Natural Gas Supply & Management Services Agreement

Fairness Monitor Final Report

Submission Date: September 5, 2017

Submitted To:
Director, Fairness Monitoring
Departmental Oversight Branch
Public Services and Procurement Canada

Submitted By:
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Table of Contents

1. Introduction ...................................................................................................................... 1
2. Project requirement ............................................................................................................ 2
3. Attestation of assurance ................................................................................................... 3
4. Methodology .................................................................................................................... 4
5. Fairness Monitor activities and observations ................................................................. 5
   5.1 Industry engagement stage .......................................................................................... 5
   5.2 Procurement planning/pre-issue stage ......................................................................... 5
   5.3 Request for proposal posting ...................................................................................... 6
   5.4 Request for proposal close ......................................................................................... 6
   5.5 Evaluation instructions ............................................................................................... 6
   5.6 Administrative review ................................................................................................. 7
   5.7 Technical evaluation .................................................................................................... 7
   5.8 Price evaluation, verification and bidder selection ...................................................... 8
   5.9 Communications and debriefing .................................................................................. 8
6. Reference documents ....................................................................................................... 9
1. Introduction

RFP Solutions Inc. was engaged on February 26, 2014 as a Fairness Monitor (FM) to observe all stages of the competitive procurement processes associated with the Natural Gas Supply and Management Services Agreement, undertaken by Public Services and Procurement Canada (PSPC). At the time of being engaged, RFP Solutions Inc. was tasked with monitoring two Industry Day Consultations occurring on March 17 and 21, 2014. These consultations were preceded by an industry engagement phase completed by PSPC in October 2013.

It should be noted that there was no subsequent activity with respect to the procurement from the period of the industry consultation sessions in March 2014 until January 23, 2017 when PSPC issued a Request for Proposal (RFP) through Solicitation Number EW003-172077/A.

RFP Solutions Inc. is an independent third party with respect to this activity.

We hereby submit this Final Report, covering the activities of the Fairness Monitor, commencing with the industry engagement activities, continuing through the draft RFP prior to posting on buyandsell.gc.ca and the response to enquiries from potential bidders leading to the bid closing period. This report also addresses the evaluation of bids leading to the identification of the recommended bidder for contract award.

This report includes our attestation of assurance, a summary of the scope and objectives of our assignment, the methodologies applied and relevant observations from the activities undertaken.
2. Project requirement

PSPC has a requirement for the provision of Natural Gas Supply and Management Services for approximately 10,000,000 Gigajoules per year of natural gas and related services delivered to four federal departments, across eight provinces in Canada. It is PSPC’s intent to award a single contract for these services. The gas management and related services include; administration, coordinating nominations and arranging for gas delivery, billing consolidation, consumption studies and budget estimates, and the provision of advice on consolidation strategies to achieve the best rates for the use of natural gas.

The four participating departments are:
- Agriculture and Agri-Food Canada (AAFC);
- Correctional Services Canada (CSC);
- Department of National Defence (DND); and
- Public Services and Procurement Canada (PSPC).

The eight provinces within the scope of this requirement are:
- British Columbia;
- Alberta;
- Saskatchewan;
- Manitoba;
- Ontario;
- Quebec;
- New Brunswick; and
- Nova Scotia.

The period of service will be for ten years beginning October 2017.
3. Attestation of assurance

The Fairness Monitor hereby provides the following unqualified assurance statement concerning the Natural Gas Supply and Management Services Agreement procurement process.

It is our professional opinion that the Natural Gas Supply and Management Services Agreement procurement process we have observed was carried out in a fair, open and transparent manner.

Original signed by

Steve Johnston
Fairness Monitor Specialist
Managing Director, RFP SOLUTIONS INC.

Original signed by

Stephen Fleming, P.Eng.
Fairness Monitor Team Leader
4. Methodology

In accordance with the terms of our engagement, we familiarized ourselves with the relevant documents, observed the industry engagement activities, reviewed the RFP documents prior to release, observed the pre-solicitation and RFP solicitation activities, observed the post-solicitation period, including the evaluation of bids, identified fairness-related matters to the Contracting Authority, and verified that responses and actions were reasonable and appropriate. Section 5 summarizes the specific activities and observations of the Fairness Monitor with respect to those activities.
5. Fairness Monitor activities and observations

5.1 Industry engagement stage

The FM Contractor was engaged to begin FM activities one week prior to the beginning of the industry consultations. The FM activities included:

- Review of background and written materials, including that provided to participants in the industry consultations;
- Discussed the process beforehand with the Contracting Authority to address and/or avoid any potential fairness concerns which could arise; and
- Observation the following consultation sessions:
  - Calgary Industry Group Consultation Session – March 17th, 2014, eight firms were represented;
  - Calgary – Individual Consultation Sessions – March 17th – 18th 2014, individual consultations were conducted with five firms;
  - Toronto Industry Group Consultation Session – March 20th, 2014, nine firms were represented; and
  - Toronto - Individual Consultation Sessions – March 20th – 21st, 2014, individual consultations were conducted with seven firms.

Observations

In observing the Industry Engagement sessions, the Fairness Monitor did not observe any fairness issues.

5.2 Procurement planning/pre-issue stage

The FM Contractor was engaged to begin FM activities prior to the development of the RFP. A review of the drafts and final RFP was conducted. This included a review of the:

- Bidder Instructions;
- Bid Preparation Instructions;
- Evaluation Procedures and Basis of Selection;
- Statement of Work; and

RFP Solutions Inc. provided assurance as to the impartiality of the requirements, the objectivity of evaluation criteria and process; and the clarity of the documentation to support understandability by Proponents in preparing their Proposals, as well as to mitigate the potential for inconsistency or errors in the eventual application of evaluation criteria by the Evaluation Committee.
Observations

In reviewing the draft RFP documentation, the Fairness Monitor did not observe any fairness issues.

5.3 Request for proposal posting

The RFP was issued to potential bidders via buyandsell.gc.ca on January 23, 2017 with a closing date of April 28, 2017 at 2:00 pm Mountain Daylight Time.

A bidder’s conference was conducted by WebEx on February 27, 2017. It was attended by six potential bidders. The FM observed the conference.

A total of 15 revisions to the terms and conditions of the RFP and responses to 44 questions were issued as amendments via buyandsell.gc.ca, including an extension of the original closing date to May 5, 2017. Each amendment was reviewed by the FM.

Observations

In observing the bidders’ conference and reviewing the RFP amendments, the Fairness Monitor did not observe any fairness issues.

5.4 Request for proposal close

The FM discussed the manner in which the responses to the RFP were received and handled with the Contracting Authority.

Two responses were received and handled in accordance with the closing requirements and deadline stated in the RFP.

Observations

In reviewing the receipt and handling of the RFP responses, the Fairness Monitor did not observe any fairness issues.

5.5 Evaluation instructions

Prior to bid evaluations, the Fairness Monitor reviewed the evaluation guidelines, including evaluator responsibilities, code of conduct, security, confidentiality and conflict of interest requirements, and evaluation methodology.

The Fairness Monitor provided assurance as to the impartiality of the evaluation methodology.
Observations
In reviewing the evaluation methodology and related requirements, the Fairness Monitor did not observe any fairness issues.

5.6 Administrative review
Following bid closing, a review of the mandatory submission requirements, including qualification and certification requirements, was undertaken by PSPC Contracting and Project Authorities of the two bids received. Both bids were deemed to be responsive to these requirements as stated in the RFP and therefore eligible to proceed to technical evaluation.

The FM independently confirmed this result by reviewing the appropriate sections of each bid and the PSPC summary of the results.

5.7 Technical evaluation
The technical evaluation was composed of two steps. First, an assessment against the mandatory technical requirements was conducted, followed by an assessment of rated requirements of those bidders that met all mandatory technical requirements.

The mandatory technical requirements were reviewed individually by each member of the Evaluation Committee. The evaluators subsequently met on July 19, 2017 to conduct a consensus review. Based on the Evaluation Committee’s assessment of each bidder, both bidders met all mandatory technical requirements and were deemed eligible to proceed to the evaluation of the rated technical criteria.

The RFP required bidders to meet two separate, minimum rated technical evaluation thresholds to be deemed a responsive proposal and proceed to the financial evaluation. The first threshold was that bidders meet an overall minimum rated technical evaluation threshold; the second threshold was to meet a minimum score within each of the rated technical criteria. Each of the two proposals that were eligible for evaluation were first individually reviewed and scored by each evaluator. The evaluators then convened at a consensus meeting on July 25, 2017 to identify the technical score of the bids.

The Fairness Monitor was present and monitored the technical evaluation consensus process. The Fairness Monitor provided assurance that it was undertaken in a consistent fashion and that the results reflected the consensus of all Evaluation Committee members.

Only one bid achieved the minimum technical evaluation threshold to be deemed a responsive
proposal and eligible to proceed to the financial evaluation.

Observation
In observing the consensus process and reviewing the results of the technical evaluation, the Fairness Monitor did not observe any fairness issues.

5.8 Price evaluation, verification and bidder selection

The basis for award of the RFP is to the bidder with the highest responsive combined rating of technical merit and price. Only the eligible bidder’s price envelope was opened and evaluated.

In accordance with the RFP, a total evaluated price was provided by the bidder that was an estimated extended price calculated by taking the estimated usage or quantity and multiplying by the number of years of the contract and then multiplying by the firm unit price.

The Contracting Authority verified the pricing details on the form provided by the eligible bidder. A financial evaluation summary sheet was prepared by the Contracting Authority and reviewed by the Fairness Monitor.

Based on the overall evaluation results, the Evaluation Committee unanimously recommended the one qualified bidder be awarded a contract to provide Gas Management Services, subject to the Contracting Authority carrying out pre-award due diligence, including confirmation that the bidder meets the security and integrity requirements.

Observation
In reviewing the results of the price evaluation, verification and bidder selection, the Fairness Monitor did not observe any fairness issues.

5.9 Communications and debriefing

This section will be completed as an Addendum to this report following completion of contract award and, as requested, debriefing of Bidders.
6. Reference documents

The following documents related to Solicitation Number EW003-172077/A are available on buyandsell.gc.ca and/or through the project office.

<table>
<thead>
<tr>
<th>#</th>
<th>Document</th>
<th>Issue Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Request for Proposal Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>January 23, 2017</td>
</tr>
<tr>
<td>2</td>
<td>Amendment No. 1 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>February 9, 2017</td>
</tr>
<tr>
<td>3</td>
<td>Amendment No. 2 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>February 23, 2017</td>
</tr>
<tr>
<td>4</td>
<td>Amendment No. 3 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>March 2, 2017</td>
</tr>
<tr>
<td>5</td>
<td>Amendment No. 4 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>March 9, 2017</td>
</tr>
<tr>
<td>6</td>
<td>Amendment No. 5 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>March 17, 2017</td>
</tr>
<tr>
<td>7</td>
<td>Amendment No. 6 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>March 24, 2017</td>
</tr>
<tr>
<td>8</td>
<td>Amendment No. 7 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>April 4, 2017</td>
</tr>
<tr>
<td>9</td>
<td>Amendment No. 8 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>April 24, 2017</td>
</tr>
<tr>
<td>10</td>
<td>Amendment No. 9 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A) – Note this document was posted and removed from buyandsell.gc.ca due to an administrative error.</td>
<td>April 27, 2017</td>
</tr>
<tr>
<td>11</td>
<td>Amendment No. 10 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>April 27, 2017</td>
</tr>
<tr>
<td>12</td>
<td>Amendment No. 11 Natural Gas Supply and Management Services Agreement (Solicitation No. EW003-172077/A)</td>
<td>April 27, 2017</td>
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ADDENDUM TO THE FINAL REPORT
DECEMBER 20, 2017

Addendum to the Fairness Monitor Final Report dated September 5, 2017 pertaining to the competitive procurement process for the Natural Gas Supply and Management Services Agreement, issued by Public Services and Procurement Canada (PSPC) as a result of Solicitation Number EW003-172077/A.

This Addendum to the Fairness Monitor Final Report covers the period following the conclusion of the evaluation phase and includes contract award and an allowance of time during which proponents could pose questions or request a debriefing. The one unsuccessful proponent was advised by e-mail on December 8, 2017; a public announcement of the contract award was also made on December 8, 2017 via press release. A notification of contract award was posted on BuyandSell.ca on December 12, 2017.

The unsuccessful proponent requested a debriefing, which was conducted via teleconference by the PSPC Contracting Authority and Technical Authority on December 19, 2017. The FM participated in the call to observe that the debriefing was conducted in a fair, open and transparent manner.

ATTESTATION OF ASSURANCE

The Fairness Monitor hereby provides the following unqualified assurance statement concerning the competitive procurement process the Natural Gas Supply and Management Services Agreement.

It is our professional opinion that the Natural Gas Supply and Management Services Agreement solicitation process that we observed, was carried out in a fair, open and transparent manner.

Original signed by

Steve Johnston
Fairness Monitor Specialist
Managing Director, RFP SOLUTIONS INC.

Original signed by

Stephen Fleming, P.Eng.
Fairness Monitor Team Leader