OPG PROCUREMENT PROCESS

1.0 PURPOSE
The purpose of this exhibit is to provide an overview of OPG’s procurement process which is applicable to the regulated hydroelectric and nuclear businesses as well as OPG corporate. This information is provided in support of the OM&A purchased services information presented for each of Regulated Hydroelectric (Ex. F1-T5-S1), Nuclear (Ex. F2-T6-S1), and Corporate (Ex. F3-T5-S2).

2.0 OVERVIEW OF PROCUREMENT PROCESS
OPG’s procurement process is conducted as follows:

• Need for a service or item is identified and a requisition is created and approved by the appropriate requisitioning authority per OPG’s Organizational Authority Register.

• If no existing agreement is in place which can satisfy the need for a service or item, the procurement business units of nuclear, hydroelectric or corporate, as applicable (collectively referred to as Supply Chain), in consultation with the requisitioner, seeks quotations or proposals from at least two competitive sources. The exception to this is when a single source strategy is used.

• Single source strategy is used when it is not possible and/or is impractical to obtain the required items or service through normal competitive procurement methods. Approval by the appropriate purchasing authority (according to OPG’s Organizational Authority Register) must be sought when single source strategy is used.

1 This process applies to the acquisition of services or items above a threshold value of $10,000. Below this threshold value, purchasing authority is delegated to the businesses through the use of a purchasing card.

2 An 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 An request for proposal ("RFP") is a formal request for price and availability of an item and/or service based on specified technical and commercial requirements where the value is estimated to be greater than $100K.
• When soliciting competitive quotations or proposals, Supply Chain prepares a list of selection criteria, against which proposals/quotations are evaluated for awarding of the contract.

• For services performed on OPG premises, potential suppliers are pre-qualified with respect to safety performance.

• To ensure the integrity of the procurement process, Supply Chain acts as the single point of contact with potential suppliers until evaluation of proposals or quotations is complete and a supplier has been selected. The requisitioner is responsible for technical evaluation and Supply Chain for commercial evaluation of quotations and proposals. Cost is one of the criteria used in evaluating proposals or quotations; however, the relative weighting of the selection criteria varies and there may be instances when the lowest cost supplier is not selected on the basis of other criteria (e.g., delivery) being more important given the nature of the work to be undertaken. Evaluation of the selection criteria is properly documented and the selection of a supplier that is not the lowest cost supplier would be appropriately documented as well.

• Purchasing authority has been delegated to Supply Chain.

• Negotiation and finalization of the purchase order and/or agreement terms is performed jointly by Supply Chain and the requisitioner. A purchase order and/or agreement will be issued upon Supply Chain receiving a requisition approved by the appropriate organizational authority register authority. In some areas, master agreements have been developed with certain suppliers to shorten the procurement cycle time for services and items through pre-negotiated terms, conditions and rates. In other areas, OPG has established master agreements with more than one supplier for the same type of service under similar terms and conditions to create a competitive environment whereby the suppliers under the master agreement competitively bid thus ensuring OPG receives the best value.

• Once the supplier is awarded business, an OPG Contract Administrator monitors the contract to ensure the supplier meets all contractual obligations. The performance of the supplier is assessed by the Contract Administrator and Supply Chain and consideration is given to this when selecting proponents for future work. Supply Chain manages data on the performance of suppliers, including supplier scorecards. Any observations regarding
the supplier’s unsatisfactory execution of their obligations by the requisitioner is recorded and communicated to Supply Chain for appropriate action.

- The requisitioner notifies Supply Chain once the contract requirements are complete and final payment has been made. The purchase order is subsequently closed out by Supply Chain.

- This process is broadly applicable to both the Nuclear and Hydroelectric businesses, as well as Corporate; however, there are additional quality assurance requirements which are part of the Nuclear procurement process.