect generation to an existing provincial or territorial grid)?

Response: The LCOE should be calculated at the generation point.

Q-5 a) - Topic: User Adjustable Cost Estimation Tool (Page 39 and 40 of 43)

- Can ECCC provide an example or reference to the type of Cost Estimation Tool envisioned as a deliverable for this assignment?

Response 5 a) : The tool should be able to convert inputs provided by the user regarding units' operational characteristics, such as capacity factor, lifetime, and fuel cost, into output variables such as fixed and variable operational costs and capital costs, as well as levelized cost of electricity (LCOE). These output values should be derived from the assumptions made about capital costs and other

operational costs associated with representative power generation technologies (e.g., natural gas combined cycle), i.e., non-user specified variables.

Q-5 b) In order to assist with developing the methods section of the proposal, can ECCC provide a specific real world example of a recent policy issue or policy evaluation process where ECCC envisions making use of the Cost Estimation Tool?

Response R-5 b): Example here is the ECCC's assessment as potentials for generation scenarios that considered investment in natural gas-fired generation with 60% capacity factor to meet the demand, as compared to wind generation with 30% capacity factor. The option with least LOCE would be the investment option to be considered.

Follow-up question: After reviewing the responses I have one follow up question, this is regarding our previously asked Question **Q-2 – Topic: Previous Study:**

- ECCC confirmed that a similar study was completed in 2012 by a consultant and that the previous study cannot be shared with the proposing companies for this requisition as this may confuse the bid preparation process. Will the awarded proponent be provided a copy of the previous study and the model used?

Response: Yes

Modification – P8 of 43 – Enquiries – Bid Solicitation

Update with the following;

All enquiries must be submitted in writing to the Contracting Authority no later than **five (5) calendar days** before the bid closing date. Enquiries received after that time may not be answered.