# ADDENDUM TO REQUEST FOR PROPOSAL

**FOR MICROGRID FEASIBILITY STUDY**
**RFP NO # 2022-AF-04**
**TOWN OF FORT FRANCES**

**ADDENDUM # 1**

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The Corporation of the Town of Fort Frances hereby amends the Request for Proposal 2022-AF-04 for a Microgrid Feasibility Study in accordance with the Request for Proposal and the Procurement Policy 1.12. This Addendum hereby forms part of the RFP 2022-AF-04. The Purpose of this Addendum is to

1. Provide responses to questions received

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| Question 1 | Are bidders allowed to bid on selective pieces of the scope, or is it required to encompass the entire scope? |
| Answer 1 | The preference of the Town is to award the proposal to one (1) Proponent, however, partially scoped proposals may still be considered. The Town understands that proponents may not have the internal expertise to encompass the entire study scope and recommends that the proponent seek partnership(s) with relevant subject matter experts to allow for their proposal to address the entire scope of the study. |
| Question 2 | Does the Town have a vision for the duration of this project? I ask because this has the potential to be a very large project and I wouldn't want to be completely mis-aligned with your expectations. |

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| Answer 2 | The Town is anticipating the study period to be in the order of 12 months, depending on the level of resources proponents are capable of assigning to the study. |
| Question 3 | Do "Proponent" need to register or get approved as a vender by Town of FF prior to proposal submittal? If so what is the process? |
| Answer 3 | Proponents are not required to pre-register as a vendor. |
| Question 4 | Please provided information about proposal format, for example any page limit? Font size? Spacing between lines etc. |
| Answer 4 | There are no formal requirements regarding the format or structure of proposals. Proponents are encouraged to use easy to read fonts, such as "Arial", and to ensure that all text is legible. There is no page limit. Proponents are encouraged to present their responses in a succinct and easy to follow manner, clearly outlining how Proposal Requirements and Key Study Objectives are addressed. |
| Question 5 | Confirmation of the microgrid costing class is 4? |
| Answer 5 | Yes, class 4 (feasibility study estimates) costing is sufficient for the purposes of this study. |
| Question 6 | Page 10, section 1.c.i discusses the reuse of existing infrastructure such as gas line piping and transmission lines, can the FFPC confirm the ownership of all relevant assets? |
| Answer 6 | The former pulp and paper mill properties and assets including the 115 kV transmission circuits are owned by Ontario 2670568, The BMI Group. The high-pressure natural gas line that used to supply the Cogeneration and Biomass boiler facilities is owned by Centra Pipelines. |
| Question 7 | Page 10, bullet point 1.d discusses the use woody biomass. Does the township have any GHG targets to consider? |
| Answer 7 | The Town of Fort Frances currently does not have any formal GHG targets established, however, the Town is very interested in learning how GHG reduction through the use of biomass could lead to economic development opportunities. |
| Question 8 | Page 10, bullet point 3, discusses lowering local electricity rates. Please provide supporting information on the class/type of end customer should be considered? e.g. should it be just large / small industrial or commercial customers or residential? |
| Answer 8 | All existing and new commercial/industrial customers should be considered. The emphasis is on the Town leveraging a microgrid to attract new commercial and/or industrial customers through the offering of below market price electricity rates. The following table depicts Fort Frances Power Corporation's existing customer base: |

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| | <table><tr><th>Customer Class</th><th>Customer Count</th><th>% Volume of Sales</th></tr><tr><td>Residential</td><td>3,304</td><td>52%</td></tr><tr><td>General Service Under 50 kW</td><td>418</td><td>20%</td></tr><tr><td>General User Over 50 kW</td><td>45</td><td>28%</td></tr><tr><td>Large Industrial Over 5,000 kW</td><td>0</td><td>0%</td></tr></table><br><br>A unique opportunity exists in Fort Frances due to Fort Frances Power Corporation's not-for-profit business model.<br><br>The Fort Frances Power Corporation (FFPC) operates as a not-for-profit Local Distribution Company, one of the last in Ontario to operate under the principle of "power at cost". Under this model, increases in its volume of sales (increased distribution revenues) from economic development will result in downward pressure (lowering) of delivery related electricity charges across all consumer classes. FFPC does not pay shareholder dividends and retained earnings are returned to its customer base through the lowering of rates.<br><br>Residential and small business customers already enjoy the lowest rates of electricity in all of Ontario from being beneficiaries of a 1905 Historic Power Agreement that supplies 30% or 2.98 MW of electricity to the community at a 1905 rate. The agreement is administered via a Physical Bilateral Contract between the Town of Fort Frances and the owner of the local generating station. FFPC administers the agreements and eligible customers receive monthly and annual rebates on their bill in proportion to their electricity usage. Eligible customers essentially pay a blended commodity rate. An opportunity exists for the microgrid to supply the Town with its remaining 70% of commodity needs as well as load growth, perhaps under another Physical Bilateral Agreement with another generator. |
| Question 9 | Page 12, bullet point 21, asks for the determination of rate setting methodology. Please elaborate if the intention is to submit new rate index calculation to Ontario Energy Board? |
| Answer 9 | Page 12, bullet point #22 "Determine rate setting methodology, requirements, and alternatives."<br><br>The intention of this point is for the study to explore and determine how consumer rates for electricity would be set, and what rates would be, |

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| | under the various microgrid ownership, technology, and/or operating alternatives (models). Understanding which alternatives lead to the lowest possible rates for consumers and how this can be achieved is of particular interest.<br><br>For example, the Town owns an idled Ontario numbered company "Fort Frances Network Services Corporation." An option for powering the microgrid would be for the Town to establish a Municipally Owned Generating Company within Fort Frances Network Services and to generate its own supply of electricity, perhaps through natural gas fired turbines (Cogeneration). Rates could be set utilizing a "not-for-profit" rate setting methodology in this scenario. Understanding how this model compares to the Town acquiring its supply of generation from a Private Generator(s), such as Solar & Storage will be important.<br><br>Once the alternatives leading to the lowest possible rates to consumers have been established, the study needs to determine what the requirements would be for implementing the said solution. For example, to implement the Municipally Owned Generating Company solution, at a high-level requirements involve, Raising Capital, Establishing a Municipally Owned Generating Company, Obtaining an OEB Generator License, Becoming an IESO market Participant, etc. |
| Question 10 | Will successful proponent be excluded from detailed design phase or participating in future construction phase? |
| Answer 10 | The successful proponent will remain eligible to bid on any future RFPs issued by the Town of Fort Frances involving the deployment of a microgrid, such as the construction phase. |
| Question 11 | Can FFPC discuss the budget assigned to the project? |
| Answer 11 | The project budget amount for this study cannot be directly disclosed. This is a substantial study, possibly shaping the future wellbeing of the community, and the Town's intentions are to invest in the necessary costs required to complete a thorough, high quality study. |