

SCOPE OF WORK (SOW)

Vendor Name:		Reference:	Secondary Bid process as per RFP BG2012-005 RAD Consulting Services Program
Issue Date:	9/04/13	Required/Start Date:	9/30/13
¹Response Due Date:	9/20/13	Complete Date:	11/29/13
SOW #	2013-RP-002	Category/ Subcategory:	Cat 3 - Financing Studies

Request Pricing Type:

T&M Fixed Combination

Requester:	Randy Pugh
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Requirements

Stage 1:

Prepare a written analysis and provide an expert opinion ("the Opinion") as to whether the application of the cost of capital approved by the Ontario Energy Board (OEB) in EB-2010-0008 continues to be appropriate basis for setting OPG's nuclear and regulated hydroelectric payment amounts.

Since EB-2010-0008 OPG has completed a substantial new project (Niagara Tunnel) and the scope of O. Reg 53/05 has been expanded to include 48 additional hydroelectric generation facilities.

Initial draft of the analysis and opinion must be provided by Nov. 8, 2013 for OPG's review. Final report to be delivered by Nov 29, 2013.

This work will be completed on a fixed price basis.

Stage 2:

As required, support the examination of the written analysis and Opinion in a regulatory process which may include responding to the questions and arguments relating to the study and preparing a critique of proposals submitted by other cost of capital experts.

This work will be compensated on a time and materials basis.

Requirements:

The Opinion shall reflect and build upon the OEB's findings in EB-2007-0905 and EB-2010-0008 on OPG's cost of capital. Specifically,

- 1) OPG's cost of capital shall be established based on the stand-alone principle.

¹ Responses must be received by 3pm EST via email to OPG Supply Chain

- 2) OPG's ROE shall be set in accordance with a formula based approach provided in the OEB's Cost of Capital Report issued December 11, 2009, which adopts the fair return standard.
- 3) OPG's deemed capital structure of 47% equity and 53% debt established in EB-2007-0905 remained appropriate in EB-2010-0008 as there was no material change in business risk.
- 4) The 47% common equity ratio reflects the OEB's view that that the business risks associated with the nuclear business are higher than those of the regulated hydroelectric business as it existed in EB-2010-0008 (i.e., prior to completion of the Niagara Tunnel and change in scope of O. Reg 53/05).
- 5) The Opinion will address whether the 47% common Equity ratio is reasonable, given the increase in the relative size of the hydroelectric business as a result of the completion of the Niagara Tunnel and the change in scope of O.Reg 53/05.

Criteria			
Technical Criteria			
Item	Description	Weighting	Score ²
1	Breadth of Comparable assignments	25%	
2	Understanding of Specifications and Detailed Work Plan	20%	
3	Understanding of Hydroelectric and Nuclear Generation Technologies	15%	
4	Knowledge of the Ontario Generation Market and OPG	10%	
	Sub-Total		
Pricing Criteria			
Item	Description	Weighting	Score
1	Cost	30%	
	Total	100%	

² Scores are given from 1-10, 10 being highest

Vendor Submission Information

Proposed Resource (T&M ³)						
Item	Name	Role	Title	Available Date	Cost	⁴ Duration Hrs/Days
1					\$	
2					\$	
3					\$	
4					\$	
5					\$	
6					\$	

Proposed Resource (Fixed ⁵) ⁶						
Item	Name	Role	Title	Available Date	Cost	Duration Hrs/Days
1					\$	
2					\$	
3					\$	
4					\$	
5					\$	
6					\$	
Fixed Total					\$	

Additional Information

³ If quoting T&M cost, fill in all the information in this table. The hourly rates should be the same as per the executed Contract Standard for these services.

⁴ Indicate if Hours = h or Days = d (e.g. 300 Hours – 300h, 10 Days = 10d)

⁵ If quoting Fixed cost, fill in all the information in this table

⁶ If quoting Combination, fill in all the information in this table for the Fixed cost. For the hourly rates, fill in the T&M table where rates must be the same or lower than the rates in the executed Contract Standard for these services.