

OPG PROCUREMENT PROCESS

1.0 PURPOSE

This evidence provides an overview of OPG's procurement process. It provides support for the OM&A purchased services information presented for each of hydroelectric (Ex. F1-5-1), nuclear (Ex. F2-6-1), and support services (Ex. F3-3-2).

2.0 OVERVIEW OF PROCUREMENT PROCESS

OPG's procurement process is the same as presented in the last proceeding and is conducted as follows¹: The need for a service or item is identified and a requisition is created and approved by the appropriate authority as per OPG's Organizational Authority Register ("OAR"). The OAR is provided at Ex. A2-2-1 Attachment 3.

- If no existing agreement is in place that can satisfy the need for the service or item, the procurement departments within nuclear, hydroelectric or support services, as applicable (collectively referred to as Supply Chain), in consultation with the requisitioner, seek quotations² or proposals³ using the following methods:
 - Invitational Competitive Process - this process uses the request for quotation or request for proposal ("RFQ/RFP") process as applicable. For the procurement of goods and services (both consulting and non-consulting), a request to submit a written quotation/proposal in response to OPG requirements is made to a minimum of three qualified suppliers.
 - Open Competitive Process - this process involves posting procurement documents using an approved OPG electronic tendering system. All consulting contracts with a procurement value greater than or equal to \$100k must be conducted through the open competitive process.

¹ This process applies to the acquisition of services or items above a threshold value of \$10k. Below this threshold value, purchasing authority is delegated to the businesses through the use of a purchasing card or local purchasing authority (purchase order-based transactions).

² A request for quotation ("RFQ") is a request for price and availability of items/services based on specified technical, quality, and commercial requirements where the value is estimated up to \$100k.

³ A request for proposal ("RFP") is a formal request for price and availability of an item and/or service based on specified technical quality and commercial requirements where the value is estimated to be greater than \$100k.

1 ○ Single Source Process - exceptions to a competitive procurement process are
2 allowed when it is not possible and/or is impractical to obtain the required items or
3 services through normal competitive procurement methods. Exceptions must be
4 justified and prior approval from the appropriate purchasing authority (according
5 to the OAR) must be granted when a single source strategy is used.

- 6 • OPG's RFQ/RFP process requires that the evaluation criteria and weightings be
7 established by Supply Chain and the requisitioner/project manager in advance of
8 issuing the RFQ/RFP. The criteria, weightings and evaluation methodology (the
9 process used to assess, evaluate and score supplier proposal) are fully disclosed to
10 proponents in the RFQ/RFP and typically include the following:

- 11 ○ Mandatory requirements, which are criteria that are assessed on a pass/fail basis.
12 ○ Rated requirements, which include all weights and sub-weights and a description
13 of any short-listing processes including any minimum rated score requirements
14 and the role and weighting, if applicable, of reference checks, oral interviews,
15 demonstrations and site visits.
16 ○ Price/cost and a description of the evaluation methodology that may include the
17 use of scenarios to determine cost for specific volumes and service levels. The
18 evaluation of price/cost is only completed if mandatory and minimum rated
19 requirements are met.

- 20 • For services performed on OPG premises, potential suppliers are pre-qualified with
21 respect to safety performance.
22 • To ensure the integrity of the procurement process, Supply Chain acts as the single
23 point of contact with potential suppliers until the evaluation of proposals or quotations
24 is complete and a supplier has been selected. Initial purchase price is part of the total
25 lifecycle cost criteria used in evaluating proposals or quotations; however, when more
26 of the lifecycle cost of an item or service is known, the additional lifecycle cost
27 elements are included and evaluated through the process. Additionally, the relative
28 weighting of the selection criteria varies and there may be instances when the lowest
29 initial purchase price supplier is not selected.
30 • Negotiation and finalization of the purchase order and/or agreement terms is led by
31 Supply Chain with support from the requisitioner as required. An agreement and/or

1 purchase order is issued once Supply Chain receives a requisition approved by the
2 appropriate OAR authority. In some areas, master agreements have been developed
3 with certain suppliers to shorten the procurement time for services and items through
4 pre-negotiated terms, conditions and rates. In other areas, OPG has established
5 master agreements with more than one supplier for the same type of service under
6 similar terms and conditions. This creates a competitive environment where the
7 suppliers under the master agreement competitively bid on each work package, thus
8 ensuring OPG receives the best value.

- 9 • Once the supplier is awarded business, an OPG contract administrator monitors the
10 contract to ensure the supplier meets all contractual obligations, confirms receipt of
11 the item or service, and approves submitted invoices for payment. The performance
12 of the supplier is assessed by the contract administrator and Supply Chain and this
13 assessment is considered when selecting proponents for future work.
- 14 • The requisitioner notifies Supply Chain once the contract requirements are complete
15 and final payment has been made. The purchase order is subsequently closed out by
16 Supply Chain.

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18 This process is applicable throughout OPG; however, there are additional quality assurance
19 requirements in the nuclear procurement process.