

1 **Q.** (Reference Application Schedule B, Customer Service System Replacement, page 93  
2 of 99) It is stated:

3  
4 *“The Company has contracted a third-party procurement advisor for this project. The  
5 procurement advisor will assist in undertaking a competitive Request for Proposals  
6 process by: (i) developing functional and technical specifications for the replacement  
7 system; (ii) providing best practices in evaluating vendors’ proposals; and (iii) providing  
8 industry expertise during contract negotiations. The use of a procurement advisor will  
9 reduce execution risks for this once-in-a-generation project.*

10 *The Company will complete procurement in 2 phases. The first phase will focus on  
11 procuring a commercial solution from an established software vendor. The second phase  
12 will focus on contracting a third-party system integrator to provide the technical  
13 expertise required to implement the solution. A 2-phase procurement approach is  
14 consistent with industry best practice.”*

15  
16 a) Please provide the current schedule for the CSS replacement project along with a  
17 detailed budget. Has the schedule and/or budget been impacted by delays in the  
18 approval of this project?

19 b) Are there 3 competitive procurements associated with this project including  
20 contracting for: 1) a procurement advisor, 2) a software vendor, and 3) a system  
21 integrator?

22 c) Please provide details of the recently concluded selection process for the  
23 procurement advisor including schedule, type of procurement, number of bidders,  
24 winning bidder, and the amount to be paid to the winning bidder.

25 d) Please provide the scope of work and schedule for the services to be provided by  
26 the procurement advisor.

27 e) What project execution risks will the procurement advisor reduce or eliminate for  
28 this once-in-a-generation project?

29 f) Please provide specific clauses in the contract that assign project execution risks  
30 to the procurement advisor.

31 g) Will the winning bidder of the procurement advisor project be allowed to bid on  
32 the system integrator project?  
33

34 A. a) The schedule and detailed budget for the CSS Replacement Project were provided as  
35 part of Newfoundland Power’s 2021 Capital Budget Application.<sup>1</sup> This project was  
36 approved by the Board in Order No. P.U. 12 (2021). In that order, the Board stated  
37 that the “evidence demonstrates that the scope, duration and estimated costs of the  
38 proposed CSS Project are consistent with current industry guidance.”<sup>2</sup>  
39

40 To date, there have been no updates to the schedule or budget for the CSS  
41 Replacement Project.<sup>3</sup> Newfoundland Power expects that an updated schedule for the  
42 CSS Replacement Project will be developed once contracts have been awarded for

<sup>1</sup> See the 2021 Capital Budget Application, Volume 1, Customer Service Continuity Plan.

<sup>2</sup> See Order No. P.U. 12 (2021), page 10.

<sup>3</sup> See the 2022 Capital Budget Application, 2021 Capital Expenditure Status Report, page 11 of 13.

1 software and system integration services. Any variances from budget will be detailed  
2 as part of Newfoundland Power’s annual Capital Expenditure Report.<sup>4</sup> This approach  
3 is consistent with Order No. P.U. 12 (2021).<sup>5</sup>  
4

- 5 b) Yes, there will be 3 competitive processes to procure the services of a procurement  
6 advisor, software, and the services of a system integrator.  
7
- 8 c) The procurement advisor was selected through a competitive Request for Proposals  
9 (“RFP”) process. Proposals were received from 5 bidders. Gartner Inc. was selected  
10 as the winning bidder. The contract was signed on April 29, 2021. The value of the  
11 contract with Gartner Inc. is \$520,000 excluding HST.  
12
- 13 d) The scope of work for the procurement advisor includes:  
14
- 15 (i) Develop RFPs, and provide expertise to detail functional and technical  
16 requirements to be included in the RFPs;
  - 17 (ii) Include integration and data conversion considerations into the RFPs to ensure  
18 full end-to-end solution requirements are included;
  - 19 (iii) Provide information and expertise for a functional and technical architecture  
20 evaluation (benefits and risks);
  - 21 (iv) Facilitate responses to vendor questions and reference checks;
  - 22 (v) Manage vendor and system integrator demonstration/workshops/oral  
23 presentations;
  - 24 (vi) Provide expertise with the analysis and assessment of RFP responses and  
25 pricing through the provision of structured and balanced evaluation and  
26 scoring processes and templates; and
  - 27 (vii) Provide general expertise and assistance with contract and price negotiations  
28 with software vendors and system integrators in accordance with utility  
29 industry best practices.  
30

31 The scope of work for the procurement advisor is scheduled to be completed over  
32 approximately 9 months. The RFP and evaluation of software solutions is scheduled  
33 to be completed by month 5. The RFP and evaluation of system integrator services is  
34 scheduled to be completed by month 9. Contracts are scheduled to be awarded for  
35 both software and system integrator services by month 9.  
36

- 37 e) As outlined in part d, the procurement advisor will ensure comprehensive technical  
38 information is included in the RFPs for software and system integrator services. The

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<sup>4</sup> Section C of the *Capital Budget Application Guidelines* requires Newfoundland Power to file a report by March 1 of each year on annual capital expenditures to December 31 of the previous year, including detailed explanations of any variances that exceed both \$100,000 and 10%.

<sup>5</sup> Order No. P.U. 12 (2021) requires that Newfoundland Power report on the progress of the CSS Replacement Project as part of the Company’s annual capital expenditure reports and as well in the capital expenditure status report filed with each annual capital budget application.

- 1 procurement advisor will also apply their expertise and industry best practices in  
2 evaluating vendors' proposals and during vendor contract negotiations.  
3
- 4 The development of comprehensive RFPs and the completion of thorough vendor  
5 evaluations and negotiations will mitigate project execution risks by helping to ensure  
6 Newfoundland Power's requirements are fully understood and can be delivered on  
7 schedule and on budget.  
8
- 9 f) There are no specific clauses in the contract that assign project execution risks to the  
10 procurement advisor.  
11
- 12 Project execution risks will be mitigated via the scope of work assigned to the  
13 procurement advisor. See part d).  
14
- 15 g) No, Gartner Inc. will not be allowed to bid on the system integrator project.