



## ENERGY SERVICES ACQUISITION PROGRAM

# ESAP UPDATE

1 DECEMBER 2009 UPDATE #1

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### A Word from the Director

Welcome to ESAP Update #1 — our way of keeping you informed about the Energy Services Acquisition Program. You can expect to receive these updates approximately every six weeks. In this inaugural issue, we would like to introduce you to the **ESAP Team**; tell you about the **industry briefings** we held across Canada earlier this fall; share with you some of the **questions** we were asked at those briefings and fill you in on **what's next** for the team.

But first of all, I would like to take this opportunity to extend the condolences of the **ESAP team** to the family and colleagues of Peter Kennedy, the PWGSC employee who died as the result of an explosion at the Cliff Street Plant on October 19th. An investigation into that incident continues.

It's been eight months since I was asked to head up this program. Since then, the ESAP team has grown to include public servants and consultants who bring their passion and expertise to this very ambitious program. We've been asked to find a solution that will meet the federal government's evolving energy needs in the National Capital Area — a solution that is secure, reliable, sustainable, as well as environmentally and fiscally responsible. It's a tremendous challenge — but we're very excited about the opportunity to make Ottawa a greener capital city.

For those of you who may not be familiar with the program, a bit of context: Currently, PWGSC owns and operates seven plants that provide heating and cooling for more than 100 buildings in Ottawa and Gatineau. The technology has changed significantly in the decades since these plants were built. Energy production and distribution is a rapidly evolving sector featuring cutting edge technology. Some of the best examples of this new technology are district energy systems that use renewable fuels such as biomass, geothermal, and combined heat and power. These systems are already in place in communities across Canada.

We want to tap into that knowledge. That's the reason Public Works and Government Services Canada decided to launch a consultative process that includes a Request for Information. Part of that process involved a series of **industry briefings** held in cities across Canada.

At the briefing sessions, site visits were requested. We are not able to conduct site visits at this time, but plan to do so during later stages of the program.

I've been asked to be a panellist at the national conference of the Canadian Council for Public-Private Partnerships to be held in Toronto December 3 & 4. The topic: Market Sounding on Canadian Government Projects. The panel focuses on two projects: ESAP, of course, and the new \$880 million Communications Security Establishment Canada's Headquarters. CSEC's Project Leader, Robert Brûlé, will join me and industry representatives who have been asked to comment on the GC's strategies to encourage private sector involvement in these projects. More on that in the next ESAP Update.

We'd like you to use the ESAP Update as a means of staying in touch with us. You can email us at [ESAP.PASE@pwgsc-tpsgc.gc.ca](mailto:ESAP.PASE@pwgsc-tpsgc.gc.ca)

Simon Bernier  
Senior Director – ESAP

## The Industry Briefings

Members of the ESAP team travelled to six cities between September 18 and October 5, meeting with 112 representatives from the financial, engineering, construction and technology, energy and energy management, and infrastructure investment sectors.

Representatives from the following organizations attended the briefings:

AECOM	Gryphon International Engineering Services
Ameresco Inc.	H. H. Angus & Associates Ltd.
AON Insurance Brokers	Henderson LLP
ATCOSL	Hewitt Equipment Ltd.
Bouthillette Parizeau	Honeywell Solutions Bâtiments
CBCL Limited	Inflections Capital
Cogen Canada	Johnson Controls Building
Corix Utilities	Macquarie
Dalkia Canada Inc	Magnus
Deloitte	MCW
Dessau Inc	Morrison Hershfield Ltd.
Doherty Engineering Inc.	National Bank
Dunn Engineering	Nexterra
Dupras Ledoux Inc.	Norr Limited
East Port Properties	Northland Power Inc.
Ecosystem	OSI Soft
Energy Ottawa	Palmer Geo Associates
Enerworks	PPB
Enwave Energy Corporation	PricewaterhouseCoopers LLP
Finbarr McCarthy & Associates Inc.	Public Affairs and Community Engagement
Fort Chicago Energy Partners LP	SNC Lavalin ProFac Inc
FVB Energy	Stantec
GHD	Stikeman Elliott LLP
Golder Associates Ltd.	TransCanada
Gowling Lafleur	Wood Banani Bouthillette Parizeau
Groupe Simoneau	

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The 2½ week ESAP tour began in Toronto, and continued with presentations in Ottawa, Montreal, Vancouver, Calgary and Halifax.

The groups varied in number. Some of the briefings were rather intimate affairs; others had dozens of people in attendance.

We asked attendees to complete an exit questionnaire and the response was very positive overall. Comments included:

“Je félicite votre initiative d’acquisition d’info avant de prendre une orientation particulière. On voit une grande amélioration au niveau de la gestion”

“Très bonne présentation”

“Very good; great idea to consult before the RFP”

The ESAP presentation team consisted of [Simon Bernier](#), [Peter Neville](#) (Consultant), [Sham Madhok](#) (PricewaterhouseCoopers), [Michele McCutcheon](#) and [Daniel St-Arnaud](#) (Acquisitions). Communications consultant [Karen Flanagan McCarthy](#) moderated the sessions.

The most popular feature of the briefings was the question and answer session that followed the presentation. The discussions were wide-ranging and spirited. Each session was taped and the briefing attendees were promised that the questions asked would be summarized and presented (with answers, of course) on MERX.

The questions fell into three categories:

- Business-deal related questions:
  - The degree of flexibility available to structure the deal and what options PWGSC would consider for business arrangements and assets and functions that might or might not be included
  - Risk tolerance
  - Financing
- Requirements:
  - Appetite for new technology
  - Expectations for the evolution in building demand – reductions from efficiencies vs. growth in new buildings
  - Security requirements the private sector would have to follow
- RFI Administration:
  - How one-on-one meetings will be set up
  - Future schedule of post-RFI activities (e.g., the timing of future solicitation processes)
  - How companies can participate in any future solicitation processes (potential RFQ or RFP)

There were also questions about the potential impact of an election on the program’s solicitation timeline, as well as union response to the launch of the ESAP program.

### On the Agenda...what’s next for the ESAP Team:

The Request for Information officially closed Monday, November 16. Fourteen companies responded. The ESAP team is now busy reviewing the submissions. Members of the task force will review the submissions with regard to their area of expertise, e.g., environmental services, corporate security and mechanical engineering.

The ESAP Team will meet with respondents who have requested individual meetings in December and January, to gain further insights into their responses.

Other team tasks include:

- development of a baseline cost model for the existing plants and infrastructure, and
- coordination of ESAP’s assessment of the condition of the plants alongside other health and safety review activities in light of the Cliff Street Plant incident.

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## Meet the team! These are the men and women of the Energy Services Acquisition Program.

### Simon Bernier

Simon Bernier is ESAP's Senior Director. A registered architect with more than 25 years experience developing creative solutions to meet government needs, he has a successful track record for delivering major projects on time and budget. As Senior Director, he is responsible for overseeing the program delivery. He is currently leading the feasibility study to transform the business model and renew the aging infrastructure that provides energy services to the government's building portfolio in the National Capital.

### Charles Bett

Charles Bett is a scheduling specialist consultant. He advises the Director on long-term strategic planning and scheduling of ESAP objectives, requirements and activities, to track progress/benchmarks and minimize slippage.

### Bruce Bingham

As a consultant with the ESAP team, Bruce Bingham provides strategic advice and guidance to help PWGSC move from service delivery to the acquisition of energy services. He is responsible for developing the business model (type of business relationship with third party) and business case (financial model). Bruce works closely with other consultants and subject matter experts to move the program forward.

### Ralph Collins

Ralph Collins is Director General of the Special Initiatives Sector/Real Property Branch. ESAP is a program of the SIS.

### Stacey Demay

As Strategic Advisor to the Director, Stacey Demay is responsible for the strategic integration of the various program elements. She also supports activities related to the master schedule and to communications and engagement.

### Karen Flanagan McCarthy

Karen Flanagan McCarthy is a communications consultant who established her own company after a 20-year career with the CBC. She has been involved in implementing marketing and communications plans and strategies for dozens of federal government departments and organizations. She has delivered media relations training for clients across Canada, in the U.S., Europe and Africa. She currently teaches communications at the Canada School of Public Service.

### Joseph Greer

As ESAP's Program Logistics Officer, Joseph is responsible for the general administration of the program's extensive records and activities, including the cross country industry briefings held this fall. He is a graduate of Brock University with degrees in biology and environmental science. Previous positions within his fields of expertise include working with PWGSC as an environmental specialist; with the technical component of west Nile virus suppression and as an environmental program coordinator for a non profit organization.

### Richard Hart

Richard Hart is a risk management consultant. He is an advisor to the Director in matters related to risks (real and potential) associated with the ESAP program.

### Leslie MacDonald

Leslie MacDonald is the Executive Assistant to the Director and an invaluable ESAP Team member. She is responsible for ESAP administration and for making sure that everything runs smoothly. She has been with the program since its beginning, having brought a wealth of experience with her from her previous position as an EA at Correctional Services Canada.

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### Sham Madhok

Sham Madhok is the Managing Director and Leader of Price Waterhouse Cooper's Federal Government and Ottawa Infrastructure and Project Finance practice. She has more than 20 years business experience and 12 years global project finance experience. Sham has advised on more than 18 projects with a capital value of over \$10 Billion in the UK, US, Canada, Mexico and Bermuda and has extensive experience in delivering large complex transactions and is the deal advisor on ESAP.

### Michele McCutcheon

Michele McCutcheon is a supply team leader in the Business Management and Consulting Division of the Acquisitions Branch at Public Works and Government Services Canada. She has 8 years experience in federal government procurement, at both Health Canada and PWGSC. Michele currently manages a portfolio of 21 Contracts and Standing Offers for a total value of \$1.2 billion.

### Peter Neville

Peter Neville is a senior consultant with more than 20 years experience leading business transformation initiatives. As a member of the ESAP team, he provides executives with advice about establishing an overarching energy strategy for PWGSC's National Capital Area and for portfolio management of infrastructure investments. A strong advocate of strategic partnering and shared services, he has helped public and private sector clients meet their goals through effective procurement and service delivery realignment.

### Bernard Rochon

As head of the team's Engagement & Communications Working Group, Bernard Rochon works closely with ESAP's Director, Strategic Advisor and Corporate Communications to implement the ESAP Communications Strategy developed in collaboration with stakeholders and communications consultants. On behalf of ESAP team members, Bernard engages internal and external stakeholders and subject matter experts as required.

### Nathan Stevens

Nathan is the Assistant Project Manager for the Energy Services Acquisition Program, providing a wide range of technical and project-related support to the team. He is a consultant with MHPM Project Managers Inc. and has two years of project management experience with Public Works and Government Services Canada and one year with the Department of Foreign Affairs and International Trade. He graduated from Carleton University with a bachelor's degree in Mechanical Engineering and is a LEED AP.

### Roberta Walker

Roberta Walker is a communications consultant with the ESAP team. She is an award-winning journalist whose work has appeared in magazines and newspapers across Canada. She is a regular contributor to the CBC One radio program, The Current. She specializes in strategic planning, crisis communications, target audience analysis and helping clients create effective communications initiatives. Her clients include government departments, environmental groups, high tech companies and NGOs.

### Michael Wiggin

Michael Wiggin is a senior engineer on assignment from Natural Resources Canada, where he was Director, Technology Planning and Integration. He was seconded to PWGSC's Office of Greening Government Operations (OGGO) and represents OGGO on the ESAP Team. A founding member and current Board Member of the Canadian District Energy Association (CDEA), he is also a former Board Member of the US-based International District Energy Association (IDEA). Michael was Canadian representative on the Executive Committee for the International Energy Agency Implementing Agreement on district heating and cooling research from 1984 to 2001 and Chair of that group from 1994 to 2000.

### Contact us

We'd like to hear what you think of this first of a series of regular updates about ESAP. Send us your ideas, questions and observations by email at [ESAP.PASE@pwgsc-tpsgc.gc.ca](mailto:ESAP.PASE@pwgsc-tpsgc.gc.ca)

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