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VIA E-MAIL

Our File: 58880.004
Your File: Unknown

January 6, 2011

Dan Doyle
Chair of the Executive Project Board
Smart Metering Project

Dear Mr. Doyle:

**Re: Fairness Monitor Report to Conclusion of Recommendation of Preferred Proponent
Smart Metering RFP No. 4401
BC Hydro Smart Metering Infrastructure Project**

I was appointed by BC Hydro as Fairness Monitor to act as independent observer of the fairness of the implementation of the procurement process up to the selection of a preferred proponent for BC Hydro's Smart Metering System RFP No. 4401. My appointment involved not only monitoring all activities relating to this procurement, but also being available for consultation by either BC Hydro or any of the proponents during the course of the procurement process. This report summarizes my involvement and provides my opinion on the fairness of the process followed.

The procurement process followed in this instance involved both an initial proposal, which resulted in a short list of three proponents being invited to make final submissions in the final proposal phase. The initial proposal phase involved issuance of a request for proposals, an information session for proponents, in-person proponent question and answer sessions, submission and evaluation of interim financial capacity and preliminary relationship disclosure forms. These steps preceded the submission of formal proposals and the short listing of proponents.

In the initial proposal phase my activities included reviewing all of the documentation relevant to the procurement process, meeting with representatives of BC Hydro and Partnerships BC to review various fairness matters which were raised from time to time during the course of the process. Additionally, I was copied with numerous emails exchanged between and amongst BC Hydro, PartnershipsBC and the proponents.

The final proposal phase involved interactive sessions with each of the three listed proponents over a period of three days in November 2010.

In preparation for the formal evaluation of the proposals received, the Evaluation Committee met with subject matter experts and those meetings were monitored by me or by my alternate, Stephen Berezowskyj.

The final evaluation meeting of the three short-listed proponents was held on December 22, 2010. I attended this meeting and observed the formal evaluation of each of the proposals.

In my role as Fairness Monitor I was mindful at each stage of this process that the principles of fairness in procurement be followed to the letter. This included my assessment of whether the terms and conditions of RFP 4401 were adhered to throughout, whether the process was transparent and conducted without any favour or bias towards any proponent, and that all proponents were treated in a consistent and equal manner, whether in formal evaluation of the proposals received or in addressing various issues which arose from time to time during the course of the RFP process.

At the end of the day I found the entirety of the procurement process for RFP 4401 to be a fair process and that there was a keen awareness on the part of all parties, including BC Hydro, PartnershipsBC and the proponents, of the need to abide by the terms and conditions of the RFP and to assure fairness at every turn. The task of administering the entire process, conducted under the watchful and skilful eye of Mark Liedemann of PartnershipsBC, and the process of analyzing and evaluating the proposals, involving multiple subject matter experts and evaluators from BC Hydro, was monumental. All those involved, including the proponents, are to be commended on the very concerted and professional effort put forward to make this process a success.

In the result, it is my view that the procurement process adopted and followed in the case of RFP 4401 was fair in every aspect.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, sweeping oval shape followed by several smaller, more intricate loops and flourishes.

John R. Singleton, Q.C.
Fairness Monitor