

## **MASTER SERVICES AGREEMENT**

**THIS AGREEMENT** made this 20<sup>th</sup> day of January, 2007

**BETWEEN:**

**ENERGY OTTAWA INC.**  
("Energy Ottawa")

**AND**

**CITY OF OTTAWA**  
(the "City")

**WHEREAS:**

- (a) Energy Ottawa is a wholly-owned subsidiary of Hydro Ottawa Holding Inc., whose sole shareholder is the City of Ottawa;
- (b) Energy Ottawa is a diversified and innovative energy company that offers an extensive range of energy production, procurement and management services;
- (c) The City is actively engaged in the procurement and management of energy relating to City-owned and operated facilities;
- (d) The City desires to obtain energy production, procurement and management services from Energy Ottawa and Energy Ottawa has agreed to provide them pursuant to the terms and conditions of this Agreement; and
- (e) City of Ottawa Council ("Council") approved Energy Ottawa as its preferred provider of energy production, procurement and management services on June 14, 2006.

**NOW THEREFORE** in consideration of the premises and the mutual covenants and agreements herein, the parties hereto hereby covenant and agree as follows:

### **1. INTERPRETATION**

- 1.1 The terms "hereof", "hereunder", "herewith", "herein", "this Agreement" and similar terms refer to this Master Services Agreement and not to any particular section, paragraph or subparagraph or other portion hereof. Where reference is made herein to a section, paragraph or subparagraph, reference is to a section,

paragraph or subparagraph of this Master Services Agreement unless otherwise specified. Words importing the singular number shall include the plural and vice versa. The division of this Master Services Agreement into sections, paragraphs, and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect its construction or interpretation.

- 1.2 “Affiliate(s)” means, with respect to any party, (i) any legal entity of which the securities or other ownership interests representing fifty per cent (50%) or more of the equity or fifty percent (50%) or more of the ordinary voting power or fifty percent (50%) or more of the general partnership interest are, at the time such determination is being made, owned, Controlled or held, directly or indirectly, by such legal entity, or (ii) any legal entity which, at the time such determination is being made, is Controlling or under common Control with, such legal entity. As used herein, the term “Control”, whether used as a noun or verb, refers to the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of a legal entity, whether through the ownership of voting securities, by contract or otherwise.
- 1.3 “Representatives” in reference to any party, means the party’s directors, officers, employees, agents and contractors, the party’s Affiliates, and all such Affiliates’ respective directors, officers, employees, agents and contractors.
- 1.4 The following Schedules are annexed to this Agreement and are incorporated by reference and deemed to be a part hereof:

Schedule “A” – Energy Services Proposal for City of Ottawa by Energy Ottawa  
Schedule “B” – Functional Descriptions for Energy Ottawa Resources  
Schedule “C” – Statement of Work  
Schedule “D” – Work Order  
Schedule “E” – Rates for Energy Ottawa Resources

## **2. SERVICES**

- 2.1 During the term of this Agreement, Energy Ottawa agrees to provide the City with professional consulting services, turnkey solutions (using Energy Ottawa’s “turnkey implementation model”), and electrical power (the “Services”) in accordance with the terms and conditions of this Agreement and the Work Order. The Services, which are further described in Schedule “A”, shall include design, tendering, engineering, construction and commissioning services, as well as complete project coordination and management. The Services will be provided on an “as and when requested” basis.
- 2.2 Energy Ottawa shall implement and follow the Hydro Ottawa Interim Procurement Policy (Policy # SUP1-002) and any subsequently amended version thereof, whenever procuring any goods or services relating to the provision of the Services.

- 2.3 Energy Ottawa acknowledges and agrees that it does not have an exclusive right to provide energy production, procurement and management services to the City during the term of this Agreement. Notwithstanding the foregoing, the parties acknowledge that Energy Ottawa is the City's preferred supplier with respect to the Services.

3. **PROJECT ORGANIZATION**

- 3.1 The Project Authority shall be the Manager, Design and Construction Division, unless otherwise delegated pursuant to the provisions of the City's Purchasing By-law.
- 3.2 The City's Project Manager shall be as assigned by the Project Authority.
- 3.3 When requested by the City, Energy Ottawa agrees to provide the resources identified in Schedule "B" of this Agreement (hereinafter referred to as the "Resources") to an Assignment as required in accordance with the functional descriptions contained in Schedule "B".

4. **STATEMENT OF WORK AND WORK ORDERS**

- 4.1 In order to initiate a request to provide specific services, the City Project Manager shall complete a statement of work in the form attached as Schedule "C" (hereinafter referred to as the "Statement of Work") identifying the nature of the Assignment, the skill sets required from Energy Ottawa, the duration the resource will be required, the City resources to be available, if applicable, the deliverables, the method of payment, and any special conditions related to the Services.
- 4.2 Energy Ottawa shall then complete a work order in the form attached as Schedule "D" (hereinafter referred to as the "Work Order") in response to the Statement of Work and submit the Work Order to the City Project Manager. A Work Order shall provide a detailed description of the Services to be provided by Energy Ottawa and related activities to be performed by Energy Ottawa, the required delivery or performance schedule, the Resources that match the skill sets identified, an estimate of the total number of days by resource requirement (if hourly charge rate method of payment), the associated estimated funding requirement and pre-authorized expenses (if hourly charge rate method of payment or Cost of the Services plus method of payment) and any acceptance criteria or procedures.
- 4.3 The City Project Manager will review the Work Order, and if acceptable, a written authorization to proceed will be issued by the Project Authority. Such written authorization shall be in the form of a Purchase Order.

- 4.4 Where after a period of negotiation, the City Project Manager, acting reasonably, determines that Energy Ottawa cannot perform the Services within the scope of the terms and conditions identified in the Statement of Work, the City Project Manager, at his or her sole option, may terminate negotiations to complete a Work Order.
- 4.5 Energy Ottawa shall not commence work until the City Project Manager has issued a Purchase Order.
- 4.6 The deliverables as described in the Work Order will be accepted by the City when they are in accordance with the acceptance criteria or procedures specified in the Statement of Work.
- 4.7 The parties acknowledge and agree that a Statement of Work and an associated Work Order shall be incorporated into and form part of this Agreement upon execution of the Work Order by the parties and the issuance of a Purchase Order by the City Project Manager.
- 4.8 The City, through the Project Authority, may from time to time request changes in the scope of the Services to be performed under a Work Order that has been previously authorized by the City. These changes, to be effective, must be in writing and agreed to by Energy Ottawa. If any of these changes result in an increase or decrease in the applicable charges as determined by section 5 of this Agreement and hereinafter referred to as the “Applicable Charges” or the estimate contained in the Work Order, the Purchase Order shall be amended to reflect the changes and the increase or decrease, as the case may be, in the Applicable Charges or estimate.

## **5. METHOD OF PAYMENT**

The charges (the “Applicable Charges”) payable by the City for the performance of a Work Order under this Agreement shall be determined in accordance with the following terms and conditions:

- 5.1 There are three methods of payment available under this Agreement. The appropriate method of payment will be determined at the time the Work Order is submitted. The methods of payment are:
- (a) hourly charge rates, exclusive of GST, in accordance with the rates contained in Schedule “E”;
  - (b) “Cost of the Services plus”, which shall be payable in accordance with the payment schedule set out in the Work Order; or
  - (c) fixed price, which includes all applicable taxes except GST.
- 5.2 “Cost of the Services plus” is equal to the Cost of the Services, as set out in subsection 5.3, plus 10% of the Cost of the Services for project management

services. To this new total, an additional fee of 10% is added for Energy Ottawa's profit and overhead.

5.3 Cost of the Services shall include:

- (a) the cost of materials, supplies, equipment, temporary services and facilities including transportation and maintenance thereof, which are consumed in the performance of the Services;
- (b) the cost of all tools, machinery and equipment used in the performance of the Services, whether rented from or provided by Energy Ottawa or others, including installation, minor repairs and replacements, dismantling, removal, transportation and delivery cost thereof;
- (c) the amounts of all contracts or written agreements with subcontractors and suppliers and the costs to Energy Ottawa that result from any subcontractors or supplier's insolvency or failure to perform;
- (d) the cost of quality assurance such as independent inspection and testing services;
- (e) charges levied by authorities having jurisdiction with respect to the Services;
- (f) royalties, patent license fees, and damages for infringement of patents and cost of defending suits therefor subject always to Energy Ottawa's obligations to indemnify the City as provided in Section 12 of this Agreement;
- (g) all taxes and duties for which Energy Ottawa is liable in relation to the performance of the Services; and
- (h) the cost of auditing when requested by the City.

5.4 Energy Ottawa will submit invoices of all Applicable Charges accompanied by copies of approved timesheets, if applicable, in respect of the Services performed under a Work Order on a monthly basis within twenty (20) days of the end of the month, and the City shall verify the validity of the Applicable Charges. The City shall pay each invoice within thirty (30) days following the date on which the invoice is received.

5.5 The City shall pay 90% of the invoiced amount, submitted by Energy Ottawa to the City, prior to substantial performance and not more frequently than monthly for completed portions of the Services performed. The City shall pay Energy Ottawa the remaining 10% of the invoiced amount held back pursuant to the *Construction Lien Act* within a reasonable time after the expiration of the applicable lien period following the date of publication of the Certificate of Substantial Performance, provided no claims are outstanding pursuant to the *Construction Lien Act* and the Services have been performed to the satisfaction of the Project Authority. Energy Ottawa shall submit to the City, at the second and each subsequent progress payment claim, a Statutory Declaration indicating that the persons, organizations, suppliers and sub-trades required to be paid, have been paid. When applying for release of the holdback, Energy Ottawa shall submit to the City the Statutory Declaration, a Certificate of Substantial Performance and acceptable evidence of publication of the Certificate of Substantial Performance.

- 5.6 Energy Ottawa shall keep proper accounts and records of the cost to the City of the Services provided and of all travel and out of pocket expenses incurred by Energy Ottawa in connection therewith, and shall keep all invoices, receipts and vouchers relating thereto.
- 5.7 Records relating to the time charged against the Assignment by specific individuals and any reimbursable expenses shall at all times during the term of this Agreement be open to audit, inspection and examination by authorized representatives of the City, upon one day's prior written notice and during Energy Ottawa's normal business hours, and the City may make copies and take extracts thereof. Such copies may be maintained by the City in accordance with the City's Records Management Policy and Records Retention and Disposition By-law 2003-527.

## **6. REIMBURSABLE EXPENSES**

- 6.1 In addition to the Applicable Charges, Energy Ottawa shall be reimbursed at cost for all reasonable and proper expenses incurred in connection with the performance of the Services without any allowance thereon for overhead and/or profit. Such expenses shall be invoiced to and paid by the City in accordance with section 5. Invoices for such expenses shall be supported by copies of all applicable vouchers and receipts. The following expenses shall not be reimbursable:
- (a) communication expenses including facsimile, local phone and cellular charges;
  - (b) standard PC or computer-aided design and drafting equipment (excluding specialized equipment or software as identified in Energy Ottawa's service proposal found in Schedule "A");
  - (c) travel and living expenses unless approved by the City in advance.
- 6.2 In the case of approved travel and living expenses, Energy Ottawa shall be reimbursed for reasonable and proper expenses incurred by persons directly engaged in the performance of the Services, at cost and without any allowances thereon for overhead and/or profit. Such travel and living expenses are not to exceed the monetary limits outlined in the City's travel and expenditure policies for professional staff in effect at time of travel.

## **7. TERM**

This Agreement will remain in effect for a period of two (2) years from the date of signing (the "Term"). The Term will automatically renew, under the same terms and conditions unless the parties otherwise agree, for consecutive renewal terms of two years each unless either party notifies the other party in writing of its intention not to renew any such Term at least ninety (90) days prior to the end of the Term or any renewal thereof, as the case may be.

## 8. INSURANCE

8.1 Without restricting the generality of the indemnification provisions found in section 11, Energy Ottawa shall, during the term of this Agreement, provide, maintain and pay for:

- (a) Commercial General Liability Insurance with limits of not less than Two Million Dollars (\$2,000,000.00) inclusive per occurrence for bodily injury, death and damage to property including loss of use thereof. Such insurance coverage shall be in the name of Energy Ottawa and shall name the City of Ottawa as an additional insured thereunder. Such insurance shall contain an endorsement to provide the City with thirty (30) days written notice of cancellation.

The Commercial General Liability Insurance shall include coverage for:

- (i) premises and operations liability
  - (ii) products or completed operations liability
  - (iii) blanket contractual liability
  - (iv) cross liability
  - (v) severability of interest clause
  - (vi) contingent employers liability
  - (vii) personal injury liability
  - (viii) owner's and contractor's protective coverage
  - (ix) liability with respect to non-owned licensed motor vehicles
- (b) Automobile Liability Insurance for owned/leased licensed vehicles with limits of not less than Two Million Dollars (\$2,000,000.00) inclusive per occurrence for bodily injury, death and damage to property; and
  - (c) Professional Liability Insurance with a policy limit for each single claim of not less than One Million Dollars (\$1,000,000.00). Such insurance shall insure against any claims for damages arising out of or by reason of any acts, errors and omissions arising directly or indirectly from the performance of Energy Ottawa of its obligations pursuant to this Agreement.

8.2 Energy Ottawa shall provide the City with proof, in a form satisfactory to the City, of the insurance required under this section prior to the performance of the Services.

8.3 As determined by the City, Energy Ottawa may be required to provide and maintain additional insurance coverage that relates to the obligations of Energy Ottawa under this Agreement.

8.4 All the above insurance policies shall contain an endorsement to provide all Named Insureds and Additional Insureds with thirty (30) days prior written notice of cancellation in whole or in part.

9. **OCCUPATIONAL HEALTH AND SAFETY ACT**

Energy Ottawa agrees to comply with the *Occupational Health and Safety Act*, R.S.O 1990, c.01, as amended and the regulations made thereunder (the "Act") in connection with the provision of the Services under this Agreement. Energy Ottawa shall also ensure that all subcontractors comply with the Act. If the City or any of its employees, officers, managers or directors is made a party to any proceeding arising as the result of a violation by Energy Ottawa or any subcontractors of the Act, Energy Ottawa agrees notwithstanding any other provision of this Agreement, to indemnify and save harmless the City and such persons from any and all charges, fines, penalties, and costs that may be incurred or paid by the City or such persons as the result of such violation.

10. **WORKPLACE SAFETY AND INSURANCE BOARD**

10.1 Energy Ottawa shall pay to the appropriate Board/Commission all assessments and levies related to workplace safety and insurance owing to the Board/Commission with respect to this Agreement and any unpaid levies or assessments shall be the sole responsibility of Energy Ottawa. Prior to commencing any Services pursuant to this Agreement, Energy Ottawa and its subcontractors shall provide evidence of compliance with the requirements of the Province of Ontario with respect to workplace safety and insurance.

10.2 At any time during the term of this Agreement, when requested by the City, Energy Ottawa shall provide evidence of compliance by itself and its subcontractors. Failure to provide satisfactory evidence in respect of workplace safety and insurance shall result in payment being held by the City until satisfactory evidence of compliance has been received by the City.

11. **INDEMNITY AGAINST THIRD-PARTY CLAIMS**

11.1 Energy Ottawa shall indemnify and save harmless the City from and against any and all claims, actions, losses, expenses, costs or damages of every nature and kind whatsoever which the City, its employees, officers or agents may suffer as a result of or arising out of:

- (a) any injury to persons (including injuries resulting in death) or loss of or damage to property of others which may be or be alleged to be caused by or suffered as a result of the performance or non-performance of the Services or any part thereof, and
- (b) any liens, attachments, charges or other encumbrances or claims upon or in respect of any materials, parts, work-in-process or finished work furnished to, or in respect of which any payment has been made by, the City;

provided that the City notifies Energy Ottawa immediately of any such claim, action, suit or other proceeding, but Energy Ottawa shall not be liable to indemnify or save harmless the City for payment of any settlement unless Energy Ottawa has consented to the settlement.

- 11.5 Notwithstanding the foregoing, Energy Ottawa shall not indemnify the City to the extent that the claims, actions, losses, expenses, costs or damages of every nature and kind whatsoever have been caused by the City.

## **12. ROYALTIES AND INFRINGEMENT**

- 12.1 In this section, "Royalties" includes:

- (a) license fees and all other payments analogous to royalties for, and also claims for damages based upon, the use or infringement of any patent, registered industrial design, trade mark, copyrighted work, trade secret, or other intellectual property right; and
- (b) any costs or expenses incurred as a result of the exercise by any person of moral rights.

- 12.2 Energy Ottawa shall indemnify and save harmless the City and its employees and agents against any claim, action, suit or other proceeding for the payment of Royalties, that results from or is alleged to result from the carrying out of the Services or the use or disposal by the City of anything furnished by Energy Ottawa under this Agreement subject to the following:

- (i) the City notifies Energy Ottawa promptly in writing of such claim,
- (ii) the City gives Energy Ottawa the exclusive authority required to defend such claim,
- (iii) the City provides Energy Ottawa reasonable assistance in defending such claim, at Energy Ottawa's expense;
- (iv) the City does not settle or compromise such claim, action, suit or other proceeding, except with the prior written consent of Energy Ottawa.

- 12.3 For a claim or action of infringement, Energy Ottawa will, at its sole option and expense:

- (i) procure for the City the right to use the work product or materials;
- (ii) modify, amend or replace the work product or materials, provided they have substantially the same or comparable results; or
- (iii) provide to the City a full refund for the applicable work product or material.

- 12.4 The foregoing obligations of Energy Ottawa do not apply to the extent that the claim, action, suit or other proceeding arises as a result of modifications to the work product or materials that occur without Energy Ottawa's written authorization.

- 12.5 The City shall indemnify and save harmless Energy Ottawa and its employees and agents against any claim, action, suit or other proceeding for the payment of Royalties, that results from or is alleged to result from the use by Energy Ottawa, while performing the Services, of equipment, specifications or other information not prepared by Energy Ottawa and supplied to Energy Ottawa by or on behalf of

the City, provided that Energy Ottawa notifies the City immediately of any such claim, action, suit or other proceeding, but the City shall not be liable to indemnify or save harmless Energy Ottawa for payment of any settlement unless the City has consented to the settlement.

**13. WARRANTY**

- 13.1 Except for extended warranties as described in subsection 13.6, the warranty period under the Agreement shall be one year from the date of completion of a Service (the "Warranty Period").
- 13.2 Energy Ottawa shall be responsible for the proper performance of the Services to the extent that the Statement of Work and Work Order permit such performance.
- 13.3 The City shall promptly give Energy Ottawa notice in writing of observed defects and deficiencies which occur during the Warranty Period.
- 13.4 Subject to subsection 13.2, Energy Ottawa shall correct promptly, at Energy Ottawa's expense, defects or deficiencies in the Services which appear prior to and during the warranty periods specified in this Agreement.
- 13.5 Energy Ottawa shall correct or pay for damage resulting from corrections made under the requirements of subsection 13.4.
- 13.6 Energy Ottawa shall obtain from subcontractors and suppliers all warranties on purchased materials and services as are normal to the industry, for the maximum period available. Subcontractors and suppliers warranties extending beyond the one-year Warranty Period will be issued in favour of the City.

**14. DEFAULT BY ENERGY OTTAWA**

- 14.1 Where Energy Ottawa is in default in carrying out any material covenant or obligation under this Agreement and the default is not remedied within thirty (30) days after the City giving written notice of such default, the City may, upon giving written notice to Energy Ottawa, terminate for default the whole or any part of this Agreement, either immediately, or at the date specified in the notice.
- 14.2 Where Energy Ottawa becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or takes the benefit of any statute relating to bankrupt or insolvent debtors, or where a receiver is appointed under a debt instrument or a receiving order is made against Energy Ottawa, or an order is made or a resolution passed for the winding up of Energy Ottawa, the City may upon giving notice to Energy Ottawa, immediately terminate for default the whole or any part of this Agreement.
- 14.3 Upon the giving of a notice provided for in subsections 14.1 or 4.2, Energy Ottawa shall have no claim for further payment other than for work effort completed prior

to the date of termination, and Energy Ottawa shall be liable to the City for any losses and damages which may be suffered by the City by reason of the default or occurrence upon which the notice was based, including any increase in the cost incurred by the City in procuring the Services from another source. Energy Ottawa agrees to repay immediately to the City the portion of any advance payment that is unliquidated at the date of the termination. Nothing in this section affects any obligation of the City under the law to mitigate damages.

## **15. TERMINATION FOR CONVENIENCE**

- 15.1 Notwithstanding anything contained in this Agreement, the City may, at any time prior to the completion of the Services, terminate this Agreement as regards all or any part of the Services not completed by providing fifteen (15) days written notice to Energy Ottawa. Upon a termination notice being given, Energy Ottawa shall cease work in accordance with and to the extent specified in the notice, but shall proceed to complete such part or parts of the Services as are not affected by the termination notice. The City may, at any time or from time to time, give one or more additional termination notices with respect to any or all parts of the Services not terminated by any previous termination notice.
- 15.2 In the event of a termination notice being given pursuant to subsection (15.1), Energy Ottawa shall be entitled to be paid, to the extent that costs have been reasonably and properly incurred for purposes of performing the Services and to the extent that Energy Ottawa has not already been so paid or reimbursed by the City:
- (a) on the basis of the Work Order, for all Services provided on a time and materials basis, whether completed before, or after and in compliance with the instructions contained in, the termination notice;
  - (b) the cost to Energy Ottawa plus a fair and reasonable profit thereon, for all work terminated by the termination notice before completion;
  - (c) the amount of any capital expenditures actually incurred only if specifically authorized under the Agreement or approved in writing by the City Project Manager for the purpose of the Agreement, less any depreciation in respect thereof already taken into account in determining cost;
  - (d) all costs of and incidental to the termination of the Services or part thereof, including the cost of cancellation of obligations (for example, early termination fees charged by Energy Ottawa's subcontractors or suppliers) incurred by Energy Ottawa with respect to the terminated Services or part thereof, restocking fees, and the cost of preparation of necessary accounts and statements with respect to Services performed to the effective date of the termination and commitments made by Energy Ottawa with respect to the terminated portions of the Services.

- 15.3 Energy Ottawa shall have no claim for damages, compensation, loss of profit, allowance or otherwise by reason of, or directly or indirectly arising out of, any action taken or termination notice given by the City under this section, except to the extent that this section expressly provides.

**16. DEFAULT BY THE CITY**

Energy Ottawa may terminate this Agreement in respect of all or any of the Services by providing notice in writing to the City if the City is in breach of any material covenant or obligation, including, but not limited to payment for Services, under this Agreement and does not cure such breach within thirty (30) days of written notice thereof.

**17. NOTICE**

- 17.1 All notice, demand or communication required or permitted to be given by either party shall be in writing and shall be:

- (a) personally delivered to such party;
- (b) sent by prepaid overnight courier; or
- (c) sent by facsimile transmission or similar method of recorded communication.

- 17.2 Any notice, demand or other communication given pursuant to subsection 16.1 shall be delivered to the intended recipient to the address below:

Energy Ottawa Inc.

Greg Clarke  
Director, Energy Products and Services  
1145 Hunt Club Road, Suite 220  
Ottawa, Ontario, K1V 0T3  
Telephone: (613) 225-0418 ext. 7214  
Fax: (613) 225-0644

City of Ottawa

Robert Vaillancourt  
Manager, Design & Construction Division  
Real Property Asset Management  
100 Constellation Crescent, Room 992W  
Nepean, Ontario, K2G 6L8  
Telephone: (613) 580-2424 ext. 44254  
Fax: (613) 580-2653

- 17.3 Any such notice so given shall for all purposes be deemed to have been received by the party to whom it is directed on the date of actual receipt in the event of

personal delivery, or on the first business day in the City of Ottawa following transmission and confirmation of receipt in the event the message is sent by facsimile or by prepaid overnight courier. Either party may, by notice to the other party, change the contact and/or address for the provision of notice. A business day in the City of Ottawa shall be deemed to be any day other than a Saturday, Sunday, or statutory holiday in the Province of Ontario.

**18. RELATIONSHIP OF THE PARTIES**

The relationship of Energy Ottawa and the City established by this Agreement is that of independent contractors. Neither Energy Ottawa nor any of its personnel is engaged as an employee, servant or agent of the City.

**19. ASSIGNMENT**

Neither party to the Agreement shall assign the Agreement or a portion thereof without the written consent of the other, which consent shall not be unreasonably withheld.

**20. AMENDMENTS**

No amendment to this Agreement shall be binding unless it is incorporated into this Agreement by written amendment executed by the authorized representatives of the City and of Energy Ottawa.

**21. COMPLIANCE WITH APPLICABLE LAWS**

Energy Ottawa shall comply with all laws, regulations and statutes applicable to the performance of the Services under this Agreement.

**22. SUBCONTRACTING**

In any subcontract, Energy Ottawa shall, unless the City otherwise consents in writing, ensure that the subcontractor is bound by the terms and conditions of this Agreement.

**23. REPLACEMENT OF PERSONNEL**

The City Project Manager may request, for justifiable reasons, that Resources provided by Energy Ottawa be replaced. In this event, the City Project Manager will review the matter with the Project Authority. Energy Ottawa agrees that it will act reasonably and comply with any such request as expeditiously as possible. Any replacement of a Resource by Energy Ottawa shall have equal or superior skills to the qualifications of the Resource as identified on Schedule "B".

**24. TIME**

Time is of the essence in this Agreement, both parties acting reasonably.

**25. TITLE AND COPYRIGHT**

25.1 Except as otherwise provided in subsection 25.2, title to any documents or materials, including title to copyright, whether produced by Energy Ottawa or the City during the performance of the Services (the “Work”) shall vest in the City upon delivery and acceptance thereof by or on behalf of the City.

25.2 Upon any payment being made to Energy Ottawa in respect of the Work or any portion of the Work, either by way of progress payments or accountable advances or otherwise, title to the Work, including title to copyright, so paid for shall vest in and remain in the City unless already so vested under any other provision of this Agreement.

25.3 Notwithstanding any vesting of title referred to in this section and except as otherwise provided in this Agreement, the risk of loss or damage to the Work or part thereof so vested shall remain with Energy Ottawa until its delivery to the City in accordance with this Agreement.

25.4 Any vesting of title referred to in subsection 25.2 shall not constitute acceptance by the City of the Work or the Services and shall not relieve Energy Ottawa of its obligation to perform the Work and the Services in accordance with this Agreement.

25.5 Reproduction of any of the Work produced under this Agreement is prohibited without the express written permission of the City.

**26. CONFIDENTIAL INFORMATION**

26.1 For a period of two (2) years from the date of completion of the Services, each party agrees to (i) keep confidential all Confidential Information disclosed by the other party during the term of this Agreement and (ii) not to disclose any of such Confidential Information to any third party or any of its Representatives except to such of them to whom disclosure is necessary in connection with this Agreement and who have agreed to be bound by the obligations of confidentiality under this Agreement. “Confidential Information” means any proprietary ideas, plans and information, including without limitation, information of a technical or business nature (including without limitation, all trade-secrets, technology, financial information, intellectual property, any information relating to human resources matters, data, summaries, reports, the terms of this Agreement, or customer lists, whether oral or written and if written, however produced or reproduced) of a party or any of its Affiliates that is received by or otherwise disclosed by one party to the other party that is marked proprietary or confidential, or that would logically be considered proprietary or confidential under the circumstances of its

disclosure. In addition, no party shall directly or indirectly use to its own advantage any such Confidential Information. If this Agreement is terminated at any time, the parties agree that such Confidential Information provided and all copies thereof (excluding Confidential Information in oral form that has not been put into tangible form) will be immediately returned to the disclosing party or, at the disclosing party's option, destroyed. Notwithstanding the foregoing, the receiving party shall be entitled to keep, subject always to all the provisions of this Agreement, one copy of any notes, analyses, reports or other written material prepared by, or on behalf of, the receiving party that contain Confidential Information for its records. In the event of any destruction of Confidential Information as set forth above, the receiving party shall provide to the disclosing party, upon request, a certificate of one of its senior officers certifying such destruction.

- 26.2 Confidential Information shall not include information that: (a) is already known to the recipient at the time of disclosure; (b) is or becomes publicly known otherwise than by a breach of this Agreement by the receiving party or its Representatives or any third person to whom it discloses such Confidential Information; (c) is communicated to a third party with the express written consent of the disclosing party; (d) is independently developed by the recipient without the benefit of having received said confidential information; (e) is lawfully required to be disclosed, provided that, prior to making such disclosure, to the extent permitted by law, the recipient shall immediately give the disclosing party written notice and cooperate with the disclosing party in applying for an order to prohibit or restrict such disclosure and/or to assure confidential handling of such Confidential Information.
- 26.3 Each party shall be responsible for any breach of this Agreement by the party, its Affiliates, its Representatives and any person to whom it discloses any Confidential Information. Full and faithful performance by each of the parties hereto of all obligations under this Agreement is the essence of this Agreement. Each of the parties hereto acknowledges that monetary damages are not an adequate remedy for violations of the obligations of confidentiality under this Agreement and that any non-compliance or breach thereof shall result in irreparable harm to the disclosing party, and that in such event the disclosing party shall be entitled to equitable relief, including injunctive relief, without prejudice to any other remedies available to the said disclosing party.
- 26.4 The obligations of confidentiality herein shall survive the termination or expiry of this Agreement.

27. **CONFLICT OF INTEREST**

Energy Ottawa acknowledges that it has disclosed to the City any potential conflict of interest and at the time of execution of this Agreement no conflicts of interest exist. If during the term of this Agreement Energy Ottawa is retained by another client giving rise to a potential conflict of interest then Energy Ottawa

shall inform the City and if a significant conflict of interest is deemed to exist, at the option of the City, Energy Ottawa shall refuse the new Assignment or take such steps as are necessary to remove the conflict of interest.

**28. SURVIVAL**

All of Energy Ottawa's obligations of confidentiality and all of Energy Ottawa's representations and warranties set out in this Agreement as well as the provisions concerning indemnity against third party claims, royalties and infringement, intellectual property rights and accounts and audit shall survive the expiry of this Agreement or the termination of this Agreement for default or for convenience, as shall any other provision of this Agreement which, by the nature of the rights or obligations set out therein, might reasonably be expected to be intended to so survive.

**29. ENTIRE AGREEMENT**

This Agreement constitutes the entire and sole agreement between the parties with respect to the subject matter of this Agreement and supersedes all previous negotiations, communications and other agreements, whether written or oral, relating to it, unless they are incorporated by reference into this Agreement. There are no terms, covenants, representations, statements or conditions binding on the parties other than those contained in this Agreement.

**30. MFIPPA**

The parties acknowledge that the City is subject to the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c.M.56, as amended, with respect to, and the protection of, information under its custody and control. Accordingly, all documents provided to the City may be available to the public unless the party submitting the information requests that it be treated as confidential.

**31. FRAUD OR BRIBERY**

Should Energy Ottawa or any of its agents give or offer any gratuity to, or attempt to bribe any employee, officer or servant of the City, or to commit fraud against the City, the City shall be at liberty to take the whole or any part of this Agreement out of the hands of Energy Ottawa, and to invoke the provisions of termination.

**32. SUCCESSORS AND ASSIGNS**

This Agreement shall enure to the benefit of, and shall be binding upon, the successors and permitted assignees of the City and of Energy Ottawa.

33. **SUSPENSION OF SERVICES**

The City may at any time, by written notice, order Energy Ottawa to suspend or stop all or part of the Services under this Agreement for a period of up to 180 days. Energy Ottawa shall immediately comply with any such order in the manner that minimizes the cost of so doing. At any time prior to the expiration of the 180 days, the City shall either rescind the order or terminate this Agreement, in whole or in part, under the provisions for termination under this Agreement.

34. **WAIVER**

The waiver of either party of a breach or default in any provisions of this Agreement by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions; nor shall any delay or omission on the part of either party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any breach or default by the other party.

35. **FORCE MAJEURE**

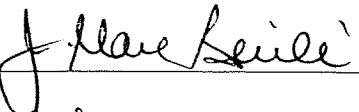
Neither party shall be liable for delay or failure in performance resulting from acts beyond the control of such party, including acts of God, acts of war, riot, fire, flood or other disaster, acts of government, strike, lockout, communication use or power failure and any other circumstances of like or different character beyond such party's control.

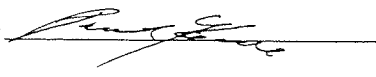
36. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their corporate seals under the hands of their respective officers, duly authorized in that behalf.

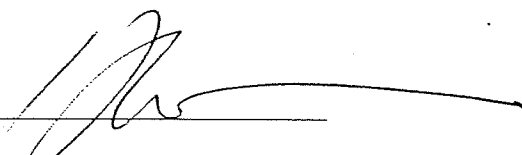
ENERGY OTTAWA INC.

By:   
Title: CHIEF EXECUTIVE OFFICER

By:   
Title: Corporate Secretary

We have authority to bind the Corporation

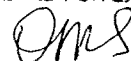
**CITY OF OTTAWA**

By:   
Title: CITY MANAGER.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have the authority to bind the City of Ottawa

APPROVED FOR EXECUTION



CITY SOLICITOR

SCHEDULE "A"

ENERGY SERVICES PROPOSAL FOR CITY OF OTTAWA  
BY ENERGY OTTAWA

Energy Services Proposal  
for  
City of



By



Prepared for:

**Robert Vaillancourt**  
Manager, Design and Construction

July 31, 2006

This is Proprietary Information prepared for City of Ottawa personnel only

**Point of Contact for Proposal Questions**

Greg Clarke  
Director, Energy Services  
**Energy Ottawa**  
1145 Hunt Club Road  
Suite 220  
Ottawa, ON, K1V 0Y3  
Ph: (613) 225-0418 Ext. 7214  
Fax: (613) 225-0644  
Email: [gregclarke@energyottawa.com](mailto:gregclarke@energyottawa.com)



## **Table of Contents**

Point of Contact for Proposal Questions	21
Table of Contents	22
Energy Ottawa/City of Ottawa Partnership Background	23
Contemplated Scope of Services	26
Electricity Procurement Services	28
Energy Management Services	29
Innovation	31
Financing Strategies	32
Energy Ottawa's Project Implementation Approach	33
Conclusion	36

## Energy Ottawa/City of Ottawa Partnership Background

In support of the City's Environmental Strategy and the Official Plan

On June 14, 2006 Ottawa City Council carried a motion to approve Energy Ottawa as the City's preferred partner in the pursuit of initiatives to reduce overall energy consumption and energy costs through energy efficiency, conservation, demand management and "smart" electricity procurement. This motion was carried in support of the City's Environmental Strategy and goals under the City of Ottawa's Official Plan.

Reducing energy consumption reduces the environmental impact for the City. In 2005, the City spent approximately \$23 million on electricity to run its over 740 facilities, representing a total consumption of 295,400 megawatt-hours (MWh). This makes the City one of the largest consumers of electricity in Ottawa. Reducing the City's energy consumption is one of the most important ways in which the City can reduce its environmental impact, and a number of initiatives have been undertaken in recent years that help accomplish that goal.

***The City of Ottawa has a Building Engineering and Energy Management Section within Real Property Asset Management (RPAM) that manages energy procurement, energy consumption, and the programs that reduce energy consumption in City facilities. As RPAM complements its resident internal expertise by contracting design, development and implementation to the private sector, it is always looking for those contractors that will provide the best value for the City. Under this preferred partnership, the City will be able to access Energy Ottawa's considerable expertise in energy management and procurement to augment its own in-house expertise and enhance the City's ability to reduce energy consumption and costs.***

RPAM has already created savings of \$750,000 annually

New buildings will be LEED certified

RPAM has carried out an Energy Retrofit program since 2002. By investing \$4 million, this program has reduced energy requirements by 10,000 MWh, greenhouse gas (GHG) emissions by 4,300 tonnes, and realized savings of \$750,000 annually. As well, RPAM ensures that City Council's Green Building policy, which requires all new City buildings or major additions to meet at least LEED certified standard and LEED Silver if possible, is put into practice. The new paramedic headquarters, opened last December, is the first building in the City of Ottawa to be LEED certified and its energy use is 30% less than it would have been had it been built to the National Model Energy Code.

PWS has also created savings of \$650,000 annually

In Public Works and Services (PWS), the Fleet Street pumping station, built in 1874, was refurbished and is still in use today, pumping water from the Lemieux water treatment plant to the downtown utilizing a hydraulic pump (as opposed to an electric pump) that results in a savings of 15,800 MWh and \$1,200,000 annually. A cogeneration facility was built at the Robert O. Pickard Environmental Centre, which uses digester gas to produce 2.4 MW of electricity and 2.9 MW of heat. Both the electrical power and heat are used to operate the

Pickard Centre. The result is an additional savings of \$650,000 and approximately 250,000 tonnes reduction in greenhouse gases each year.

***Energy Ottawa is a wholly owned subsidiary of Hydro Ottawa Holding Inc., whose sole shareholder is the City of Ottawa. Energy Ottawa is a diversified and innovative energy company that offers an extensive range of energy management and procurement services to a wide variety of customers. It has expertise in energy markets and management of generation facilities. As well, Energy Ottawa provides services like conducting facility energy audits, designing and implementing energy efficiency improvements in facilities, construction and project management, and monitoring and verifying energy savings.***

Energy Ottawa has already undertaken significant projects with the City of Ottawa over the last five years including analyzing and developing an electricity procurement strategy (2001-2002), the Trail Road Landfill Gas Generation Project (2002 - ongoing) and the Transitional Demand Response Program (2004 – ongoing). Through initial discussions the City (through RPAM) and Energy Ottawa have identified additional ways in which both parties could benefit from expanding and formalizing their relationship.

This is a “Preferred Partnership”

This proposed relationship would be best categorized as a “preferred partnership”. It will be similar to the arrangement the City has with Telecom Ottawa, and will be focused on implementing those initiatives proposed by the City and/or Energy Ottawa on a contracted service for competitive fee basis. This proposed structure would not prevent the City from taking advantage of other innovative ideas by third party providers, private or public.

...aimed at reducing consumption and GHG emissions

The intent of the “preferred partnership” would be to explore innovative ways for the City to reduce consumption, reduce GHG emissions and create financial benefit to the city by reducing costs, avoiding costs and generating revenue; and allow Energy Ottawa to enhance their business success through service for fee contracting.

Our role is to support the City’s Energy Management Team

Energy Ottawa would, under this partnership, support the City in undertaking the following (but not limited to) list of priority activities:

Assisting the City with overall energy related strategic planning  
Undertaking an expanded energy management and retrofit program  
Providing advice and developing strategy on the procurement of electricity; and  
Investigating new innovative energy opportunities such as demand response in City Facilities.

It is anticipated that this preferred partnership will have both direct and indirect financial benefits for the City. Under demand response programs, payment is made for removing a load from the grid (load shedding) or shifting load to off-peak hours when demand is low or feeding power to the grid in times of high demand. In addition to these payments, there is a savings related to the reduced

consumption, meaning that the partnership has the potential to provide the City with a new revenue stream in addition to yielding electricity bill savings. Expanding the energy retrofit program would also yield electricity bill savings.

Under this partnership the intent would be for Energy Ottawa to complement the City's energy management team and support them in achieving their goals to manage energy procurement, energy consumption and the associated costs as well as GHG emissions.

## **Energy Ottawa Service Overview**

Energy Ottawa Inc. is a diversified and innovative energy company that generates green power and offers an extensive range of energy management and procurement services to a wide variety of commercial customers. Energy Ottawa is a wholly owned subsidiary of Hydro Ottawa Holding Inc. and an affiliate of Hydro Ottawa.

We help our clients on “Both Sides of the Meter”

By combining the experience and knowledge we have gained as a company that sells power daily to the Ontario electricity grid with our extensive expertise in the field of energy management, Energy Ottawa is able to offer a truly unique, comprehensive and strategic approach to helping customers manage their utility costs by focusing on “both sides of the meter”. To our clients, Energy Ottawa has become the single point of contact for energy related issues. Whether it is for procurement or billing issues on the supply side, or efficiency and cost issues on the demand side, we have been the first call for most of our clients.

With this unique and extensive combination of expertise, Energy Ottawa is able to offer the following services:

### *Energy Management*

- Strategic energy management planning
- Analysing energy usage
- Energy audits and feasibility studies
- Energy Ottawa offers un-paralleled local knowledge and technical expertise
- Establishing and aggregating building load profiles
- Load forecasting
- Power quality and Power factor analysis
- Metering analysis, design and implementation
- Detailed engineering assessment and design
- Project management, implementation and commissioning
- Turnkey services to implement energy efficiency measures
- Project monitoring, tracking (verification) and reporting

### *Energy Procurement*

- Strategic procurement planning
- Cost Forecasting
- Billing analysis and interpretation of rate structures

Analysis and aggregation of energy consumption data

Purchasing assistance

Ongoing supply management to ensure that billings are monitored, verified and contracts are optimized

Strong core competencies and partners

Energy Ottawa's team of experts collectively has over 80 years of energy services experience. Our team is composed of individuals with experience in energy performance contracting, consulting engineering and the electrical utility industries. We have core competencies in the disciplines of mechanical, electrical and civil engineering, building automation and controls, HVAC systems, renewable power generation, lighting sciences, building modeling simulations, project and construction management, energy monitoring and verification. As well, several of our staff in addition to professional engineering designations hold certifications from the Illuminating Engineering Society (IES), and are Certified Energy Managers as well as holding Certified BOMA Go Green Verifier status.

Utilizing a partnership delivery model enhances our capabilities to provide the highest level of service and expertise available. Where we don't have a core competency in-house or when we need to augment our existing expertise or resources, Energy Ottawa has established relationships with firms that are recognized leaders in their specialized fields.

Serving the Ottawa region for over 100 years

Energy Ottawa through its predecessor utilities has enjoyed a long and rich tradition of supplying electricity and providing services to the *Ottawa region* dating back over *100 years* to 1882. We look forward to assisting City of Ottawa with their energy management initiatives to reduce energy costs and overall energy consumption.

Contemplated Scope of Services

## **Overall Energy Strategic Planning**

We can help with the supply and demand side to help manage costs

Energy Ottawa is confident that we can provide the City of Ottawa a comprehensive group of services on "Both Sides of the Meter". We can support you on the utility and procurement side, and assist you on the efficiency and energy management side. We are not limited to simply the electricity side of the business. Energy Ottawa works with clients to manage all energy and water related utilities.

Our focus is to help the City to pay the lowest costs possible

Our belief is that a strategic energy plan focuses on both the cost and the consumption side of the energy balance equation. With market and regulatory changes occurring more and more rapidly, sound procurement and rate strategies

are essential. Energy Ottawa can work with City of Ottawa to develop strategies that provide the lowest costs available. On the demand side, we can support your project staff in their efforts to reduce consumption within City facilities.

### Our Strengths & Approach

#### “In house Counsel”

We see our roles as “in-house counsel” on energy matters

We see our role as the City’s “in house counsel” on energy matters. We have extensive experience in energy related industries in both the private and public sectors. Our job is to provide support, knowledge and specialized services to City staff on a wide range of energy related issues. Our industry and project experience combined with the knowledge of City of Ottawa energy staff, will ensure that the City is working with the most current and innovative resources available.

We can operate as a sounding board to City staff

Energy Ottawa can operate as a sounding board to management, engineering and project staff. Our intentions are to help the City find the best solutions available, and provide support where time and resource limitations require it. This is a role we have played with several of Ottawa’s leading property management and development firms.

#### “Financially Focused”

We can help find innovative financing strategies and procure incentives to support projects

Energy Ottawa understands the budget constraints and challenges the City is experiencing in their current fiscal environment. Our history of project and pricing performance allows us to accurately identify opportunities for projects that fall within your requirements for a 15% return on investment (ROI) or 7-year simple payback. We will work with your team to investigate possible innovative financing/payment strategies and procure incentives/grants on your behalf. With our unique relationship to our affiliate Hydro Ottawa, we will work closely with them to find innovative ways to support City of Ottawa efforts.

As a City of Ottawa operated entity, Energy Ottawa is very familiar with the financial and auditing requirements that govern your operations. We fall under the same requirements, and are also subject to the City Audit process.

#### “Strategic Advisor”

Our consultation is objective and unbiased

Energy Ottawa prides itself with offering clients objective, unbiased and independent advice. We are not affiliated with any specific products or services. However, we stay well informed on industry developments and work closely with many of the industry’s leading product and service providers.

We deal in the IESO markets daily

One unique knowledge base that we bring to the table as previously mentioned is

the fact that we operate a generation business. We participate daily in the Independent Electricity System Operator (IESO) managed markets. With this relationship, we have an inside view into the operation and dynamics of the electricity market in Ontario. As a market participant in a number of provincially operated programs, Energy Ottawa has positioned itself as a leader in the new breed of sophistication that large consumers, like the City, are moving towards.

We have a common shareholder to create value for  
Energy Ottawa intends to work closely with City staff to ensure that you realize the best opportunities to utilize market knowledge and programs to create value for the taxpayer, who happens to be our common shareholder.

### Electricity Procurement Services

In 2002, Energy Ottawa, in partnership with Navigant Consulting, prepared a detailed Electricity Procurement Strategy on behalf of the City of Ottawa. In preparing this study, and subsequently issuing our recommendations, we became intimately knowledgeable of the City of Ottawa's entire electrical requirements, building by building.

Unfortunately, market changes were enacted prior to the implementation of the recommended strategies. Since that period of time the City has been subject to the Provincial Regulated Price Plan.

Energy Ottawa feels that we would be able to work with the City to develop a procurement strategy that would ultimately reduce the overall cost of electricity to the City. We would recommend that we assess the Regulated Price Plan and investigate opportunities for innovative purchasing strategies.

There may be opportunities unique to the City  
We also feel that there may also be potential for a mutually beneficial opportunity for the two parties to develop a model that incorporates some of the outputs of our generating assets. Our unique positions as parties to the same shareholder, may offer us opportunities to collaborate on the City's energy needs.

As a subscriber to a long term forecasting service, Energy Ottawa will seek permission to openly share this information with the City if permitted. In any event, the City will certainly benefit from the knowledge we gain from this forecast and this will be utilized in devising an appropriate procurement strategy.

In addition to developing a procurement strategy, Energy Ottawa will assist the City in the implementation of the procurement strategy should this entail leaving the regulated price plan. We feel we can assist the City in securing proposals from potential suppliers, evaluating these proposals, supporting the City's negotiations with short-listed bidders and providing advice on key contractual

terms and conditions that should be incorporated into an electricity supply contract.

Energy Ottawa can also assist the City by providing ongoing procurement support in the form of contract monitoring and tracking of payments. In performing these tasks we can utilize tools such as our web portal which the City is already familiar with.

### Energy Management Services

We are a one-stop-shop for energy services

Working with existing plans for studies and capital works, we would work with City Energy Staff to continuously update and implement their strategic plan for energy related projects. With proven successes in all aspects of energy management, we can offer the City of Ottawa a complete one-stop-shop for these services as previously described in detail (see page 7).

### Strategic Planning

Energy Ottawa works with clients to help them plan for the future. Not only in the short and mid terms, but we feel that energy consideration should be built into all long term capital considerations such as the City's life cycle capital building infrastructure replacement program.

We find innovative solutions to manage costs

We have a good view of the City's past requirements and current efforts towards managing utility costs. By opening doors to new and innovative solutions to procurement, financing and technologies, City staff would have new vehicles with which to develop their strategic plans for the future.

### Assessment and Investigation

Our market knowledge is shared with City staff

Energy related studies and investigations, combined with real life implementation experience allow City energy staff to identify and quantify potential opportunities for energy reductions in your facilities. Energy Ottawa is well known for our comprehensive and practical energy studies. We haven't just talked about opportunities; we have worked with our clients to implement them on time and on budget.

We pride ourselves on identifying practical and proven measures that we feel confident in. While we keep up to date on the leading technologies available, we are cautious not to get too far towards the leading edge. Over the years we have seen a number of short lived technologies come and go.

Our extensive involvement in project implementation also allows us to develop project budgets that are in line with reality. We realize what it takes to complete projects, and what obstacles may present themselves during construction.

Accurate costing at the study stage is essential to the capital planning stage. Providing paybacks that are artificially low, often lead to inaccurate cost benefit analysis, and ultimately to poorly implemented projects.

### Project Design

Our design services provide the City with the best expertise available. Should measures be identified for implementation, Energy Ottawa can provide complete design services. The design of energy retrofit projects is often more complicated than designing features of a new facility. Many times the design team is not familiar with the energy focus being the most important component of the design. Traditional engineering may not be familiar with the specifics of the design intent. With this in mind, Energy Ottawa combines in-house design with industry leading specialty designers to provide what we think is the most comprehensive and cost effective design process available.

### Implementation

Our strength is implementing turnkey projects. Implementation is the primary strength of Energy Ottawa. Our turnkey implementation process is the basis for the knowledge that we bring to the table. Our process takes an identified energy savings measure and makes it happen. We see it through from concept, to design, to construction and finally to commissioning. Our clients can be as involved as they wish, or they can handover the project completely to us. When everything is working to our satisfaction, and to that of the client; we hand over the keys. Our turnkey process is "open-book" to the City.

Our turnkey implementation process is completely open-book. All costs for materials, labor, engineering and fees are presented to the client for approval prior to beginning the job. We are structured to also take on the procurement process on behalf of the City.

Requests for pricing are developed and managed by Energy Ottawa. When proposals and prices are received and analyzed, the City is at the table. We will review the responses with the City staff, and provide our recommended course of action. The City has the final decision as to what equipment is installed and who installs it. Energy Ottawa is there to do the legwork, we take care of the purchasing process, procure the materials and labor, and we act as the project manager for all aspects of the project.

Our approach has been proven to be very efficient and comprehensive. The services that we offer provide the City with what we think is the most efficient process available to implement a retrofit project. Our strong network of contractors and suppliers allows us to ensure that our clients get the best solution for their needs.

We can manage the project from start to finish. Our expertise in design, construction and project management allows for a quality and consistent

implementation of the project. The time and education requirements invested by the client are minimized.

We will apply for incentives on your behalf

We also stay current with any available incentive or grant programs available to offset the cost of energy related projects. When programs apply, we will work with the funding provider on the City's behalf. Our relationships, with various funding bodies have given us a strong working knowledge of the processes and forms required to obtain the funding.

#### Life Cycle Processes

We have done a number of very successful boiler and chiller replacements. Often certain equipment is replaced as part of the typical life cycle of the facility. For example boilers and chillers are replaced before the predicted end of life, in order to protect against the probability of failures. Energy Ottawa has completed a number of replacement projects for equipment such as this.

Our unique approach is modeled on our turnkey energy retrofit process. We evaluate the equipment requirements based on quality, functionality and construction considerations, but we make energy efficiency a large part of the evaluation. By procuring incentives for high efficiency designs, we have often replaced existing equipment with more efficient alternatives at lower costs than standard equipment.

#### Commissioning

Energy Efficient systems are only effective if they work as they are intended to. Often, energy efficient systems require an added level of commissioning to ensure that they are properly optimized. With Energy Ottawa as your strategic partner, we are here to provide proper commissioning and to maintain interest with the systems after commissioning. Our goal is to ensure that project that we have commissioned continues to operate as efficiently as intended.

#### Tracking & Reporting

Energy Ottawa provides measurement and tracking services to a number of our clients. The Energy Ottawa Portal, to which the City of Ottawa is a subscriber, provides accurate 5-minute data from your interval meters. We can also install permanent or temporary metering systems to track specific utility loads.

#### Introducing New Opportunities

In our work with clients, suppliers and partners, Energy Ottawa stays current with developing technologies, applications and services. As part of this partnership, we would keep City of Ottawa staff up to date on emerging opportunities that may be of interest to the City.

#### Innovation

We pride ourselves on innovative solutions

Energy Ottawa is recognized as an innovative energy services provider. We stay

current with what is happening in the energy markets and related industries. We have also been leaders in innovative approaches such as price and demand response. Managing costs in the new markets has become a much more sophisticated effort. Our goal is to provide our clients with the tools and knowledge to help them optimize their opportunities. The following paragraphs describe some examples of the types of innovative opportunities Energy Ottawa has introduced to its clients.

#### Price & Demand Response

We are provincial leaders in demand and price response technologies

Energy Ottawa is currently participating in a demand response pilot program that is being offered by the Independent Electricity Supply Operator (IESO). We were the only firm in eastern Ontario selected to participate in the pilot program. The City of Ottawa's Britannia Water Treatment facility has been participating with us in this venture by operating its 3.5 MW gas fired generator in response to peak price market events.

City owned facilities offer great potential for price responsive load shifting

In addition, Energy Ottawa is controlling the heating, air conditioning and lighting in two prominent commercial facilities directly through automation based on electricity market prices and conditions. These buildings are also participating in the IESO pilot program. This leading edge concept is now being promoted by the Ontario Power Authority, and is being encouraged by the Provincial Ministry of Energy. We feel confident that we can work with City staff to expand this capability throughout your portfolio of facilities.

As new proposals for new concepts and technologies are presented to the City by 3<sup>rd</sup> parties, Energy Ottawa can once again be a sounding board for City staff. Often we have also been approached, and have reviewed the claims and practicality of these offers independently. We can assist in the evaluation with you.

#### Go Green Certification Program

We are certified in Go Green verification

Energy Ottawa has been very involved with Building Owners & Managers Association's (BOMA) Go Green Program. Go Green certifies properties being managed with a commitment to environmental responsibility. The Go Green program provides the tools to enable building owners to reduce energy consumption and operating costs, as well as improving waste management. One of our Engineers is certified as a Go Green Verifier. Should the City of Ottawa adopt the Go Green program, Energy Ottawa would be able to support you throughout the process.

#### Financing Strategies

The City's unique position may provide opportunities for innovative project financing. Recognizing that there is no such thing as a "free lunch", Energy Ottawa will work with the City of Ottawa to investigate options for borrowing or financing by

other parties where it makes economic sense. Our unique, but arms length relationship with the City may also yield opportunities for project capitalization. Working with Hydro Ottawa's Conservation and Demand Management group, we may be able to establish a program specific to the City, and our shareholder. One solution may be for the development of an on-bill-financing program to allow projects to be financed through operating costs.

Our status as a generator and retail market participant in the IESO administered markets, may afford us the ability to realize potential revenues through the City of Ottawa's generation assets.

#### Energy Ottawa's Project Implementation Approach

Our approach is quite simple; we work in partnership with our clients. We don't just sell projects and move on; we want to be part of a long term relationship.

#### Our Delivery Model

Our process is open-book and cost effective

Our delivery model is also simple. It is completely open-book. You see our costs, we agree on our value on a fee based system, and we work together to make things happen. We are not here to replace City staff; we are in business to support them, and help them realize their goals. The City of Ottawa has been very active and successful in making its facilities more energy and resource efficient. Our goal is to help you do more with an efficient and cost effective delivery model.

#### Sole Point of Contact/Delivery

Single point of contact for energy services

City staff will have only one point of contact for a multitude of energy services. As we develop a solid working relationship, this connection should become almost transparent. Ideally, we would become more of an extension of the City's Real Property group. By proving ourselves as a competent partner, the efforts required by City staff will be reduced to a single delivery channel for energy related projects.

#### Vendor/Contractor Loyalties

Our contractor relationships from multiple projects offers preferential pricing.

Energy Ottawa has worked with a large number of vendors and contractors over time. We have developed a very loyal relationship with most of them. They have come to realize that by having Energy Ottawa be the single point of contact, their efforts are reduced. We have found that because of these partnerships, we end up receiving preferential pricing and service levels for materials and labor. By minimizing the efforts on their part, and by receiving payments quickly from a trusted company, we benefit by lower rates. And with our open-book process, these savings are passed directly onto the City of Ottawa.

#### Procurement Practices

We can satisfy the City's procurement requirements and provide best price available to the City

Energy Ottawa's unique relationship with the City, combined with our delivery model, provides an efficient and effective procurement model. The City of Ottawa is offered a competitive bidding process, and we manage the process for you.

We procure material, labor and services on your behalf. Our process is stringent and proven, and provides our clients with the highest level of product and contractor quality; and it is highly competitive. The result is that the City receives what we think is the best value for the money. While our process is highly competitive another advantage of our process is that we are able to invite selected bidders rather than being committed to a wide open tender process. By selecting bidders we are able to ensure that only proven, reliable contractors who are capable of completing the work to our schedule and standards are invited to submit prices.

With our special relationship with the City, our procurement practices are aligned with yours. We are subject to the same City Auditor. Our advantage is that we are able to be more selective on the contractors and products that we procure.

#### Specialized Partners

Our industry partners are the best resources available

Energy Ottawa believes in bringing the best available resources to the table. We supplement our in-house energy management expertise with what we think are some of the best resources in the business. Our team approach allows the City to draw from the knowledge of decades of experience in specialty areas such as sub-metering, power quality and building envelope design. Our relationships with many of these partners have been developed over time, and we have developed confidence with their ability to be aligned with our clients needs.

#### Health & Safety

Health & Safety is of primary importance

Energy Ottawa maintains stringent health and safety policies for us, and our contractors. Our procurement process places specific demands on any contractor bidding on our work. For many of our contractors, we have already pre-qualified their health and safety plans, and can start projects almost immediately.

When delivering turnkey energy management projects, Energy Ottawa becomes the contractor of record and takes on all the responsibilities this entails as defined under the Ontario Occupational Health and Safety Act and Regulations for Construction Projects. We are the single point of contact for the Ministry of Labour for the project.

Energy Ottawa is familiar with the City of Ottawa health and safety requirements and will adopt any specific procedures for particular sites the City wants to see implemented.

#### Fees

Our fees are competitive and we bring extra value to the City

Energy Ottawa's fee structure is also open to the City of Ottawa. We base our fees on hours spent by each individual. We can do consulting work on a time basis, or submit a proposal specific to a scope of work. Our turnkey implementation process is simply our tendered costs with our project coordination, management and engineering fees, our profit and overhead added. Our experience has shown that our total cost for implementation is often lower than supply and install bids; and we feel we bring substantial additional value to the project.

Our fees are typically all inclusive. We include incidental expenses such as photocopying, mileage, parking etc. in our fees. Should circumstances require larger than expected disbursements we will obtain approval for the expenditure before proceeding.

Our typical Hourly Fee Schedule is as follows:

<b>Job Classification</b>	<b>Firm Hourly Rate Period Ending 31 July 2007</b>
Principal/Director	\$150
Senior Project Manager	\$120
Project Manager	\$100
Senior Engineer/Architect/Planner	\$140
Intermediate Engineer/Architect/Planner	\$120
Engineer/Architect/Planner	\$100
Senior Technologist	\$90
Technologist	\$75
Administrative Support	\$50

#### Turnkey Solutions

Our integrated design approach results in well designed and implemented projects. Our turnkey implementation model brings all aspects of a successful project under one umbrella. We provide design, tendering, construction, commissioning, project coordination and project management all in one transparent package. The client is fully informed throughout the project, but the resource requirement is handled by us. City staff has a single point of contact for all aspects of the project. As for the contractors, engineers and others involved with the project; they have a single point of contact as well. We strongly encourage a team based integrated design and build model. Our contractors have found this preferable to working with the general contracting style model.

On many occasions, the vendors and contractors are consulted as part of the design process. This way, we can utilize their hands-on experience to avoid unforeseen obstacles down the road. Another advantage that we find is that by having vendors submit solutions rather than simply bidding on specifications has provided our clients with better designs and more efficient projects.

Energy Ottawa's fee for providing a turnkey solution which includes us preparing tendering documents, managing the bidding process, awarding the individual contracts, overall project coordination and management, construction management and commissioning is 10% of the total labour, material and engineering design costs of the project. Applied to this cost is an additional fee of 10% for our profit and overhead.

## Conclusion

We are proud of our successes

This document is intended to give the City of Ottawa a complete picture of our capabilities and our approach to our business. Energy Ottawa has been successful at providing a very high quality of service, and has established a long list of satisfied clients. A testament to our success is the amount of repeat business that we receive from our clients. Our client relationships are very strong, and many have developed into Energy Ottawa becoming their exclusive energy services provider. We are proud of this success.

We look forward to working with the City to prove our value

The list of services defined represent most, but not all of our available service offerings. Energy Ottawa considers itself a full service energy provider. Energy related services not included in this document can be provided based on an as needed basis. At any time, the City requires a specialized energy service; Energy Ottawa will make every effort to provide you with a comprehensive proposal and scope of our capabilities.

Should the City of Ottawa have any questions or concerns regarding the comments made in this document, we welcome your inquiries.

Energy Ottawa looks forward to working with the City to address its immediate needs and as part of a broader effort to develop and implement an overall corporate energy strategy.

## **SCHEDULE "B"**

### **FUNCTIONAL DESCRIPTIONS FOR ENERGY OTTAWA RESOURCES**

#### Principal/Director

- Responsible for the overall management of the project.

#### Senior Project Manager

- Responsible for the management of the project. Responsible for coordinating all aspects of project and ensuring that schedules are adhered to. Serves as senior contact with the City on all issues related to the project.

#### Project Manager

- In conjunction with the Senior Project Manager, is responsible for the management of the project.

#### Senior Engineer/Architect/Planner

- Responsible for preparing the conceptual design plan for the project, preparing cost estimates, and resolving other design issues. This includes ensuring that all components of the design are accurate and adequate.

#### Intermediate Engineer/Architect/Planner

- In conjunction with the Senior Engineer/Architect/Planner, is responsible for preparing the conceptual design plan for the project, preparing cost estimates, and resolving other design issues. This includes ensuring that all components of the design are accurate and adequate.

#### Engineer/Architect/Planner

- In conjunction with the Senior Engineer/Architect/Planner, is responsible for preparing the conceptual design plan for the project, preparing cost estimates, and resolving other design issues. This includes ensuring that all components of the design are accurate and adequate.

#### Senior Technologist

- Responsible for preparing all technical aspects of the project.

#### Technologist

- In conjunction with the Senior Technologist, is responsible for all technical aspects of the project.

#### Administrative Support

- Assists the project team in all administrative aspects of the project.

**SCHEDULE "C"**

**STATEMENT OF WORK**

**Statement of Work Number:**

**Date Issued:** DD/MM/YY

Work Order required \_\_\_\_ days from issuance of Statement of Work to Energy  
Ottawa

Statement of Work forms part of the Master Services Agreement upon execution  
by the parties

Statement of Work

A. Project Name

Name of Project Initiative

B. Project Contacts

Energy Ottawa:

Account Representative: ☐ Contract Administrator: ☐ ☐ Name

Title

Address

Phone

Email

☐ Name

Title

Address

Phone

Email ☐ ☐

City of Ottawa:

Project Management: ☐ Technical Contact: ☐ ☐ Name:

Title

Address

Phone

☐ Name

Title

Phone

Email

□□□□□

C. Tasks to be Performed

***Objective and Activities:***

Overview

Details

***Energy Ottawa Resources Requested***

Resource 1

Resource 2

Resource 3

***Deliverables:***

***Deliverable Acceptance:***

Sample

The City will review each Energy Ottawa deliverable and provide written confirmation of acceptance or rejection within ten (10) business days of receipt. Should the deliverable be rejected, the City will provide written notification of rejection, including reasons for rejection within ten (10) business days of receipt of deliverables. Should the City not provide written feedback within the ten (10) business days, the deliverables are understood to be accepted.

Provided that the City provides a notification of rejection of the deliverable, Energy Ottawa will work to correct the deliverable within 5 business days from the date that the written notice is provided. Should Energy Ottawa be unable to correct the deliverable within this timeframe then the City could, at its sole election:

accept the deliverable at its current level of submission; or

extend the deliverable acceptance period for a further five (5) business days; or require Energy Ottawa to cease work on the deliverable with the City to notify Energy Ottawa of its intention to cancel the Statement of Work for reasons of default and avail itself (the City) to whatever compensation is available for reasons of default under the Master Services Agreement dated DD/MM/YY

***Statement of Work Assumptions:***

The following assumptions have been made in the preparation of this Statement of Work:

City of Ottawa ☐ By: ☐☐☐ Name: ☐☐☐ Title: ☐☐☐ Date: ☐☐☐

SCHEDULE "D"  
WORK ORDER

1. Project Scope

2. Deliverable Materials

The following materials will be delivered to the City under this Work Order.

3. Estimated Schedule and Breakdown

The estimated start date for the implementation is \_\_\_\_\_  
and the estimated end date is \_\_\_\_\_.

4. Resources

Energy Ottawa Resources

City Resources

5. Charges

☐ Energy Ottawa will provide an estimated \_\_\_\_\_ hours of services, at the contracted hourly rates per the role identified in the table above. The estimated funding requirement is \$ \_\_\_\_\_. The City will be charged only for the actual hours provided by Energy Ottawa in performing these services.

☐ Energy Ottawa will charge an estimate Cost of the Services plus of \$ \_\_\_\_\_ with the following payment schedule:

Date	Payment (%)
Total	

☐ Energy Ottawa will charge the fixed price of \$ \_\_\_\_\_.

In addition, the City will reimburse Energy Ottawa for the actual travel and out of pocket expenses incurred in providing these services, currently estimated at \$ \_\_\_\_\_.

All estimates are based on the information available to Energy Ottawa at the time of the estimate. Energy Ottawa is in no way bound by the estimated amount, which is subject to change due, but not limited, to fluctuations in the cost of materials and/or services, changes in the scope of work, and /or events beyond Energy Ottawa's control. The contract price shall be based on the actual time spent (if an hourly charge rate method of payment) or actual Cost of the Services (if Cost of the Services plus method of payment).

**IN WITNESS WHEREOF** the parties hereto have executed this Work Order.

**ENERGY OTTAWA INC.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have authority to bind the Corporation

**CITY OF OTTAWA**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Title: \_\_\_\_\_

I/We have the authority to bind the City of Ottawa

**SCHEDULE "E"**

**RATES FOR ENERGY OTTAWA RESOURCES**

<b>Job Classification</b>	<b>Hourly Charge Rate</b>
Principal/Director	\$150 151
Senior Project Manager	\$120 121
Project Manager	\$100 101
Senior Engineer/Architect/Planner	\$140 141
Intermediate Engineer/Architect/Planner	\$120 121
Engineer/Architect/Planner	\$100 101
Senior Technologist	\$90 91
Technologist	\$75 76
Administrative Support	\$50 51