

LSSi Fairness Advisor Report

Date: Wednesday, January 9, 2019

Prepared by: Controls & Audit Services

Classification: Public

Table of Contents

1. Introduction	1
2. Scope & Approach	1
2.1 Request for Expressions of Interest	1
2.2 Review of Procurement Documentation	1
2.3 Review of Communication with the Bidders	1
2.4 Evaluation Process	2
2.4.1 <i>Evaluation Manuals</i>	2
2.4.2 <i>Evaluation Training</i>	2
2.4.3 <i>Submission Closing</i>	2
2.4.4 <i>Completeness Checks</i>	2
2.5 Proposal Validation & Financial Evaluation	2
2.6 Conflicts of Interest	3
3. Award	3
4. Proponent Debriefs	3
5. Observations & Conclusion	3

1. Introduction

Controls and Audit Services were engaged by the AESO's Procurement Department to act as the Fairness Advisor to review associated activities with the competitive process for the Load Shed Services for imports (LSSi) procurement. The role of Fairness Advisor is to ensure that the procurement is conducted in a fair and transparent manner. Controls and Audit Services is an independent function reporting to the AESO's Audit Committee. In conducting our work, we are required to meet the Institute of Internal Auditors code of ethics and standards set out in the International Professional Practices Framework.

More specifically, we were involved in the following to ensure fairness, equity, objectivity and transparency of the procurement process:

- Attending meetings and participating in discussions (Request for Expressions of Interest or REOI, Request for Proposals or RFP, draft Import Load Shed Agreement or ILSA, Requests for Information or RFI, Requests for Clarification or RFC).
- Reviewing the RFP, Evaluation Manual and draft LSSi contract.
- Reviewing and participating in the conflict of interest and disclosure processes.
- Attending training sessions for evaluation participants.
- Observing file structure segregation and security, and validating that access to the procurement platform was appropriate.
- Reviewing the RFP close out process and migration of submission documents to evaluation folders.
- Witnessing the Deadline of Submissions of Proposals.
- Witnessing the Evaluation Process (Completeness Checks, Proposal Validation, Financial Evaluation).
- Reviewing the RFCs.
- Observing the evaluation consensus session.
- Observing the award recommendation meeting with AESO Management and confirming the award recommendation was aligned with the evaluation results.

2. Scope & Approach

2.1 Request for Expressions of Interest

We teleconferenced into the REOI and reviewed the responses to proponent questions from the session. No concerns were noted from a fairness perspective.

2.2 Review of Procurement Documentation

We reviewed the RFP, ILSA and applicable addenda for clarity, consistency and fairness. The procurement documentation prepared by the AESO was fair and transparent.

2.3 Review of Communication with the Bidders

As the Fairness Advisor, we reviewed all written communications between the AESO and the bidders to ensure that the bidders were treated in a consistent manner, and that communications were clear, unambiguous and fair. All communications occurred via the SharePoint site. No verbal communications took place, to the best of our knowledge. We reviewed all RFIs, in order to confirm:

- Whether the information in the question was commercially confidential in nature, and if so, ensuring the response was fair.
- Whether the response required a change to the procurement documentation.

- Whether the response was clear, unambiguous and fair.
- Whether the response was reviewed in accordance with the Evaluation Manual (described below).
- Whether the response approved in accordance with the Evaluation Manual was the same as posted on the SharePoint site.

The written communication between the AESO and the bidders was conducted in a fair and transparent manner.

2.4 Evaluation Process

2.4.1 Evaluation Manuals

Prior to the commencement of the evaluation process for the RFP, the AESO developed an Evaluation Manual, which documents the governance structure, methodology and approach to the evaluation process outlined in Section 3.0 of the RFP. Prior to finalizing the Evaluation Manual, we reviewed and provided feedback on the draft document, to ensure appropriateness, accuracy, completeness, and consistency.

2.4.2 Evaluation Training

All Evaluation Participants attended evaluation training prior to participating in the RFP evaluation process to ensure that they understood the objectives and requirements of the evaluation approach. We reviewed and attended evaluation training sessions for all Evaluation team members which were aligned with the RFP Evaluation Manual.

2.4.3 Submission Closing

The AESO implemented a process in the SharePoint platform related to the submission closing to ensure that they were conducted in a fair manner. We witnessed the submission closings at 15:00 hours MST on July 16, 2018 and transfer of files from the SharePoint site to the restricted folder for Procurement. We also reviewed the folder structure access for appropriate access. We issued a SharePoint close out letter confirming that the process was followed and that there were no issues from a fairness perspective on July 16, 2018. The Submission Closing process was conducted in accordance with the Evaluation Manual in a fair and transparent manner.

2.4.4 Completeness Checks

We observed that each proposal was reviewed for completeness of information detailed in the RFP and in accordance with the Evaluation Manual. We reviewed all RFCs and Proponent responses to ensure that:

- No new information related to the Proponent's submission was requested or received.
- The question was clear, unambiguous and fair.
- The response was reviewed in accordance with the Evaluation Manual prior to posting on the SharePoint site.
- The response approved in accordance with the Evaluation Manual was the same as what was posted on the SharePoint site.

All written communications for RFCs between the AESO and the Proponents were conducted in a fair and transparent manner.

2.5 Proposal Validation & Financial Evaluation

We observed the Proposal Validation and Financial Evaluation were conducted in accordance with the Evaluation Manual. No Fairness concerns were noted.

2.6 Conflicts of Interest

A conflict of interest refers to situations in which personal, occupational or financial considerations may affect or appear to affect the objectivity of an individual. The Fairness Advisor must ensure that all project participants who are involved in the Competition identify and resolve any real, perceived or potential conflicts of interest.

The AESO established a Conflict of Interest (COI) process. We participated in the conflict assessments along with the IDDECC (Integrity, Due Diligence and Ethical Committee) during the COI process.

We were satisfied that there were no concerns from a fairness perspective.

3. Award

We confirm that the award recommendation was in line with the evaluation results. We issued a Fairness Attestation Letter with no concerns at this point in time.

We confirm that the award to Successful Proponents was in line with the award recommendation.

4. Proponent Debriefs

As stated in Section 4.4 of the RFP, the AESO is to provide a debriefing session to each unsuccessful Proponent upon request. We participated in all debriefing sessions held with the unsuccessful Proponents. A consistent approach was applied to each of the debriefing sessions which were conducted in a fair and transparent manner.

5. Observations & Conclusion

The AESO project team and Evaluation teams undertook their roles diligently and in accordance with the processes predefined in the RFP and Evaluation Manual. They responded in a fair and transparent manner to all Proponents. In our opinion as Fairness Advisor, the LSSi Competition was undertaken in a fair and transparent manner as of the report date.