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Setting up the *Autorité des marchés publics*– Practical consequences on the call for tenders process in Quebec

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In December 2017, the government of Quebec created the Autorité des marchés publics (“AMP”), a mandatary of the State which will be responsible for overseeing all contracts of public bodies[1], in particular their processes for “tendering” and “award”. This oversight will take place on an upstream side through formulation of recommendations and on a downstream side throughcomplaints mechanism.

The body will have more than 130 professionals to serve departments, public bodies, municipalities and all companies involved in public tenders.

The purpose of this bulletin is to provide a brief portrait of this new body and the main lines of its operation.

[1] A body referred to in Section 4 or Section 7 of the Act respecting contracting by public bodies, including government departments, school boards and public health establishments.

The powers of the AMP

To carry out its functions, the AMP has audit and investigation powers as well as the authority to make orders and recommendations.

In the course of an audit, a person authorized by the AMP may visit the premises of a public body, have access to the data contained in its computer system and request communication of any documentation relating to the tendering or award process of a public contract. The AMP also has a power to investigate when it is a matter of contract management by the *Ministère des Transports* or by any other public body designated by the government.

After an audit or investigation, the AMP may issue orders to require that a public body take the following actions in certain specified situations:

ORDER	EXAMPLES OF SITUATIONS
- Amendment or cancellation of a public call for tenders	- The call for tender conditions do not ensure fair and equitable treatment of competitors - The call for tender conditions do not permit competitors to participate although they are qualified
- Holding a public call for tenders instead of concluding a public contract by mutual agreement	- A **“complainant”** has expressed interest and is in a position to carry out the contract as indicated in the **“notice of intention”**
- Suspension or termination of any public contract[2]	- The seriousness of the shortcomings found in respect of contractual management justifies it.

In the process of tendering contracts, the AMP can also order the use of an independent process auditor, designate an independent person to act as a member of a selection committee and require the public body to disclose the identity of selection committee members for approval.

[2] Solely in contract management matters, by the Department of Transports or by any other public body designated by the government

Filing a complaint

A complaint mechanism is introduced and allows any person or company involved in a tendering or award process for a public contract to submit a complaint to the AMP, subject to certain preliminary steps.

Thus, in the context of tendering of a public contract, the complainant must first submit his complaint to the public body[3] that launched the call for tenders process. In the context of concluding a public contract by mutual agreement, following the now mandatory publication of a notice of intention, the complainant must first express his interest in carrying out the contract[4].

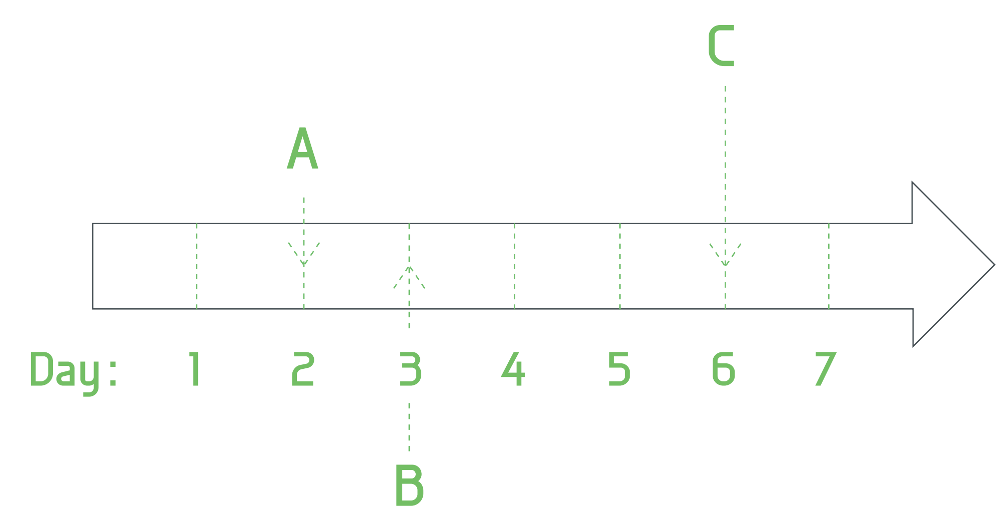
Secondly, whether or not there is a decision from the public body, the complainant will be able to lodge a complaint with the AMP, within certain deadlines.

[3] S. 37 of the *Act to facilitate oversight of public bodies' contracts*
[4] S. 38 of the *Act to facilitate oversight of public bodies' contracts*

The time lines below illustrate the various periods during which a person can lodge a complaint to the AMP:

Stage for filing a complaint when there is a decision by the public body

- A Complaint to the public body (tendering) OR manifestation of interest to carry out the contract (award)
- B Decision of the public body (tendering or award)
- C Deadline for receipt of the complaint by the AMP



Stage for filing a complaint when there is no decision by the public body[5]

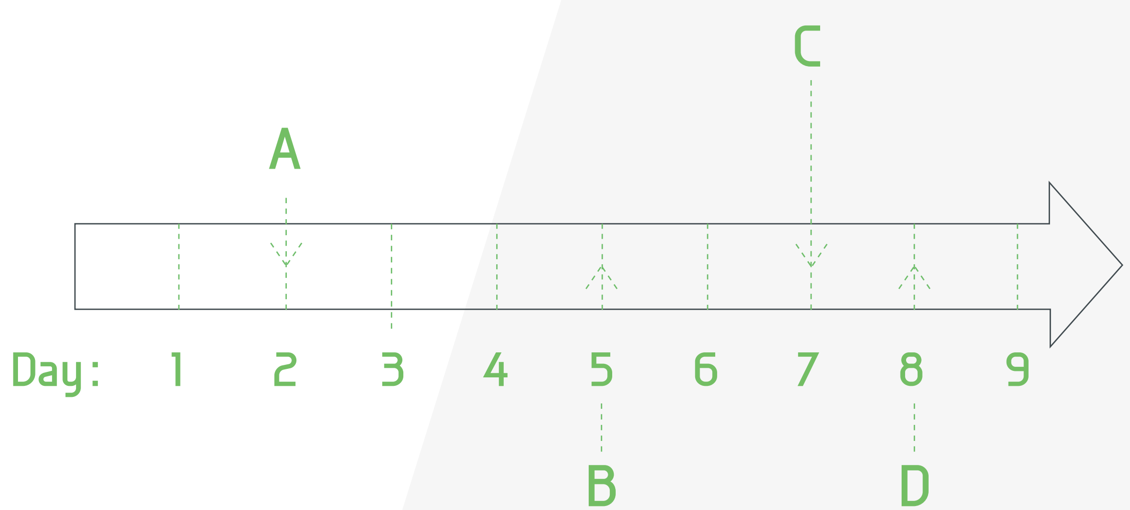
A Complaint to the public body (tendering) OR manifestation of interest to carry out the contract (award)

B Date after which a complaint may and must be submitted if there is no decision from the public body (tendering) OR date after which a complaint may be submitted if there is no decision from the public body (award)

C Deadline for receipt of the complaint by the AMP (award)

D Deadline for receipt of bids (tendering) OR expected date for conclusion of the contract (award)

Finally, it is also possible to submit a complaint when a notice of intent is not published as required[6].



What about the AMF, the BIG, municipalities?

The establishment of the AMP is intended to make a solution available to participants of public calls for tenders, which improves the transparency of public markets. The law establishing the AMP also decides the fate of other entities currently performing similar or competing functions. Therefore, the Autorité des marchés financiers is replaced by the AMP with respect to the system for authorization to contract with a public body[7].

In addition, the Bureau de l'inspecteur général of the City of Montréal ("BIG") retains its prerogatives, with the exception of the review of contract management[8]. As for public contracts with other municipalities in Quebec, it is expected that the AMP will submit its decisions to these municipalities in the form of a recommendation.

5 S. 39 and S. 41 of the *Act to facilitate oversight of public bodies' contracts*
6 S. 42 of the *Act to facilitate oversight of public bodies' contracts*

7 S. 156 of the *Act to facilitate oversight of public bodies' contracts*
8 S. 68 of the *Act to facilitate oversight of public bodies' contracts*

In short, will the AMP be an effective tool?

Evidently, the establishment of this new body will raise initial questions and comments from industry players regarding the effectiveness of its future operation. Therefore, some question the fact that the initial complaint must be filed with the body issuing the call for tenders, which is a constraint that could discourage certain complainants, who could then fear for their future relationship with the body in question.

Others regret that the option to file anonymous complaints was not accepted by the legislator, even though it is a tool that is recognized for its effectiveness in matters involving corruption and collusion. Finally, some intervenors stress that the AMP's power vis-à-vis municipalities is limited to issuing recommendations: will this be sufficient to allow this new body to effectively perform its role of policing public contracts?

One thing is certain, the ambitious **2018–2028 Québec Infrastructure Plan,** which is being steadily implemented, should in the coming months give us the opportunity to observe the operation of this new body, and to assess whether the legislative framework constituting the AMP is adequate to allow it to carry out its mission fully.

The latest news in the infrastructure market

Volume risk — main source of default of PPPs, according to Moody's

Public-private partnerships exposed to volume and price risks are six and a half times more likely to default than those based on availability payments, according to a study by Moody's.

The study covered more than 2,000 infrastructure projects, including 1,362 PPPs, dating from 1983 to 2015. It found that 13.7% of PPPs not based on availability payments were in default within 10 years, compared to only 2.1% for projects based on availability payments. The overall 10-year default rate for PPPs during the 1983-2015 period was 5.6%.

The report stresses in particular that the market for PPPs in the transport sector in Western Europe has experienced most of the nine 2015 defaults in terms of infrastructure financing. "Volume" risk in these cases was a "traffic" risk.

According to Moody's, the study covers 62% of project financing transactions during this period.

Canadian Solar concludes a debt increase in the United Kingdom

Canadian Solar has obtained a credit facility of £41.9 million to finance a portfolio of 52.2 MW photovoltaic solar assets in the United Kingdom.

It was the German bank Bayern-LB that offered this non-recourse credit facility, with a 17-year term, which was used to finance these ten solar projects in operation.

This is the third financing of a British solar portfolio by Canadian Solar, and the second for Bayern-LB, which last year provided £36.4 million for four projects totalling 40.2 MW.

Capstone acquires 100% interest in its two Nova Scotia wind farms

Capstone Infrastructure Corporation has acquired the remaining stake in its partially owned Glen Dhu and Fitzpatrick Mountain wind farms in Nova Scotia.

On December 30, 2017, the company owned by iCON Infrastructure Partners concluded the acquisition of the 51% remaining share in the Glen Dhu 62.1 MW wind farm as well as the 50% stake in the 1.6 MW Fitzpatrick Mountain wind power plant. These transactions therefore bring Capstone's stake in the two assets to 100%.

Inveravante Inversiones Universales SL owned a 51% stake in Glen Dhu, while Wind Canada Investments held a 50% stake in Fitzpatrick Mountain.

The Glen Dhu and Fitzpatrick wind power plants benefit from power purchase agreements until 2031 and 2022 respectively, and continue to be managed and operated by a Capstone subsidiary.

This transaction is the first acquisition for Capstone since British firm iCON Infrastructure III became its owner in 2016. In 2017, the company refocused its activity to become an independent North American power producer and divested itself of its European investments, including Swedish group Värmevärden and Bristol Water, a company specializing in water treatment in the United Kingdom. Thanks to Capstone, iCON hopes to expand its footprint in North America.

Capstone currently owns, operates and develops thermal and renewable energy production facilities in North America with a total installed capacity of 541 MW.

The State of New York wants to develop 800 MW of offshore wind production

The Governor of New York State, Andrew Cuomo, has called for development of at least 800 MW of offshore wind power electricity starting this year.

In an orientation document published on January 3, 2018, Andrew Cuomo proposed that the State of New York launch a procurement procedure this year and another in 2019, in order to achieve the ultimate goal of developing 2.4 GW of offshore wind power production by 2030.

Mr. Cuomo also declared that the State will launch an initiative of 1.5 GW of energy storage by 2025. Energy storage will be necessary to modernize the State's ageing energy infrastructure and to resolve intermittency problems caused by an increasing proportion of renewable energy production.

The proposed projects are part of a State-wide effort to reduce greenhouse gas emissions. Andrew Cuomo also asked the Department of Environmental Conservation to adopt regulations that would put an end to the use of coal in State power plants by 2020.

In January 2017, New York's Long Island Power Authority approved a 20-year agreement to purchase electricity for the Deepwater ONE project estimated at $740 million, which could begin construction in 2019.

The State of Washington assesses the PPP model for a high-speed transportation project between Canada and the United States

The *Washington State Department of Transportation* (WSDOT) is considering a PPP arrangement for delivery of a "ultra high speed" ground transportation system linking Seattle and Vancouver.

The project aims to meet expected increases in demand related to population and economic growth in the Cascadia transnational region.

The proposed solutions include a high-speed rail system, magnetic levitation or a Hyperloop corridor. Estimated costs vary from approximately USD $24 billion to USD $42 billion, depending on the option chosen.

The CH2M engineering firm prepared and published a report in December 2017 on behalf of WSDOT in which several development models are considered, such as design-submit-build, design-build, design-build-finance, design-build-finance-operate and, finally, privatization.

The report suggests several methods for financing the project, including TIFIA loans, PABs, the Canadian Infrastructure Bank, the Railway Rehabilitation and Improvement and Financing Program and the FAST program Act.

The report considers that the project responds in particular to most of the Canadian Infrastructure Bank's criteria, although its ability to generate a return and attract private capital requires more in-depth analysis.

CH2M recommended that the WSDOT move the project forward by conducting a planning study that would identify the location of stations, technological problems and operational models. It also proposed to continue the studies to better understand traffic preferences and to establish an intergovernmental commission to identify the next steps and assess financing mechanisms.

DIF refinances its solar projects portfolio in Ontario

The DIF Infrastructure III Fund announced on January 9, 2018, that it had refinanced three Ontario solar projects, for a total amount of $180 million.

The refinancing involves a portfolio with a total capacity of 30 MWac comprising the Glenarm, Goldlight and Illumination projects. The three facilities sell their production to the IESO under 20-year power purchase agreements.

According to Inframation, the new debt would include a fixed-rate tranche and a variable-rate tranche with an 18-year term. Natixis, which had participated in the initial financing, acted as the Arranger in the refinancing. Samsung Life Insurance Co., Migdal Insurance Company, Migdal Market and Provident Funds as well as Raymond James were participating lenders.

EllisDon acquires assets from Carillion Canada

EllisDon Corporation and Carillion Canada Holdings Incorporated announced on February 28, 2018, that they have concluded an agreement under which EllisDon will acquire certain assets related to Carillion's Canadian operations.

Remember that Carillion PLC, the parent company of Carillion Canada, has been subject to a liquidation procedure since January 2018. However, the Canadian subsidiary indicated in a press release on January 15, 2018, that its activities were continuing and were not included in the liquidation process.

As part of the transaction, EllisDon will acquire 70% of issued and outstanding shares of four entities, of which EllisDon already owns the remaining 30%, namely Carillion Services (ROH) Inc., Carillion EllisDon Services (NOH) Inc., Carillion Services (WOHC) Inc., and Carillion EllisDon Services (Sault) Inc. EllisDon will become the sole service provider for the Royal Ottawa Hospital, the Oakville Trafalgar Memorial Hospital, the William Osler Health System and the Sault Ste-Marie Hospital. EllisDon, through a company of its group, will also acquire 50% of issued and outstanding shares of The Healthcare Infrastructure Company of Canada (ROH) Inc., of which the EllisDon subsidiary owns the remaining 50%.

The transaction is subject to the parties entering into a definitive purchase agreement and subject to the Ontario Superior Court's approval under the Companies' Creditors Arrangement Act.

The Montreal Olympic Stadium roof rehabilitation project is moving forward

On May 7, 2018, the Régie des installations olympiques (RIO) issued a notice of intent to proceed with a request for qualification to design, build, finance and regularly maintain the new roof of the Montreal Olympic Stadium.

This notice of intent follows a request for proposals on February 13 by the RIO for specialized engineering and architectural services of light traction structures.

It has to be remembered that the Olympic Stadium roof replacement project was launched in 2004 and was subsequently suspended until November 2017, when the RIO finally obtained authorization from the ministère du Tourisme and the Minister responsible for the Olympic Grounds to pursue the roof replacement.

According to the notice of intent, the project will be conducted in design-build-finance and maintain mode. The project to replace the 41-year-old Olympic Stadium roof aims to make the Stadium available year-round, by relying on a reliable and safe solution, in line with the architectural characteristics of this iconic building.

The RIO plans to launch the request for qualification in the fall of 2018. At the end of this first step, the Régie will select three teams that have best demonstrated that they have the skills and expertise required to design and build this new roof, including to dismantle the existing one, ensure financing of the design and building costs and, finally, ensure routine maintenance of the new roof for several years.

Once the Régie obtains authorization from the government authorities, these three teams will be invited to participate in the second step, in this case the request for proposals, currently scheduled for launch at the end of 2019.

InstarAGF acquires AMPORTS

On April 3, 2018, InstarAGF announced in a press release that it has acquired 100% of the capital of the AMPORTS automotive port logistics company in Jacksonville, Florida.

Amports operates automobile logistics and handling in thirteen port facilities in the United States and Mexico. The sites provide access to land transportation and distribution networks in the vicinity of major population centres. The company provides its customers with logistics and port services for handling vehicles, including loading and unloading rails, inspection, storage, accessory facilities, as well as personalization, repair and regulatory approval services. Customers include Toyota, Hyundai/Kia, Honda, Volvo, Subaru, Mazda, Volkswagen/Audi, Chrysler, General Motors and Ford.

AMPORTS has belonged to Lincolnshire Management since 2014.Founded in 1986, Lincolnshire Management is an investment capital company based in New York. The firm had mandated the UBS Bank as financial adviser to sell the company in October 2017.

More foreign investment for the Canadian market

According to the panelists and participants of the 12th Annual Infrastructure Investors' Forum, organized on January 23 in London by Inframation, Canada is expected to attract even more investments from European and international infrastructure funds.

According to the participants, the Canadian regulatory environment remains very favourable for investments compared to European jurisdictions. In addition, it appears that European funds are experiencing a lack of opportunities with real returns on their local markets, obliging them to consider investments beyond their borders, in countries like Canada.

The year 2018 is expected to bring significant opportunities for the Canadian PPP market with 24 projects currently at an advanced stage of development, according to Inframation.

Last year, 12 PPP projects reached the financial closing stage for a total of CAD $2.52 billion, divided between transport, social infrastructure and the environment. From a foreign investment point of view, the participation of the Korean Development Bank and the Bank of China was noted.

In the United States and Canada, opportunities could be seen in wireless infrastructure, broadband internet and fibre optic networks for rural communities.

Texas high-speed train project takes a first step towards environmental approval

In January 2018, the Federal Railroad Administration (FRA) published a Draft Environmental Impact Statement (DEIS) for the Texas high-speed train, allowing the private project to continue its development.

Receipt of a DEIS is a key requirement for the project to receive approval from the National Environmental Policy Act (NEPA).

The high-speed rail project is developed by the private Texas Central Partners company, which will be responsible for designing, financing, building, operating and maintaining the system.

The FRA will hold public hearings to gather public input, following which a final environmental impact study is expected to be published in January 2019, as well as a record of decisions to be issued in August of that year. Construction can begin after the two documents are published.

The project's cost is estimated at over USD $18 billion. The project will be financed by a combination of loans and equity. A first round of financing of USD $75 million was concluded in July 2015 with local investors. The calendar of future capital raisings is linked to the calendar of regulatory approvals. However, Japanese institutions, including sovereign funds, have expressed interest in financing the project, according to Inframation.

WSP USA will carry out engineering work on behalf of Fluor Enterprises and Lane Construction Corporation, which were selected as design—build team in August 2017.

Remember that the project plans for a train travelling at speeds higher than 300 km/h which will connect Dallas to Houston in 90 minutes.

Over the next 25 years, the project is expected to generate $36 billion in direct economic activity, create more than 10,000 direct jobs per year during construction and up to 1,000 operational jobs, according to the project's website.

Bechtel gets project management for Texas high-speed train

The Bechtel engineering firm will work with the Texas Central high-speed train developer to manage the $18 billion high-speed rail project planned between Dallas and Houston.

Bechtel was hired to supplement the work of Texas Central as the project moves from the development stage to the implementation phase.

Bechtel has completed more than 300 major rail and subway projects, including the Channel Tunnel High Speed 1 in the United Kingdom, the Crossrail in London, the Riyadh Subway and the Dulles Corridor Metrorail in the Washington, D.C. area.

Bechtel, a US-based company with an office in Houston and approximately 2,000 employees in Texas, has been delivering heavy and complex civil projects for over 100 years.

This partnership comes after Texas Central selected Fluor Enterprises and The Lane Construction Corporation to do the pre-construction planning with the technical support of WSP.

Texas Central, Fluor, Lane and WSP are in the process of completing construction planning and sequencing, scheduling and cost estimating, as well as other design and engineering activities. Their work is governed by the Draft Environmental Impact Statement recently published by the Federal Railroad Administration on the project. The environmental statement for the first time described a unique and preferred itinerary between North Texas and Houston. It identified the locations of passenger stations and assessed the impact of the design and building of the railway system on people and the environment.

The document indicated that the train would lighten the pressure on the Texas transport infrastructure and concluded that the project “is necessary to meet the growing demand”.

The FRE will conduct a final environmental review which will help to determine the schedule and itinerary of the project before the start of work.

Texas Central has obtained options contracts for about one-third of the parcels of land that would be acquired for the project. Certain owners along potential routes opposed the project on the grounds that a high-speed train would disrupt their rural lifestyle and provide few benefits. Texas Central’s estimates forecast 5 million passengers per year by 2025 and 10 million passengers by 2050.

Novacap plans a $500 million infrastructure and energy fund

According to the Inframation website, the Canadian private equity firm Novacap is expected to launch an infrastructure and energy fund worth $500 million. This new fund will target medium-sized investments in North America and South America (Chile, Colombia, Mexico and Peru).

The fund would be structured around a five-year investment period and would envisage making 8 to 12 investments. The fund would prioritize OECD countries, but would reserve a ceiling of 30% for investments in Colombia and Peru, which should nevertheless have an investment grade credit rating. The purpose of the fund would be to invest in equity in the range of $30 to $70 million, in projects with a value that does not exceed $1 billion.

The fund would be interested in all energy and infrastructure projects, including clean technologies such as energy storage, microgrids, complex infrastructures and hydraulic projects as well as the transport sector such as airports.

Request for proposals soon for the Hôpital Fleurimont in PPP mode

The Société québécoise des infrastructures (SQI) is expected to launch a request for proposals for the emergency department of the Hôpital Fleurimont and the Mother-Child Centre in Sherbrooke.

The Government of Quebec has mandated the SQI as project manager to supervise procurement of the project's design, building and financing.

This project involves construction of an extension of some 26,400 square metres on the hospital site to accommodate the mother-child centre and the new emergency department.

At the end of the request for qualifications, three consortia were qualified and will be invited to participate in the call for proposals:

Pomerleau inc.
- Lemay/Groupe A
- Les services exp inc.
- SNC-Lavalin
- Tetra Tech

EBC inc.
- Menkès Shooner Dagenais Letourneux Architectes
- Cimaise Architectes
- Stantec Experts-Conseils Ltée
- WSP Canada inc.
- Cosime Infrastructure & Énergie

Groupe Santé Fleurimont
- Astaldi SpA
- Jodoin Lamarre Pratte architectes
- Yelle Maillé et associés architectes
- SDK et associés inc.
- Les Consultants SM inc.
- Pageau Morel et Associés inc.
- Entreprise de construction TEQ inc.
- Jubinville et Associés Architectes

A biomethanization project in Warwick, Quebec

A rural biomethanization project could be set up in Warwick, piloted by the Carbone Coop.

The Carbone Coop is an initiative of the Fondaction CSN, the Mouvement Desjardins, the Coop Fédérée, the Centre for Excellence in Energy Efficiency (C3E) and the Association québécoise pour la maîtrise de l'énergie (AQME). Biomethanization is a treatment process for organic matter by oxygen-free fermentation, in a closed-environment process. Residues of manure, dairies, orchards, potatoes, cranberries and vineyards can be used in this process.

The process results in a biogas which can be sold to Énergir through its transport and distribution network. In addition, the methanization process also produces a digestate which can be used as a fertilizer in liquid form.

This project would be one of the first biogas projects in Quebec.

Innergex: acquisition of Alterra completed

On February 6, 2018, Innergex Renewable Energy announced the conclusion of the acquisition of Alterra Power Corp.

In October 2017, the company announced the purchase of the British Columbia company for more than $1.1 billion. It had received, in particular, support from the Caisse de dépôt et placement du Québec, with a loan of $150 million.
With the acquisition of Alterra, Innergex brings its total capacity to 1,609 MW.

The transaction will significantly increase the presence of Innergex in the United States, Canada, Latin America and Europe, which remain the company's target markets.
Ross Beaty, Alterra's chief executive, joins Innergex's board of directors.

Creation of the *Réseau express métropolitain* officially launched

On February 8, 2018, CDPQ Infra announced the launch of the execution phase of the Réseau express métropolitain (REM).

Less than two years after unveiling this project, the REM is becoming concrete:

- construction started in April 2018
- the first tests will be done at the end of 2020
- the first users will board in the summer of 2021

Objectives set by CDPQ Infra include:

- Compliance with the announced cost per passenger-km of 72¢, the cost on which the ARTM will set its rates.
- Compliance with the financial parameters announced for construction costs of $6.3 billion, a variation of less than 5% from preliminary estimates.
- No additional contribution from governments and maintenance of estimated performance levels.

We remind you that the consortia selected are the following:

For the contract for engineering, procurement and construction of infrastructure, the Groupe NouvLR, consisting of:

- SNC Lavalin Grands Projets Inc.
- Dragados Canada Inc.
- Groupe Aecon Québec Ltée
- Pomerleau Inc.
- EBC Inc.

Participants (NouvLR Conception):

- SNC Lavalin Inc.
- Aecom Consultants Inc.

For the contract for supply of rolling stock, operation and maintenance systems and services (MRSEM), the Groupe des Partenaires pour la Mobilité des Montréalais (PMM) made up of:

- Alstom Transport Canada Inc.
- SNC-Lavalin O&M Inc.

In parallel with planning and development of the REM, the Caisse has identified additional attractive opportunities for investment for its infrastructure portfolio. Three existing shared-purpose infrastructures—the Mont-Royal tunnel, Central Station (railway infrastructure) and the South Viaduct—are or will be acquired and grouped under a new subsidiary of the Caisse (InfraMtl.co) to ensure public sustainability.

This subsidiary will provide maintenance of these shared infrastructures with current and future operators. It will also generate a stable commercial return, comparable to that of assets already in the portfolio.

Alstom will be the equipment supplier for the Réseau express métropolitain

In the wake of the CDPQ's announcement on the results of the call for tenders for the Montreal Réseau express métropolitain (REM), Alstom confirmed on April 12, 2018, that it won, in consortium with the Canadian company SNC-Lavalin, the contract for approximately 1.8 billion euros (CAD $2.8 billion) to supply the complete driverless light rail system as part of this project, which is to be one of the world's longest automated transport networks, with 67 kilometres of track and 26 stations.

The share of the French rail group is estimated at 1.4 billion euros (CAD $2.2 billion) and that of the Canadian engineering and construction group at 400 million euros (CAD $600 million).

The contract covers supply of 106 two-car trainsets, automated driverless control solutions, a control centre, landing doors, internet connectivity systems as well as operation and maintenance services for a period of 30 years.

Alstom will also establish, in Montreal, a global centre of expertise in research and development of integrated urban mobility control systems which will bring together around 100 professionals whose mission will be to advance the company's expertise based on Montreal know-how in advanced digital technologies and artificial intelligence.

Request for qualification for the Valcartier water treatment project expected this fall

According to the notice of intent published on February 7, 2018, Public Works and Government Services Canada had to issue a request for qualification for the Valcartier water treatment project during the summer of 2018.

The project involves a pumping and treatment system for the Department of National Defence located in Valcartier, Quebec, which would be carried out using a design, build, operate and maintain procurement model.

Three teams will be pre-selected and invited to proceed to the request for proposals phase, which is expected to be issued in the fall of 2018. The project contract is expected to be signed between the private partner and the government of Canada in the fall of 2019.

The project aims to design and implement a process to manage and divert groundwater contaminated with trichlorethylene to the Jacques-Cartier River. Practices related to the use of trichlorethylene by the federal government and private sector organizations between 1940 and 1990 have resulted in undesirable levels of substances that now have to be remediated.

Aecon takeover by CCCC blocked by Ottawa

The Canadian government has blocked a $1.51 billion takeover of the Aecon Group construction company by China Communications Construction (CCCC) for national security reasons.

The Prime Minister's Office issued an order under the Investment Canada Act, requesting that China Communication Construction International (CCCI), the infrastructure giant's foreign investment platform belonging to the Chinese State, not proceed with the proposed redemption of Aecon. This decision is consistent with the recommendations formulated by the country's national security agencies throughout the process of reviewing the impact of this transaction on national security, according to a statement issued on Wednesday, May 23, 2018, by Minister of Innovation, Navdeep Bains.

The government's decision was later confirmed by Aecon, which declared in a press release that its chief executive, John Beck, was "disappointed" by the government's decision.

The transaction with Aecon would have been the largest acquisition outside the Canadian oil sector by a Chinese State-owned enterprise.

The Toronto-based company will remain listed on the stock exchange, while John Beck will remain as chief executive officer to make the transition with his recently appointed successor, Jean-Louis Servranckx, who was previously president of the infrastructure branch of the Eiffage Group. Aecon is no longer actively pursuing a sales process.

CCCI announced its intention to acquire the Canadian construction company last October after the company was put up for sale in August 2017. Aecon shareholders had approved the sale and the Competition Commissioner had not issued an adverse opinion on the proposed transaction. However, the conclusion of the agreement was postponed last February, after the Canadian authorities extended a review of the impact of the transaction on national security for a period of up to 90 days.

Under the national security provisions of the Investment Canada Act, decisions and orders from the Cabinet or decisions of the Minister are final and binding. They are not subject to appeal or review by a court, without judicial review possible under the Federal Courts Act.

We remind you that CCCI purchased the Australian contractor John Holland in 2015 for $1.15 billion Australian (USD $870 million). The Beijing-based multinational also formed a joint consulting and planning service with the American engineering company AECOM last August.

Boralex concludes a 136 million euros financing in France

Boralex Inc. (TSX: BLX) announced on February 28, 2018, that it had concluded financing for the Inter Deux Bos (33 MW), Côteaux du Blaiseron (26 MW), Le Pelon (10 MW), Hauts de Comble (20 MW) and Sources de l'Ancre (23 MW) wind farms in France, for a total amount of about 136 million euros ($212 million). This financing is provided by Crédit Industriel et Commercial, Auxifip, Caisse Régionale de Crédit Agricole Mutuel Nord de France and BPI France Financement.

This financing is based on an 80/20 debt-to-equity ratio and consists of a fixed rate tranche amortized over 15 years for 108.8 million euros and a variable rate tranche of 27.2 million euros also amortized over a period of 15 years. Based on hedging contracts and drawdowns in effect, the average combined rate of the two tranches is around 2.60%. In addition to the long-term tranches, the financing also includes short-term tranches totalling 20.4 million euros, intended to cover the temporary funding requirements related to the French value-added tax.

The construction of each of these projects is already under way, or will be in the next few months, and the projects are expected to be in service between the end of 2018 and 2019.

CDPQ and Ullico acquire a school bus supplier

According to a press release on February 27, 2018, the Caisse de dépôt et placement du Québec (CDPQ) and Ullico Inc. have agreed to acquire all the capital of the Ontario bus company Student Transportation Inc., a company listed on the Toronto Stock Exchange.

CDPQ and Ullico have formed an entity named Spinner Can Acquireco Inc. to acquire the outstanding shares of the company, according to information published by the Inframation website. The new owners paid $867.3 million for the operation, and 79.9% of capital will be held by the CDPQ after closing, while Ullico will hold the remaining 21.1%.

The CDPQ was already one of the largest current shareholders of Student Transportation Inc., with about 8.4% of the company's outstanding common shares, which remains the third largest supplier of school bus transportation services in North America. Student Transportation operates a fleet of over 13,500 vehicles and transports 1.25 million passengers, mainly children. The buyers and the seller expect to conclude the transaction before the end of summer 2018, once they have received all the necessary approvals.

CDPQ and Ullico plan to finance the acquisition with equity capital and financing offered by BMO Capital Markets, which is also the investors' financial advisor.

Remember that Ullico is an American insurance company linked to the trade union world that invests mainly in the infrastructure sector, including transport, water, wastewater, electricity transmission and electricity production.

InstarAGF aims to launch a second $1 billion fund in 2019

InstarAGF plans to launch a second CAD $1 billion infrastructure fund in early 2019, according to Inframation.

The company will probably maintain the same strategy as for the first fund, focusing on the value-added infrastructure of the North American mid-market, in the sectors of energy and public, civil and social services.
InstarAGF is a joint venture between the Canadian investment group AGF Management and the alternative investment company Instar Group.

The company's first fund, InstarAGF Essential Infrastructure Fund, raised $740 million at the final closing in June 2017. The fund has a net IRR (Internal Rate of Return) target of 9% to 14%, over a 15-year period.

InstarAGF has already deployed just over half the capital of its first fund. To date, the company has invested in six assets: the Billy Bishop Airport Terminal, the Okanagan 30 MW wind farm, the Steel Reef intermediate services company, the Skyservice business aviation services provider, the Creative Energy district energy company (owner of the Vancouver district energy network) and finally, the Amports automobile port logistics company.

Innergex and BlackRock announce COD for the Flat Top 200 MW wind farm in the United States

Innergex Renewable Energy Inc. (TSX: INE) and BlackRock Real Assets officially announced the commissioning on March 23, 2018, of the Flat Top 200 MW wind farm located near the municipality of Priddy, Texas. Innergex holds a 51% interest in the wind farm, acquired on February 6, 2018, as part of the acquisition of Alterra Power Corp. A fund managed by BlackRock Real Assets holds the remaining 49%.

The Flat Top wind farm, located in the centre of Texas, will include 100 Vestas V110 wind turbines (each with an average height of 95 metres and nominal capacity of 2.0 MW) and will be operated by the wind turbine manufacturer under a 10-year operation and maintenance contract. The Flat Top wind farm will sell all its production to the ERCOT grid and will fix the price of electricity on the main part of its revenues with a subsidiary of Citibank, under a 13-year hedging contract.

In parallel with the commercial commissioning of the project, Berkshire Hathaway Energy and Citibank have completed a USD $211.3 million tax equity financing on the project, the proceeds of which were used primarily to repay the loan for construction of the project.

Quebec's 2018 budget provides for an increase in infrastructure investments

The government of Quebec has tabled its 2018-2019 budget including its 10-year infrastructure plan in preparation of provincial elections to take place next October. With a strong economy and a low unemployment rate, the fourth consecutive balanced budget includes several increases in health, education and infrastructure spending.

Under the 2018-2028 Quebec infrastructure plan (PQI), investments will amount to $100.4 billion, $9.3 billion more than the 2017-2027 PQI.

Given this increase, the government will inject more than $10 billion annually on average into Quebec infrastructure by 2028 in order to meet needs and to advance major strategic projects, in particular in the sectors of education, health and social services, as well as in the road network and public transit.

These investments will prioritize public safety, replacement of obsolete infrastructure and economic development:

- 19.9% allocated to roads
- 18.6% to health and social services
- 16.1% to education and higher education
- 9.1% to municipal, sports, community, tourist and recreational infrastructure

Public transit will receive 9% of planned investments in the 2018-2028 PQI, or $9 billion, including $1.1 billion during the 2018-2019 fiscal year.

Almost $50 million will be provided to Aboriginal communities to improve their living conditions. In addition, the government will submit to the Société du Plan Nord an envelope of more than $86 million for launching initiatives to supplement certain investments already underway in the Plan Nord territory and to promote new economic development projects.

Alberta launches a 700 MW renewable energy program

On March 29, 2018, the Alberta Electric System Operator (AESO) issued a request for expressions of interest for the second and third phases of its renewable energy supply program. The AESO plans to develop up to 300 MW and 400 MW of renewable energy in the second and third phases of the program, respectively, and aims to begin commercial operation by June 30, 2021.

According to the request for expressions of interest, the AESO will conclude Renewable Electricity Support Agreements (RESA) to develop, finance, build, own, operate and maintain projects generating electricity from renewable energy resources.

Projects submitted for the second round of the renewable energy supply program require a minimum participation of 25% of the Aboriginal communities, which participation must be maintained for at least three years after commissioning of the project. Series 3 projects will be assessed based on their ability to connect to the existing transmission or distribution network after the evaluation of Series 2 projects.

According to the AESO's website, the call for tenders process is expected to result in the selection of successful sponsors in December 2018.

Renewable Energy Supply Program—Phase 1

In December 2017, the AESO allocated 595 MW of wind energy production projects in the first round of its renewable energy supply program, surpassing its initial target of 400 MW.

EDP Renewables, Enel Green Power North America and Capital Power of Alberta were selected for the following four projects:

- Capital Power's 201.6 MW Whitla wind project in Medicine Hat
- EDP Renewables' 248.4 MW Sharp Hills wind farm at Oyen
- Enel Green Power North America's 115 MW wind farm at Pincher Creek
- Phase 2 of Enel Green Power North America's 30.6 MW Castle Rock Ridge wind farm at Pincher Creek.

Thirty companies respond to Alberta's 700 MW call for tender

According to an update published by Inframation on April 27, 2018, thirty companies responded to the request for expressions of interest (REOI) by the Alberta Electric System Operator (AESO) for the second and third phases of its renewable energy supply plan.

The second supply phase has a target of 300 MW and the projects proposed must include a 25% participation of Aboriginal groups. The third phase includes a target of 400 MW. Calls for tender for both were launched on April 27, 2018. Many companies submitted bids for both phases — including Aira Wind Power, Enel Green Power, Samsung Renewable Energy and NaturEner Energy. Some companies on the list are new players in the field of renewable energy — such as KT Corporation, a Korean telecommunications company. A number of respondents are companies belonging to First Nations groups such as River Cree Development Corporation and Chiniki TRICO Limited Partnership.

Let us remember that in December 2017, the AESO allocated 595 MW of wind energy production projects in the first round of its program, surpassing its initial target of 400 MW. Capital Power, EDP Renewables and Enel Green Power North America had won the contracts for this first phase.

Engie and Axium Infrastructure finalize an acquisition in Boston

Engie North America and Axium Infrastructure, together in the Longwood Energy Partners consortium, announced on April 3, 2018, that they have finalized the acquisition of an electricity microgrid and a heating and air conditioning system on the Longwood Medicine campus in Boston, Massachusetts. The facility serves 5 hospitals and Harvard's medical and public health schools under a long-term contract valid until 2051.

With a production capacity of 99 MW through a microgrid with 500 tons per hour of steam and 42,000 tons of refrigerated water, this complete energy system is used for daily operation of medical infrastructures, which receive more than 2.4 million patients each year.

Remember that in April 2017, in a similar process of overall energy management at the microgrid level, Engie and Axium won a 50-year contract to operate the entire energy production and distribution network (steam, cold, gas and electricity) of the Ohio State University for its Colombus Campus.

The province of Newfoundland is considering a PPP for its $1.7 billion tunnel project

The government of Newfoundland and Labrador has published a study recommending the use of a public-private partnership model for its project of a tunnel between Labrador and the island of Newfoundland.

The province's pre-feasibility study aims to identify options for a fixed transport link between Labrador and Newfoundland, across the Strait of Belle Isle, which would provide a permanent connection for vehicles. Currently a ferry links Blanc-Sablon in Quebec to St-Barbe in Newfoundland.

A study was conducted in 2004 by the Harris Centre, which conducted an independent review of the economic and technical implications and the viability of construction of the fixed transport link. Newfoundland published an updated version of the report on April 11, 2018. Harris Limited was responsible for the engineering study, while the Harris Centre regional analysis laboratory completed the economic impact analysis.

The new report concludes that a tunnel drilled using tunnellers with an electric rail shuttle for vehicle transport is the most technically and economically feasible option. Hatch estimates the capital cost of the recommended rail tunnel to be $1.7 billion.

According to the study, the execution of this project as a PPP would be an option to consider. Hatch recommends that the Design-build-finance-operation-maintain (DBFOM) approach be reviewed if the federal and provincial governments are prepared to pay the majority of the initial capital and if they allow a private operator to collect fees. Tolls would pay for the costs of operation and a portion of the capital costs.

Innergex renews PPA for its Brown Lake hydroelectric power plant for 40 years

Innergex Renewable Energy Inc. (TSX: INE) announced on April 16, 2018, that the electricity purchase agreement for the Brown Lake hydroelectric power plant has been renewed with BC Hydro for a period of 40 years. The new contract came into force on April 1, 2018 and is subject to the approval of the British Columbia Public Utilities Board.

Brown Lake is a run-of-river hydroelectric power plant with installed power of 7.2 MW, located on Crown land near Prince Rupert in the north coast region of British Columbia. In operation since 1996, the facility produces an average of 51,800 MWh annually and all of the electricity produced is sold to BC Hydro.

Boralex acquires portfolio of Kallista Energy Investment in France

Boralex Inc. (TSX: BLX) announced on April 20, 2018, that it had concluded an agreement with Ardian Infrastructure to repurchase 100% of the outstanding shares of Kallista Energy Investment SAS, for a consideration of 129.4 million euros (about $202 million), to which is added assumption of the debts of projects amounting to 94 million euros.

The acquisition relates to a portfolio of 163 MW of wind power projects in operation with an average weighted life of 8 years under contract, a 10 MW ready-to-build site as well as a 158 MW portfolio of projects, bringing the potential of Boralex in Europe to almost 1,000 MW.

Boralex therefore consolidates its position as the leading independent producer of wind energy in France, increasing its installed power from 609 MW to 772 MW. Globally, Boralex increases its total installed power by more than 11%, from 1,456 MW to 1,619 MW. Boralex anticipates that the acquisition will add approximately 23 million euros ($36 million dollars) to Boralex's EBITDA, based on Kallista's anticipated earnings.

This acquisition will also allow Boralex to integrate Kallista Energy Investment's development team, which has in particular developed specialist expertise in repowering wind projects, which can be put to use immediately.

HSBC stops financing coal, oil and gas energy projects

In a press release dated April 20, 2018, HSBC Bank stated that it would stop funding new coal, oil and gas projects in the Arctic as well as oil sands projects, with the aim of promoting the transition to a lower carbon economy.

The Bank is also withdrawing from new nuclear projects that are inconsistent with International Atomic Energy Agency (IAEA) standards and hydroelectric projects that do not comply with the World Commission on Dams framework. HSBC has nonetheless made an exception for certain countries: it continues to invest in certain coal energy projects in Bangladesh, Indonesia and Vietnam to "adequately balance local humanitarian needs" in these countries, the statement said.

This statement by the British bank comes after several other European banks withdrew from certain fossil fuel-related companies. In October 2017, BNP Paribas announced that it would stop financing LNG terminals that liquefy and export shale gas, or pipelines that transport petroleum and gas from shale and oil sands. In December 2017, Natixis stated that it would stop financing all activities related to oil sands, including transport and storage of extracted oil, as well as petroleum and gas projects in the Arctic.

End of project for privatization of Canadian airports

The Canadian federal government no longer plans to privatize the country's eight largest airports. The Minister of Transport, Marc Garneau, met with the Canadian Airports Council during the week of April 16, 2018, and confirmed that the Liberal government was no longer actively considering privatization, according to the Minister's spokesperson Delphine Denis.

Privatization of Canadian airports was proposed for the first time by the Economic Growth Advisory Council of the Department of Finance Canada in October 2016. The sale to private investors would turn these airports into profit-making enterprises and could have generated several billion dollars for the Canadian government. The federal government has launched a study with Credit Suisse on the benefits and impact of privatization of Canada's eight largest airports in the cities of Toronto, Vancouver, Montreal, Calgary, Edmonton, Ottawa, Winnipeg and Halifax. However, despite the proliferation of private projects or public-private partnerships in other sectors of Canadian infrastructure, such as rail transport, hospitals or energy, no consensus has been reached on this approach for regional airport administrations.

However, the federal government's position does not entirely bar private investment in Canadian airports. Pure and simple privatization is not the only partnership model and other forms can be contemplated. For example, Aéroports de Montréal is currently considering an alternative mode of operation for its $2.5 billion new terminal project.

EDF Renewables: a new international brand

To support its growth on the international market for renewable energy, EDF Energies Nouvelles is strengthening its identity and adopting “EDF Renewables” as a unique brand for all its subsidiaries abroad.

In line with the ambitions of Groupe EDF, which seeks to double its renewable capacities in France and worldwide by 2030, EDF Energies Nouvelles continues its development on its historical markets—France, Europe and North America—and in areas with high growth potential such as South America, Asia or the Middle East. EDF Energies Nouvelles today develops and operates wind, solar and storage projects in about twenty countries.

Innergex announces signing of a 12-year power purchase agreement for the Foard City wind project in Texas, United States

Innergex Renewable Energy Inc. (TSX: INE) announced on May 7, 2017, that it had signed a 12-year power purchase agreement with a large Texas power company, a subsidiary of Luminant, for its Foard City wind project located in Foard County, Texas.

The development of the Foard City wind project is progressing and Innergex plans to begin construction of the project during the fourth quarter of 2018. Inspection of the site has been completed as well as other important stages of development, including environmental impact studies and signing local property tax reduction agreements.

Innergex has also recently concluded an interconnection agreement for Foard City with Electric Transmission Texas, LLC. Commercial commissioning is planned for the third quarter of 2019.

Installed power is expected to reach around 350 MW when construction is completed. In addition, activities carried out on the site since 2016 are expected to make the project eligible for renewable energy tax incentives in the United States (Production Tax Credits or “PTC”).

CPPIB acquires a minority share in Enbridge's renewable energy assets

The Canada Pension Plan Investment Board (CPPIB) announced on May 9, 2018, that it had concluded a $1.75 billion agreement to acquire minority holdings in two renewable energy portfolios owned by Enbridge.

The agreement covers a 49% interest in Enbridge's land-based renewable energy assets in North America as well as a 49% interest in two wind projects in the German North Sea.

The North American assets include 14 fully contracted operational wind and solar projects in four Canadian markets and two operational projects in the United States with a combined installed power of 1.3 GW. The Canadian assets were held by Enbridge Income Fund. The two American assets are the 250 MW Cedar Point wind farm in Colorado and the 50 MW Silver State North solar project in Nevada.

Under the agreements, the CPPIB will fund at its 49% interest the capital needs to complete construction of Hohe See projects off Germany which are expected to be put into service at the beginning of 2020. The CPPIB's additional capital commitment is estimated at approximately $500 million, bringing its total commitment to approximately $2.25 billion.

Enbridge and the companies of its group will continue to manage, operate and provide administrative services to the North American projects and Hohe See.
In addition, the CPPIB and Enbridge have concluded an agreement whereby both parties will form an equal share joint venture to carry out other wind farm projects off Europe. These projects are at an early or advanced stage of development, under construction or in operation.

Innergex buys a 140 MW Chilean hydroelectric project

Innergex Renewable Energy Inc. (TSX: INE) announced on May 15, 2018, that it had been selected as part of a call for tenders to acquire — in partnership with the Chilean company Energia Liaima — the 140 MW Duqueco hydroelectric project which includes two hydroelectric power plants in Chile. The acquisition is subject to certain regulatory approvals and finalization of the partnership between the two parties. Innergex has not disclosed the seller's identity.

The acquisition of the Duqueco hydroelectric project includes two hydroelectric power plants put into service in 2001: Peuchen (85 MW) and Mampil (55 MW), located on the Duqueco River, 60 km east of Los Angeles, Chile.

The annual average combined production of electricity is expected to reach more than 350,000 MWh. The electricity produced by these hydroelectric installations is sold under electricity purchase contracts with price fixed until 2020 and on the spot market. Innergex anticipates an adjusted EBITDA of approximately USD $21 million (CAD $26.8 million) per year for the entire project.

The purchase price is approximately USD $210 million (CAD $268 million), subject to certain adjustments, and the South American bank Itaú is expected to grant financing of USD $140 million (CAD $178.8 million) to cover a portion of the purchase price. Innergex's net share of the remaining purchase price will amount to approximately USD $80 million (CAD $102.2 million).

In addition, Innergex has signed an exclusive agreement with Energía Llaima for a joint venture partnership to acquire a 50% interest in the company. At the signing of the final partnership agreement, Innergex would hold 50% of Energía Llaima for a total commitment of USD $110 million (CAD $140.5 million) to invest in the next three years.

CPPIB's direct investment strategy bears fruit

The infrastructure portfolio of the Canada Pension Plan Investment Board (CPPIB) performed particularly well during 2018, more than doubling its performance compared to the preceding year, according to the institution's annual financial report published on May 17.

Therefore, the portfolio generated a return of 15.2% for 2018, compared to a return of 7.4% the preceding year. The three preceding years reported 9.3%, 16.5% and 16.6%, respectively.

As of March 31, 2018, infrastructure represented 8% of the CPPIB's portfolio. The fair value of the fund's direct investment in infrastructure was $30.35 million.

The fund's report explains that these strong performances are due to the strategy of direct investment in infrastructure. According to this document, it is estimated that the costs of externally managed capital investment of $20 billion would be between $800 and $900 million per year on average. However, the cost of internal management of a $20 billion portfolio is about $75 million, which represents a savings of approximately $700 to $800 million.

At the end of the year, CPPIB's infrastructure portfolio included 18 direct investments valued at $28.6 billion, of which 75.8% was invested in developed markets such as North America, Western Europe and Australia and certain emerging markets, mainly Latin America and India.

Canada Infrastructure Bank appoints its President and Chief Executive Officer

The Board of Directors of the Canada Infrastructure Bank (CIB) appointed Mr. Pierre Lavallée as President and Chief Executive Officer of the organization, according to an announcement on May 24, 2018.

We remind you that the primary objective of the CIB is to use federal support to attract investment from the private sector and institutional investors in new revenue-generating infrastructure projects in the public interest.

Prior to joining the Canada Infrastructure Bank Mr. Lavallée held a number of senior positions within the Canada Pension Plan Investment Board (CPPIB) for six years, most recently as Senior Managing Director and Global Head, Investment Partnerships. Before joining the CPPIB, Mr. Lavallée was Executive Vice-President of Reitmans Canada Ltd. in Montreal. He also spent 18 years at Bain & Co., Toronto, where he led Canadian retail practices, for telecommunications and private equity, and where he served as Managing Partner for Canada for three years. Prior to his arrival at Bain, Mr. Lavallée was Trade Commissioner at the Department of Foreign Affairs and International Trade, in Ottawa and Japan.

He began his tenure at the Bank in June 18, 2018.

He will work in tandem with Bruno Guilmette, who will be the Acting Director of Investments for the Bank. Previously, Mr. Guilmette served on the Executive Committee and on the Board of Directors of the Global Infrastructure Investor Association and he was Senior Vice-President of Infrastructure at PSP Investments.

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Lawyers