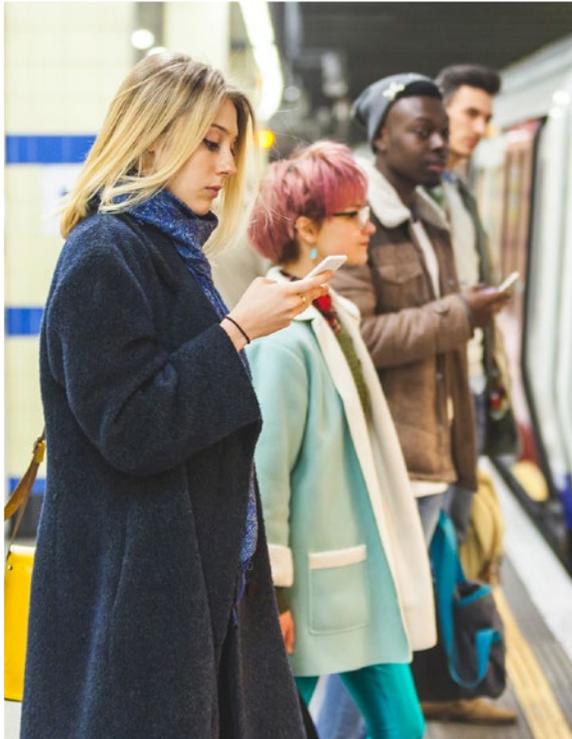


HIGH FREQUENCY RAIL

RFEOI Update



Government
of Canada

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du Canada

Canada

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On March 10, 2022, Canada released the Request for Expressions of Interest (RFEOI) for the HFR Project, which generated meaningful feedback from interested industry participants.

This RFEOI Update is being provided to summarize certain key themes stemming from the RFEOI process and provide additional information and clarifications to some elements of the HFR Project and its anticipated Procurement Phase prior to the expected launch of the RFQ, now planned for January 2023.

Canada encourages Interested Parties to provide feedback or information related to this RFEOI Update to Canada by email at tgf-hfr@tpsgc-pwgsc.gc.ca. At its discretion, Canada may seek clarification or additional feedback from Interested Parties.

Disclaimer

All information set forth in this RFEOI Update regarding potential future stages of the procurement process and the potential HFR Project is preliminary and is subject to change. The advancement of the HFR Project is subject to future Government of Canada decisions with respect to the potential procurement process and implementation of the HFR Project.

Definitions

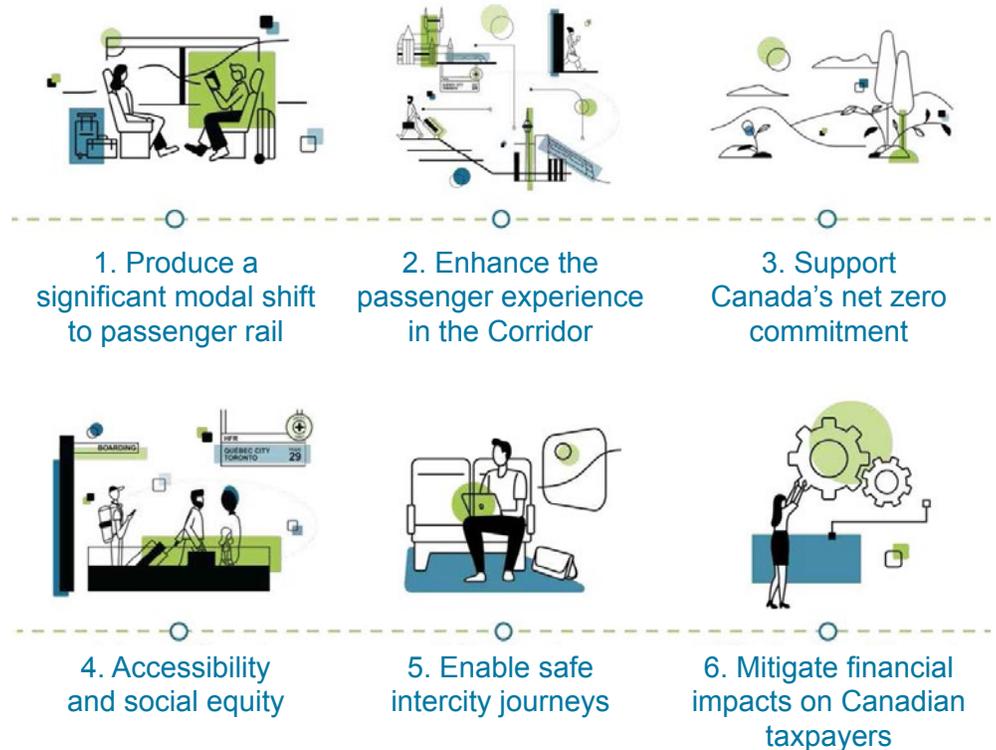
Unless otherwise defined herein, capitalized terms used in this document have the meaning set out in the RFEOI.

1. EXECUTIVE SUMMARY

THE HIGH FREQUENCY RAIL PROJECT

The High Frequency Rail (HFR) Project will transform passenger rail service in Canada. It will create a modern, resilient, sustainable and mostly electrified rail service that uses mostly dedicated tracks between Québec City, Trois-Rivières, Montreal, Ottawa, Peterborough and Toronto. The HFR Project will offer more frequent, faster and more reliable service; improved connectivity between cities and with other modes of transportation; and an innovative and sustainable transportation option to reduce greenhouse gas emissions, as set out in the Project Outcomes for the HFR Project.

The Project Outcomes, as set out in the RFEOI, are to:



By providing more and better transportation options in Canada's busiest travel corridor, the HFR Project will make rail travel more accessible and create more choices for where people can live and work. It will also support the long-term regional and economic growth of the country's most densely populated region.

The HFR Project is an opportunity to seek industry knowledge and world-class expertise and to create partnerships. Through the Procurement Phase, Canada intends to invite Canadian and international developers to compete and present innovative approaches to optimize, deliver and operate the HFR Project over a 30-to-50-year period. By maximizing competition and innovation, better services can be achieved, design and construction can be accelerated and the cost to taxpayers can be reduced.

THE REQUEST FOR EXPRESSIONS OF INTEREST

On March 10, 2022, Canada released the Request for Expressions of Interest (RFEOI) for the HFR Project. In keeping with best practices for large-scale infrastructure projects, Canada has used a phased approach to solicit market feedback. The objective of the RFEOI was to share information with interested industry participants and obtain feedback on the HFR Project, including with respect to transaction and procurement structure.

Canada is very pleased with the market's interest and response to the RFEOI, with 54 Interested Parties providing written responses and confirming a desire to participate in the HFR Project.

Meetings were held to discuss responses in greater detail, which was helpful for Canada to better understand the specific feedback raised by the market. Canada would like to take this opportunity to thank Interested Parties for their participation in this exercise.

Through the RFEOI process, Canada obtained meaningful feedback from Interested Parties. Core elements of the proposed procurement approach and deal structure were validated and remain unchanged. Canada is using this feedback to refine the project requirements, the deal structure and the anticipated procurement and co-development processes and timelines.

This document summarizes certain key themes stemming from the RFEOI process and provides additional information, clarifications and changes to some elements of the HFR Project and its anticipated Procurement Phase prior to the expected launch of the RFQ. These updates are summarized below.

Roles and Responsibilities

Sections 3.1 and 3.5

Further detail is provided on the roles and responsibilities of the Private Developer Partner during the Co-Development Phase, including collaborating on work with third parties (such as host railways), supporting Canada in completing the Impact Assessment process, supporting Canada in advancing engagement with Indigenous peoples, including through socio-economic benefits, permitting and approvals and project management plans. Similarly, more information is provided on the responsibilities of the Private Partner and of Canada during the Execution Phase.

Indigenous Reconciliation

Section 3.2

As the participation of Indigenous peoples is essential to the success of the HFR Project, Canada will seek a private sector partner that prioritizes and values meaningful relationships with Indigenous peoples. Canada will carefully consider the views of Indigenous peoples throughout the project and encourage collaboration with Indigenous businesses as part of providing socio-economic benefits and project participation opportunities in order to advance reconciliation with Indigenous peoples.

Innovation, Project Alignment and Land Acquisition

Section 3.3

Proponents will have the flexibility to explore innovations to maximize Project Outcomes to bring more benefits to Canadians, including with respect to developing an alignment and opportunities to increase speeds on certain segments. Canada will provide Proponents with information on the potential alignment options that are expected to be acceptable to Canada. The final alignment would be agreed upon by Canada and the Private Developer Partner during the Co-Development Phase. Canada would be responsible for securing the land rights for the final alignment, although the Private Developer Partner would have responsibilities related to the completion of preparatory work and consultations necessary to secure such rights.

Impact Assessment

Section 3.4

The Impact Assessment process is a critical path item contingent on the selection of an alignment. During the Co-Development Phase, the Private Developer Partner would have responsibilities related to completing the field study requirements, some of which provide an opportunity to collaborate with Indigenous peoples, and supporting Canada with its consultations with the public and Indigenous peoples during the Impact Assessment process.

Deal Structure – Execution Phase

Section 3.5

Further information is provided on key features and objectives of the deal structure. In the construction phase, capital costs would be funded by Canada, the Canada Infrastructure Bank (CIB) and private financing, while during the operations phase, the Private Partner would receive fixed capital payments to service debt and provide equity returns on capital invested during the construction phase. Additionally, the Private Partner would receive revenues from both Local Services and HFR Services, as well as other ancillary income, which would be expected to cover all operating, maintenance and life-cycle costs.

Revenue Risk

Section 3.5

Revenue risk transfer is expected to include protection for extreme revenue downside scenarios. Any potential downside protection would have a corresponding upside revenue sharing. This approach would be commercially fair and reasonable and will protect taxpayer interests.

Transition of Existing Via Services to a Private Partner

Section 3.6

Additional details are provided on the timeline and process for this transfer to occur, as well as the Private Developer Partner's role and responsibilities to advance pre-planning for the transition of Existing VIA Services during the Co-Development Phase. For clarity, Existing VIA Services refers only to the existing passenger railway services operated by VIA Rail within the Corridor. The transition of Existing VIA Services to the Private Partner would include the development and incorporation of strategies to leverage the assets, capabilities and talent of VIA Rail. Canada will work with VIA Rail and the Private Developer Partner to ensure that workforce changes required for the advancement of the HFR Project would be done in consultation with unions and respect collective bargaining.

Procurement Timelines

Section 4.1

Canada will allow additional time for the Co-Development Phase, during which further development, de-risking and refinement of the Private Developer Partner's solution and alignment would occur. The scheduled RFP in-market period will be revised to nine months, reflective of the level of effort expected for the RFP Proposal. To provide Interested Parties adequate time to consider the additional information in this update, the release of the RFQ is rescheduled to January 2023. This will enable the HFR Project to efficiently advance to the Co-Development Phase, which aligns with feedback received from the market on the Procurement Phase. (See Figure 1 below.)

Respondent Team Composition

Section 4.2

Respondents will not be required to identify contractors and suppliers (including rolling stock or system providers) as part of their teams; however, Respondents/Proponents will not be prevented from including these parties in their teams.

RFQ Process and Deliverables

Section 4.3

An outline of the RFQ Response requirements is provided to inform teaming ahead of release of the RFQ.

RFP Process and Deliverables

Section 4.4

More information has been provided on the RFP, including Proposal requirements and evaluation, deliverables and commercially confidential meetings, and associated compensation for Proponents.

Project Development Entity

Section 5.1

A new subsidiary of VIA Rail is being incorporated and will act as the contractual counterparty for Canada. It will operate independently of VIA Rail for most purposes and will be directly accountable to the Minister of Transport.

Role of VIA Rail

Section 5.2

Planning for the smooth transition of Existing VIA Services would occur during the Co-Development Phase. Canada, VIA Rail and the Private Developer Partner would develop a transition strategy to leverage the capacity and experience of the existing workforce dedicated to the Corridor, and work to determine how to leverage the assets, capabilities and talent of VIA Rail.

CIB Involvement

Section 5.3

The CIB will develop a term sheet for the CIB investment product to be made available the Private Partner. The term sheet will be made available to Proponents during the RFP stage.

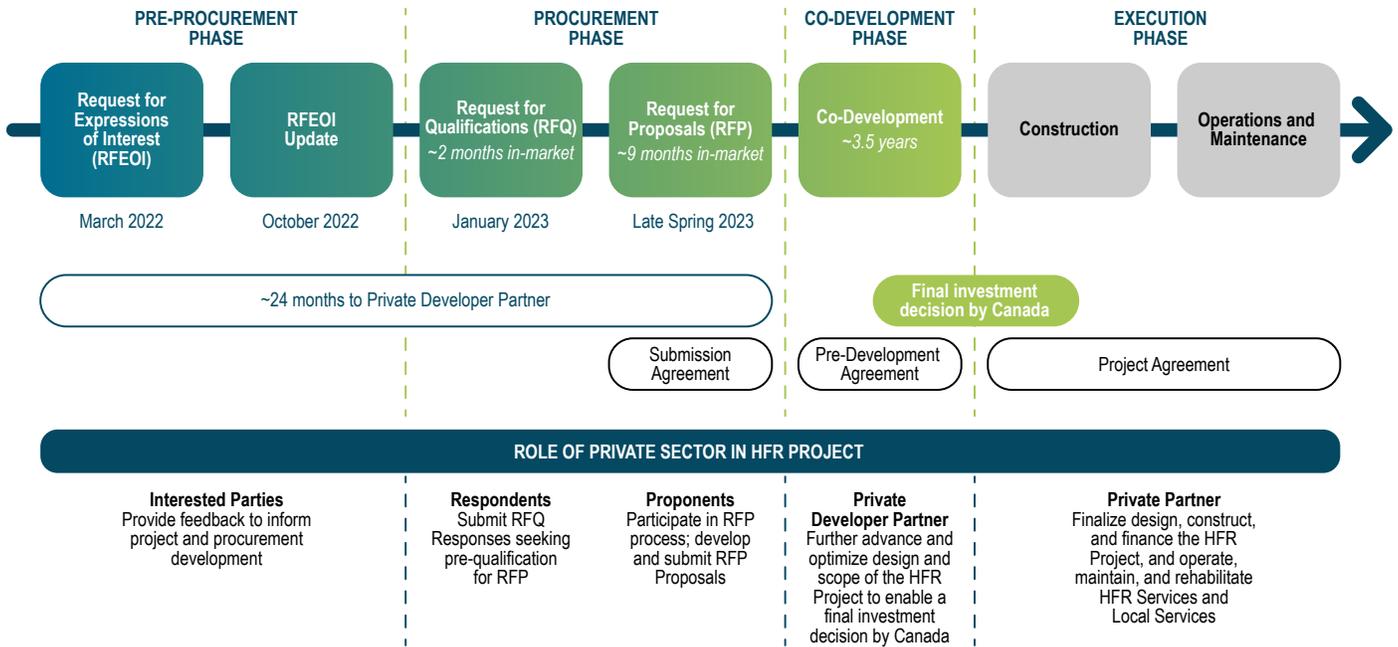
Security Requirements, the *Investment Canada Act* and the Integrity Regime

Section 6

The anticipated security requirements for the Procurement Phase, Co-Development Phase and Execution Phase are provided. Information is provided regarding conditions that may apply during the Procurement Phase with respect to the *Investment Canada Act*, as well as concerning the application of Canada's Integrity Regime.

Canada continues to appreciate the market’s engagement on the HFR Project and hopes this update will assist Interested Parties in their preparation for the launch of the RFQ in the coming months.

Figure 1: Updated Overview of HFR Project Phases



2. INTRODUCTION

2.1. THE HFR PROJECT: BACKGROUND AND BENEFITS

Looking to the future and the need to fight climate change, Canada is seeking to increase the sustainability of its transportation system by providing travellers with enhanced low carbon, low emission options. While ridership on intercity passenger rail services in the densely populated Québec City–Windsor Corridor remains significant, acute challenges prevent the current service provider – VIA Rail – from attracting additional passengers from more carbon-intensive options, such as air travel and private vehicles. Many of these challenges stem from VIA Rail’s services operating primarily on congested rail infrastructure owned and controlled by freight rail companies.

In this context, the HFR Project is a game changer for travel in the Corridor. The HFR Project will offer travellers a more frequent, faster and more reliable transportation option in this heavily travelled corridor; improved connectivity between cities and with other modes of transportation; an innovative and sustainable transportation option to reduce greenhouse gas emissions; and a safe and accessible transportation option, providing Canadians with better travel options to meet their needs.

Canada is committed to modernizing intercity passenger rail services in a way that will best meet the transportation needs of travellers while also creating jobs and economic growth. The HFR Project will transform passenger rail service in Canada. It will create a modern, resilient, sustainable and mostly electrified rail service that uses mostly dedicated tracks between Québec City, Trois-Rivières, Montreal, Ottawa, Peterborough and Toronto.

By providing more and better transportation options in Canada’s busiest travel corridor, the HFR Project will make rail travel more accessible and create more choices for where people can live and work. It will also support the long-term regional and economic growth of the country’s most densely populated region. Moreover, expanded services in the Corridor



Canada is committed to modernizing intercity passenger rail services in a way that will best meet the transportation needs of travellers while also creating jobs and economic growth.

promises to create additional career opportunities in the passenger rail sector. HFR Services will also enable safe journeys between Toronto and Québec City by operating according to the highest safety standards.

The HFR Project is an opportunity to involve industry knowledge and world-class expertise in order to deliver the best results for Canadians. Through the Procurement Phase, Canada will invite the best Canadian and international developers to compete and present innovative approaches to design, optimize, deliver and operate the HFR Project over a 30-to-50-year period. By maximizing competition and innovation, better services can be achieved, design and construction can be accelerated and the cost to taxpayers can be reduced.

The HFR Project promises a better future for workers in the passenger rail sector by modernizing, enhancing and greatly expanding service, creating new job opportunities for current and future employees. VIA Rail, its unions and its employees are also critical to the success and advancement of the HFR Project. VIA Rail will be a key partner in the HFR Project by providing all necessary support, co-operation and operational expertise in the delivery of the HFR Project and will continue to play a key role across Canada as its national passenger rail provider.

2.2. RFEOI CONTEXT

Canada is committed to modernizing intercity passenger rail services in a way that will best meet the transportation needs of the travelling public while also creating jobs and economic benefits for Canadians and advancing Canada's goals with respect to reconciliation with Indigenous peoples. As announced on July 6, 2021, Canada has taken the steps necessary to launch the Procurement Phase of the HFR Project.

The RFEOI supported the forthcoming Procurement Phase for the HFR Project – a process that will consist of a Request for Qualifications (RFQ) followed by a Request for Proposals (RFP).

More information about the HFR Project and the RFEOI can be found via the following links:

HFR Project website: <https://tgf-hfr.ca/>

RFEOI on the HFR Project website: <https://tgf-hfr.ca/news/>
Click on 'Learn more about the Request for Expression of Interest' button

RFEOI on the CanadaBuys SAP Ariba website: <https://service.ariba.com/Discovery.aw/ad/viewRFX?id=12520494> – click on 'Respond to Posting' button to see downloadable files

The purpose of the RFEOI was to request feedback from Interested Parties about the design, build, financing, operation and maintenance of the HFR Project, as well as its expected Procurement Phase. Canada was also interested in hearing from Interested Parties with experience delivering projects under the collaborative co-development models used elsewhere in the world.

2.3. RFEOI PROCESS

The RFEOI was made available to Interested Parties and the general public on March 10, 2022.

On April 6, 2022, two virtual information sessions (one in French and one in English) were held; they were attended by 361 individuals representing 126 companies. A copy of the presentation can be found on the HFR Project website: <https://tgf-hfr.ca/>

Interested Parties were invited to provide responses to the RFEOI on a non-binding basis by May 31, 2022. After reviewing the RFEOI responses, Canada held meetings to clarify the feedback provided. The Fairness Monitor appointed for the HFR Project by Public Services and Procurement Canada (PSPC) attended these discussions to ensure a fair and transparent engagement process.

2.4. QUESTIONS FROM CANADA

The questions from Canada identified in Section 10 of the RFEOI encouraged Interested Parties to respond to the proposed HFR Project and procurement approaches to help inform the development of the HFR Project, revolving around the following themes:

- The Procurement Phase generally
- The RFP stage
- The Co-Development Phase
- The financing structure and revenue opportunities during the Execution Phase

The questions were designed to obtain specific insight from Interested Parties in areas where the private sector's previous experience would be particularly relevant to the ongoing structuring of the HFR Project.

2.5. PARTICIPATION FROM INTERESTED PARTIES

Most RFEOI respondents expressed significant interest in participating in the HFR Project, demonstrating a general desire to be involved in a project that could bring transformational benefit to generations of Canadians. From the 54 Interested Parties that responded, Canada received 43 responses to its questions. Interested Parties had a wide range of experience both in Canada and overseas.

It is important to note that participation in the RFEOI was strictly voluntary and did not constitute a commitment on Canada's part to issue a future RFQ and/or RFP. Interested Parties who chose not to participate in the RFEOI are not precluded from participating in the Procurement Phase. Answers submitted by Interested Parties were for informational purposes only and not taken as solicitation documentation for development of the HFR Project.

The following sections summarize the main topics and themes raised by the RFEOI respondents and the steps that Canada is planning to take in the coming phases of the HFR Project.

3. PROJECT INFORMATION

Most RFEOI respondents indicated that more information about the HFR Project was needed to enable their decision-making process and to inform their teaming strategies. This section provides a summary of the feedback received from Interested Parties, describes the steps that Canada is taking to address this feedback and provides additional information about the approach to project development and delivery and the HFR Project more generally to address questions raised during the RFEOI process.

3.1. CO-DEVELOPMENT PHASE: ROLES AND RESPONSIBILITIES

What We Heard

RFEOI respondents welcomed the use of the co-development approach as set out in Section 6 of the RFEOI. Lessons learned from other projects that had elements of early contractor involvement were also provided. RFEOI respondents sought clarity on various aspects of the Co-Development Phase.

What's Next?

The following sections provide a high-level overview of certain parameters of the Co-Development Phase which will be further discussed during the Procurement Phase. More information on the Co-Development Phase, including regarding the Private Developer Partner's responsibilities, will be provided during the Procurement Phase.

1. Roles and Responsibilities of the Private Developer Partner

During the Co-Development Phase, the Private Developer Partner would be expected to further advance the design and the technical and commercial solution for the HFR Project presented in its Proposal. Advancing the level of design definition would further de-risk the HFR Project by identifying project risks and mitigating their potential impacts. The Private Developer Partner would be expected to further develop its business plan and concept of operations for the HFR Project, consistent with its design and with ridership and revenue forecasts. The Private Developer Partner would also further develop the management plans associated with finalizing the design, constructing, operating and maintaining the HFR Project during the Execution Phase. The Pre-Development Agreement will include a review process involving both Canada and the Private Developer Partner, to ensure that the technical and commercial solution maximizes Project Outcomes and is otherwise acceptable to Canada.

The result of the Co-Development Phase would be a detailed technical and financial project solution produced by the Private Developer Partner with input from Canada to ensure that the public interest is upheld and protected and presented to Canada for a final investment decision.

To develop this detailed solution, it is anticipated that the Private Developer Partner will perform the activities listed below, among others.

Indigenous Reconciliation

Support Canada in fulfilling the Crown’s duty to consult and advancing reconciliation with Indigenous peoples. Develop and implement, in coordination with Canada and in consultation with Indigenous peoples, the socio-economic benefits that will be delivered throughout all phases of the project, including the Co-Development Phase and the Execution Phase. These socio-economic benefits would support Canada’s commitment to achieving reconciliation with Indigenous peoples through a renewed nation-to-nation, government-to-government relationship based on the recognition of rights, respect, co-operation and partnership throughout the HFR Project.

Investigations, Lands, Permits and Agreements

Lead the development of field investigations, environmental field studies, geotechnical investigations and preparatory work. Support Canada in the consultation with and coordination of stakeholders to secure land rights and obtain necessary permits and other agreements.

Impact Assessment

Support Canada with the completion of the Impact Assessment process including all requirements and consultations.

Host Railways and Access Agreements

Support Canada in securing track access agreements associated with the provision of Local Services and HFR Services.

Project Development

Lead the development of project delivery and management plans and strategies, including procurement planning for elements such as construction and rolling stock suitable for HFR Services, and develop cost estimates.

Operations, Revenue and Ridership

Develop investment-grade revenue and ridership forecasts; design the commercial operations approach; and finalize capacity models, staff/crew planning models and network planning models to help develop operating costs over the Execution Phase. These forecasts would form the basis of minimum standards included within the Project Agreement at Financial Close.

Transition of VIA Existing Services

Develop a plan for the transition of Existing VIA Services, meaning the existing passenger railway services operated by VIA Rail within the Corridor, through coordination with Canada and VIA Rail on the development of transition plans and strategies to leverage the assets, capabilities and talent of VIA Rail (including a labour strategy), and become thoroughly familiar with Existing VIA Services.

Canada expects that the Project Agreement would be finalized during the Co-Development Phase, based on the form of Project Agreement appended to the Pre-Development Agreement, and made available to Proponents for comment during the RFP stage; finalization adjustments would be those required as a result of the Co-Development Phase that are contemplated or allowed within the parameters of the Pre-Development Agreement. Upon a final investment decision by Canada, the Project Agreement would be executed by the Private Developer Partner, which, by virtue of such execution, would become, as of that date, the Private Partner.

2. Compensation During the Co-Development Phase

The Private Developer Partner would be reimbursed for the eligible costs associated with the work completed during the Co-Development Phase in accordance with the Pre-Development Agreement. Payments to the Private Developer Partner may include elements of progress payments, which will be detailed during the Procurement Phase, with some elements assessed as part of the Proposal evaluation process.

More information about the Co-Development Phase deliverables, any performance security requirements, risk allocation, compensation, off ramps and other features of the Co-Development Phase will be provided during the Procurement Phase.

3.2. INDIGENOUS RECONCILIATION

What We Heard

RFEOI respondents noted the importance of engaging and partnering with Indigenous peoples throughout the development, construction and operations phases of the HFR Project, as well as the benefits that the HFR Project could have for Indigenous peoples.

Generally, RFEOI respondents were eager to learn more about the process to engage Indigenous peoples and the role that the Private Developer Partner and Private Partner would play alongside Canada.

What's Next?

Canada believes that the benefits of the HFR Project will support its commitment to reconciliation with Indigenous peoples through a renewed nation-to-nation, government-to-government relationship based on the recognition of rights, respect, co-operation and partnership throughout the HFR Project. Canada's commitment to an open and constructive relationship with Indigenous peoples is grounded in the principles of engaging early and meaningfully in accordance with the principles of the United Nations Declaration on the Rights of Indigenous Peoples, fulfilling the Crown's duty to consult and accommodate, and advancing priorities on reconciliation.

In this context, Canada is committed to a dialogue and having meaningful engagement with Indigenous peoples throughout the entirety of the HFR Project through project planning and design, including as part of preparatory work toward an Impact Assessment process and the associated consultation process throughout that Impact Assessment process. As the HFR Project advances, Canada will place value on selecting a Private Developer Partner that also prioritizes and values meaningful relationships with Indigenous peoples, a priority that will be incorporated into the RFQ evaluation. In addition, Proponents will need to demonstrate as part of their RFP Proposals a concrete plan for the inclusion of Indigenous peoples in the HFR Project, for example, through co-development of and access to socio-economic benefits and project participation opportunities. Canada is confident that by fostering strong relationships with Indigenous peoples, the HFR Project can effectively and in a collaborative manner create mutually beneficial socio-economic development opportunities.

Canada has a legal duty to consult, and where appropriate, to accommodate, when it contemplates conduct that may adversely impact potential or established Aboriginal or treaty rights protected under section 35 of the Constitution Act, 1982. During the Co-Development

Phase, the Private Developer Partner would be expected to support and collaborate with Canada in fulfilling the duty to consult and where appropriate accommodate.

3.3. INNOVATION, PROJECT ALIGNMENT AND LAND ACQUISITION

What We Heard

RFEOI respondents had different understandings of the status of the HFR Project alignment and the degree of freedom provided to Proponents to vary it. There was concern about the scale of land acquisition and land access rights and the implications for the timing and duration of the Impact Assessment process for the HFR Project.

RFEOI respondents also asked about the flexibility to propose a wide range of possible solutions and technologies, including the possibility of high speed operations for portions of the alignment.

What's Next?

Canada is designing the Procurement Phase to encourage innovation, to provide flexibility to Proponents, and to enable early engagement of the Private Developer Partner to identify the most optimal solution for the HFR Project. For instance, Canada intends to limit the number of constraints on many characteristics of the HFR Project to enable the consideration of cost-benefit trade-offs of alternatives for meeting or exceeding Project Outcomes. This would include flexibility to explore during the Procurement Phase and Co-Development Phase alignment solutions, opportunities to increase speeds on certain segments of the HFR Project, and other innovations that would represent value for Canadians.

To enable Proponents to identify and present solutions that would maximize Project Outcomes and enhance benefits to Canadians, Proponents will have flexibility to propose an alignment for the HFR Project in their Proposal. This flexibility includes opportunities to use existing rights-of-way (industrial corridor, road/rail or hydro). To assist Proponents, Canada is currently consulting with stakeholders (such as host railways, utilities, municipalities and other groups) to refine several potential alignment options that would enable the Project Outcomes to be met or exceeded and that are expected to be acceptable to Canada. Proponents will be informed of these potential alignment options pursuant to the RFP.

Proponents will be able to propose the optimal alignment for the HFR Project in their Proposal. During the Co-Development Phase, the Private Developer Partner would further advance work on the alignment. Canada expects that the alignment would be agreed upon between Canada and the Private Developer Partner and fixed early in the Co-Development Phase to allow Impact Assessment and land rights acquisition to be further advanced.

Recognizing the complexity and effort required to secure the required land rights, Canada is currently advancing supporting activities to mitigate the impact on the HFR Project's schedule. Canada has begun community engagement, and the process will continue based on the potential acceptable alignment options identified by Canada, until the start of the Co-Development Phase. Canada does not intend for the Private Developer Partner or the Private Partner to assume the risk of securing land rights for the alignment. However, the Pre-Development Agreement will include incentives and mechanisms to align interests related to the role of the Private Developer Partner with the preparatory work and consultations necessary to secure such rights.

Canada acknowledges that Indigenous peoples will have a particular interest in this element of the project with respect to its potential adverse impacts on their rights.

More information on these topics will be provided during the Procurement Phase.

3.4. IMPACT ASSESSMENT

What We Heard

The timing and duration of the Impact Assessment were flagged by some RFEOI respondents as a potential critical path item that is contingent on the selection of an alignment.

What's Next?

Canada understands the complexity and effort required to undertake the Impact Assessment process for the HFR Project and confirms that it is a critical path item contingent on the selection of an alignment.

Canada will lead the completion of the Impact Assessment process with support from the Private Developer Partner, collaborating closely during the Co-Development Phase to complete all requirements and consultations necessary. Canada expects to assume the risk of securing

the Impact Assessment approval, but the Private Developer Partner would be accountable for completing the field study requirements and supporting Canada with the public and Indigenous consultations necessary for the Impact Assessment for the HFR Project. Canada is advancing the process to the extent possible prior to the Co-Development Phase.

Canada does not intend for the Private Developer Partner or the Private Partner to assume the risk of securing the Impact Assessment approval. However, the Pre-Development Agreement will include incentives and mechanisms to align interests related to the role of the Private Developer Partner with the preparatory work and consultations necessary to obtain the approvals.

More information on this topic will be provided during the Procurement Phase.

3.5. EXECUTION PHASE: RESPONSIBILITIES AND DEAL STRUCTURE

What We Heard

RFEOI respondents requested more information regarding the Private Partner’s responsibilities during the Execution Phase, as well as on key features of the risk allocation, deal structure and payment mechanism.

Most RFEOI respondents recognized the benefit of the division of payments between the construction and operations phases. The importance of system integration was stressed for a project of this size with multiple construction packages.

RFEOI respondents raised concerns about accepting full revenue risk, which was considered to be uncommon on rail projects, and suggested the need for downside protection. There was consistent feedback relating to revenue opportunities beyond the farebox.

What’s Next?

The following sections provide a high-level overview of certain parameters of the Execution Phase which Canada may implement. More information on the Execution Phase, including regarding the Private Partner’s responsibilities, will be provided during the Procurement Phase.

1. Project Responsibilities

As indicated in Sections 3.2, 7.1 and 7.5 of the RFEOI, during the construction of the HFR Project, the Private Partner would be responsible for operating the Local Services as well as minimizing disruption impacts of construction activities on passengers.

Post-construction completion, the Private Partner would be expected to deliver the HFR Services and Local Services throughout the remaining project term.

The Project Agreement would set out performance requirements and incentives relating to HFR Service and Local Service delivery, as well as ongoing maintenance and life-cycle requirements for HFR Services and Local Services infrastructure owned by Canada.

Canada would be responsible for providing policy guidance and minimum standards and requirements, as well as performance measurement, in order to uphold and protect the public interest throughout the term of the Project Agreement.

Canada would also be responsible for contract and change management, including ensuring compliance with the Project Agreement and, where applicable, revisions to the Project Agreement. Such revisions may be necessary to accommodate revisions to the scope of HFR Services.

During the up-to-50-year term of the Project Agreement, Canada may wish to sponsor incremental projects, such as station enhancements or network expansion. In such cases, the Private Partner would be expected to work collaboratively in developing these incremental projects with Canada. Canada may also facilitate arrangements with third parties, such as multi-modal fare agreements with other transport providers.

2. Deal Structure: Key Features and Objectives

The deal structure, risk allocation and associated payment mechanism are expected to align with the following key features:

- a. Optimize the level of risk and reward between all stakeholders during the Execution Phase (construction, operations and maintenance, and revenue management);
- b. Incorporate private sector financing to fund a portion of construction costs;
- c. Provide the Private Partner with flexibility to procure and manage the design and build through packages and phases, while managing construction costs, schedule, risk and integration;

- d. Ensure that financing maintains flexibility (expansions, extensions and change mechanisms) to allow the project to be operated as a dynamic, live system;
- e. Provide incentives for the Private Partner to maximize Project Outcomes, which include increasing ridership and system revenues, while maintaining affordability, and reducing costs;
- f. Incentivize operational cost efficiencies for Local Services and HFR Services

The deal structure is expected to involve project financing with a special purpose vehicle (i.e. the Private Partner) that would deliver the integrated design, build, operations, maintenance and financing aspects of the HFR Project.

The RFQ and RFP will contain details on the procurement and contracting protocols that will be required to be put in place by the Private Developer Partner during the Co-Development Phase, and by the Private Partner during the Execution Phase to promote fairness, transparency, competitive tension, and to preserve value for money for Canadians. Refer to Section 4.2 herein for additional information related to contractors, suppliers, rolling stock providers and system providers.

3. Deal Structure: Expected Payment Regime – Construction Phase

Payments in respect of design and construction are expected to be made using a hybrid approach that includes elements from fixed price, target price and cost-plus construction contracts, as noted in Section 7.1 of the RFEOI.

Capital costs would be funded and financed by a combination of construction period payments by Canada, CIB capital and long-term private capital (equity and debt).

With respect to the operation of Local Services during the construction phase, the Private Partner can expect payment for operating costs with a performance regime.

4. Deal Structure: Expected Payment Regime and Revenue Risk – Operations Phase

During the operations phase, the Private Partner would receive fixed capital payments to service debt and provide equity returns on capital invested during the construction phase. Additionally, the Private Partner would receive revenues from both Local Services and HFR Services, as well as other ancillary income. Revenues and other ancillary revenues are expected to be sufficient to cover all operating, maintenance and life-cycle costs.

Operating costs and performance risk of HFR Services and Local Services would be transferred to the Private Partner. An appropriate performance measurement and incentive regime would be developed to ensure operating standards and Project Outcomes are achieved throughout the contract term. This may include on-time performance, minimum frequencies, modal shift, ridership growth, contributions to Canada's net-zero commitments and improvements in accessibility and social equity.

Revenue risk transfer would be managed through appropriate tools and protection mechanisms and would reside, for both HFR Services and Local Services, with the Private Partner. In the scenario where revenues are significantly lower than forecasted, Canada is expected to provide downside protection. Downside protection would have a corresponding upside revenue sharing mechanism. This upside revenue sharing would ensure that Canadians benefit financially from a high level of project success.

The Private Partner would have flexibility to manage the operations, maintenance and rehabilitation of HFR Services and Local Services during the operations phase in order to manage transferred revenue risk effectively.

Canada will make available relevant data on travel pattern trends and customer satisfaction statistics for existing VIA Rail riders in the Corridor to help the Private Developer Partner refine and optimize its ridership forecasts and revenue management strategies.

Additional information about revenue opportunities available to the Private Partner beyond the farebox but within the scope of the HFR Project will be made available during the Procurement Phase.

More information on this topic will be provided during the Procurement Phase.

3.6. TRANSFER OF EXISTING VIA SERVICES

What We Heard

RFEOI respondents agreed that it was most efficient to provide the operations of the HFR Services and the Local Services with one operator, and that operators were interested in and capable of transitioning Existing VIA Services and delivering the integrated service.

What's Next?

The HFR Project would see an integrated service offering for Canadians and travellers in Canada that would include both the Local Services and the new HFR Services. As indicated in Section 7.5 of the RFEOI, Canada expects that operation of Existing VIA Services would be transitioned to the Private Partner at an agreed date following execution of the Project Agreement, at which time they would become the Local Services. For clarity, Existing VIA Services refers only to the existing passenger railway services operated by VIA Rail within the Corridor. The specific transfer date would be determined during, and would be subsequent to, the Co-Development Phase. This process would provide Canada with an integrated service that would include both the Local Services and the new HFR Services, and would include Canada, VIA Rail and the Private Developer Partner working together to determine how to leverage the tangible and intangible assets, capabilities and talent of VIA Rail in the development and delivery of the HFR Project, for the benefit of Canadians.

The HFR Project would mark a shift from constrained operations within the Corridor toward an expanded and modernized passenger rail service for the Corridor. This shift would create many more jobs in the industry than exist today, and thus expand career opportunities for VIA Rail employees.

During the Co-Development Phase, Canada would work with VIA Rail and the Private Developer Partner to ensure that workforce changes required for the advancement of the HFR Project would be done in consultation with unions to protect the interests of VIA Rail employees. Acknowledging the potential for new opportunities for VIA Rail employees dedicated to the Corridor, the transition of Existing VIA Services would be carried out in accordance with the provisions of the Project Agreement pursuant to a transition strategy developed by the Private Developer Partner in coordination with, and approved by, Canada.

4. PROCUREMENT PHASE

This section addresses what was heard from RFEOI respondents concerning the Procurement Phase, the steps Canada is taking to address this feedback, and provides additional information about the Procurement Phase.

4.1. PROCUREMENT TIMELINES

What We Heard

RFEOI respondents provided a range of views on the proposed timelines and noted there was an opportunity to accelerate the procurement schedule, depending on the precise response requirements for the RFP. Additional project information was also requested in sufficient time to allow teams to form ahead of the release of the RFQ.

What's Next?

To allow prospective Respondents time to take account of the information that is being provided in this RFEOI Update and to prepare themselves to respond to the RFQ, the RFQ is currently scheduled to be released in January 2023.

Additionally, to better reflect the expected deliverables that will be required pursuant to the RFP, the RFP period will be reduced. This will enable the HFR Project to efficiently advance to the Co-Development Phase, where further development, de-risking and refinement of the Private Developer Partner's solution and alignment would occur, supporting advancement of the Impact Assessment and project development activities. See Figure 1: Updated Overview of HFR Project Phases in Section 1, Executive Summary.

The updated timeline for the Procurement Phase is shown below.

Procurement Phase Timelines

Activity	Date
RFQ issued by Canada	January 2023
Respondents submit their RFQ Response	March 2023
RFQ evaluation and identification of Qualified Respondents	Spring 2023
RFP issued by Canada	Late Spring 2023
RFP Proponents consultative process, including Commercially Confidential Meetings	Summer 2023 to Spring 2024
RFP Proponents submit RFP Proposals for evaluation	Spring 2024
Target award of Pre-Development Agreement	Late Spring 2024

RFQ to be Issued to CanadaBuys website

As indicated in the RFEOI, the RFQ will be issued only on the CanadaBuys tendering service website: <https://canadabuys.canada.ca/en>. Interested parties are encouraged to register on CanadaBuys now to ensure they have access to the documentation as soon as it becomes available.

Registering Information:

Appendix D – CanadaBuys Supplier Package provides information on registering. This document is also attached to the RFEOI (pp. 69–73).

How to register your business on the CanadaBuys tendering service website: <https://canadabuys.canada.ca/en/register-your-business>

4.2. PARTICIPANTS DURING PROCUREMENT

What We Heard

Canada is delighted with the level of interest that was expressed across the spectrum of RFEOI respondents. RFEOI respondents provided their views on Canada’s intent to limit the evaluation at the RFQ stage to infrastructure developers, equity financiers, railway operators, designers, technical experts and selected advisors. Canada recognizes the importance of including contractors, system suppliers and rolling stock providers at the appropriate time and welcomed input from RFEOI respondents on how such parties could contribute to the successful delivery of the HFR Project.

What's Next?

Respondents to the RFQ will need to demonstrate the capability and experience of their Respondent Team Members in infrastructure project development, equity financing and railway operation and design. The RFQ will contain details on Respondent Team Structure that permit flexibility on how teams organize themselves. Respondent Team Members will be required to participate exclusively on one Respondent/Proponent team.

Contractors, Suppliers, Rolling Stock Providers and System Providers

Respondents will not be required to identify contractors (including general contractors) or suppliers (including rolling stock or system providers) as part of their teams in responding to the RFQ. Respondents' contractor and supplier team members will not be evaluated during the Procurement Phase.

However, Canada will not restrict the ability of Respondents or Proponents to include developers, operators, designers or equity members who also have the capacity to be contractors, suppliers, rolling stock providers or system providers as part of their teams. Moreover, Respondents, Proponents, and the Private Developer Partner will be able to engage members within these disciplines to prepare for and advance activities during the Procurement Phase and the Co-Development Phase. Canada recognizes the importance of railway industry suppliers and encourages Respondents to engage with them at appropriate stages of the HFR Project.

Canada expects that evaluation criteria in the RFQ and RFP will include an assessment of how Respondents/Proponents intend to structure themselves to promote competitive tension within their supply chains during the Co-Development Phase and Execution Phase, including with contractors and rolling stock providers. The RFQ and RFP will contain more details on the procurement and contracting protocols that will be required to be put in place by the Private Developer Partner during the Co-Development Phase, and by the Private Partner during the Execution Phase to promote fairness, transparency, competitive tension, and to preserve value for money for Canadians.

Approach to Contractors, Rolling Stock Providers and System Providers

To effectively balance the timely engagement of contractors, rolling stock providers and system providers with maintaining flexibility when incorporating these disciplines into an optimized solution, it is expected that:

1. Respondent teams can engage these disciplines during the RFQ and RFP.
2. As the HFR Project solution will be finalized only in the Co-Development Phase, the Private Developer Partner will be required, at that time, to implement protocols to promote fairness, transparency and competitive tension in the procurement of the different work and supply packages associated with the HFR Project to preserve value for money to Canadians.
3. While participation of these disciplines is allowed, participation must not result in exclusivity or prevent competitive tension during the Co-Development Phase as these disciplines would be competitively procured by the Private Developer Partner/Private Partner.

4.3. RFQ RESPONSE SUBMISSION REQUIREMENTS AND EVALUATION CRITERIA

What We Heard

RFEOI respondents indicated that better understanding RFQ Response requirements would inform their teaming discussions ahead of issuance of the RFQ.

What's Next?

Building on the description of the skills and experiences of a Private Developer Partner as described in Section 6.3 of the RFEOI, Responses to the RFQ will be evaluated on technical and financial capability criteria. It is anticipated that Respondents will be required to demonstrate, through corporate and key representatives' experience:

- a. Respondent team structure, experience, approach and vision, with the objective of demonstrating an effective approach to:
 - i. structuring the resources required to deliver the HFR Project;
 - ii. organization, decision-making and governance within the Proponent's team to efficiently and effectively advance

- the HFR Project during the Co-Development Phase and Execution Phase;
 - iii. developing a successful and collaborative partnership with Canada;
 - iv. consultation and inclusion of Indigenous peoples as rights holders to foster socio-economic opportunities and their participation in the HFR Project;
 - v. environmental matters and engagement of stakeholders.
- b. Infrastructure development capability and experience, with the objective of demonstrating experience in developing and delivering large and complex linear infrastructure projects, preferably intercity or commuter passenger railway projects.
- c. Railway operations/maintenance capability and experience, with the objective of demonstrating experience in:
- i. operating passenger railway services (preferably intercity passenger services), transferring existing services and operating in a regulated environment;
 - ii. developing new services, products and markets to encourage modal shift;
 - iii. operating and maintaining similar railways to high safety standards and using digital railway practices.
- d. Design capability and experience, with the objective of demonstrating experience in developing integrated whole of life, constructable designs for alignments, stations, rail systems, infrastructure and non-revenue facilities, through a systems assurance approach with a digital transfer to operations.
- e. Financial capability and experience, with the objective of demonstrating:
- i. financial capacity;
 - ii. experience in assuming some level of revenue/volume risk and/or operations risk, preferably in the rail sector;
 - iii. experience accessing limited-recourse or non-recourse project financing;
 - iv. financial strength and financing capability, which would be evaluated with respect to each Respondent Team Member; the anticipated role of each Respondent Team Member within

the HFR Project; and the overall financial strength, ability and capacity of the Respondent’s team to raise significant private capital (debt and equity)

The RFQ will set out the Response submission requirements, evaluation criteria, and method for selecting the Qualified Respondents. Canada intends for up to three Proponents to participate in the RFP.

4.4. RFP PROPOSAL REQUIREMENTS AND EVALUATION CRITERIA

What We Heard

RFEOI respondents indicated that better understanding the Proposal requirements would inform their teaming discussions ahead of issuance of the RFQ.

What’s Next?

To inform potential Respondents about the level of effort anticipated during the RFP stage, Canada is providing additional information on the updated approach for RFP Proposals, beyond Canada’s expectation that Project Outcomes “be achieved or exceeded by Proponents when developing their RFP Proposals” (Section 4 of the RFEOI).

The Project Outcomes, as set out in the RFEOI, are to:

1. Produce a significant modal shift to passenger rail
2. Enhance the passenger experience in the Corridor
3. Support Canada’s net zero commitment
4. Accessibility and social equity
5. Enable safe intercity journeys
6. Mitigate financial impacts on Canadian taxpayers

1. Deliverables

The RFP will require that each Proponent proposes its solutions for the HFR Project, and it is expected that each Proponent may offer its own solution, subject to the requirements set out in the RFP.

At the end of the RFP stage, Canada expects to receive each Proponent's concept-level technical design to inform a Class 5 cost estimate.

Expected Proposal deliverables include a proposed solution for the HFR Project, demonstrating how the Proponent would deliver the Project Outcomes, together with the following:

- a. Overall business plan for the different phases of the HFR Project that describes:
 - The overall value proposition of the proposed solution;
 - How infrastructure, systems, rolling stock, maintenance, operations integrate into a seamless solution for world class safety, reliability and efficiency;
 - How design, construction choices integrate with operational and service/revenue outcomes.
- b. Proposed plan for the operations phase, which would include:
 - Approach to customer experience and strategies to produce a significant modal shift to passenger rail and enhance passenger experience;
 - Reliability and feasibility of journey times and on-time performance metrics and a concept of operations;
 - Staff/crew planning and approach to network planning and asset management;
 - Labour strategy and plans, including the approach to industrial relations, and the approach to work with VIA's employees and unions to ensure that existing employees benefit from the job opportunities the HFR Project would offer.
- c. Proposed plan for the construction phase, which would include:
 - Outline concept-level designs, including rail alignment, bridge and civil structures and route maps, including stations and city centre access proposals;
 - Plans for program management, including project management plan, stakeholder engagement plans, construction, sequencing, procurement/tendering plans and preliminary schedule.

- d. Financing plan, which would include:
 - Indicative capital and operating expenditure (CAPEX/OPEX);
 - Estimation and indication of revenue and ridership, ancillary revenue plans and revenue management plan;
 - Debt competition plan, financial structure and financial model.
- e. Proposed plan for the Co-Development Phase, which would include delivery approach, detailed schedule and staffing plan, with a financial proposal for the Co-Development Phase. This would include the approach to integrate design, construction, operations, maintenance and revenue management into the maximization of Project Outcomes.
- f. Indigenous participation plans.

2. Commercially Confidential Meetings

Pursuant to the RFP, a series of Commercially Confidential Meetings will be scheduled between Canada and each Proponent. These meetings are intended to:

- a. Validate the Proponent's understanding of Canada's ambitions for the Project and the Project Outcomes;
- b. Allow the Proponent to present its developing Proposal and how the Proponent intends to meet or exceed the Project Outcomes through its approach;
- c. Facilitate open dialogue on matters raised by the Proponent with respect to its developing Proposal;
- d. Provide feedback on the Proponent's concept of operations;
- e. Allow discussion on the commercial and financial aspects of the HFR Project;
- f. Enable the Proponent to request feedback on its design ideas and concepts with respect to developing its specific design submission as part of its Proposal;
- g. Address the Proponent's comments on the form of Pre-Development Agreement and Project Agreement.

Consistent with all elements of the Procurement Phase, the Commercially Confidential Meetings will be overseen by the Fairness Monitor appointed by PSPC for the HFR Project.

3. Evaluation

Canada anticipates that the general principles guiding the development of the RFP evaluation criteria will include the following principles:

- a. Passenger/customer value proposition;
- b. Proponent's understanding of the HFR Project and its complexities, spanning stakeholder, engineering, environmental, organizational, operations, safety, procurement and other considerations;
- c. Readiness and capacity to proceed with the Co-Development Phase and ultimately deliver the HFR Project;
- d. Partnership and collaborative behaviours of the Proponent;
- e. The degree to which the proposed solution meets and exceeds Project Outcomes and is feasible;
- f. Commercial and financial aspects of the proposed solution, including the financial proposal for the Co-Development Phase;
- g. Indigenous participation plans.

The RFP will set out the Proposal submission requirements, evaluation criteria and method for selecting the Preferred Proponent.

4. Compensation During the RFP Stage

Proponents will be eligible to receive compensation during the RFP stage upon achievement of milestones or deliverables, sized in consideration of the expected eligible direct costs of Proponents. Receipt of any compensation will be subject to certain conditions, including granting Canada intellectual property rights for the deliverables provided by Proponents to Canada pursuant to the RFP.

More information on this topic will be provided during the Procurement Phase.

5. THE PROJECT DEVELOPMENT ENTITY, VIA RAIL AND CIB

5.1. PROJECT DEVELOPMENT ENTITY

What We Heard

More detailed information was requested by RFEOI respondents on the governance of the project and the role of the VIA Rail subsidiary as the contractual counterparty for Canada. Interested Parties highlighted the importance of understanding how it would be established and resourced, and how it would execute its obligations under the contract.

What's Next?

A wholly owned subsidiary of VIA Rail is being incorporated, with the mandate to develop and implement the Co-Development Phase and Execution Phase of the HFR Project while upholding and protecting the public interest, as described in Section 2.2 of the RFEOI. The new VIA Rail subsidiary is structured to operate like a parent Crown Corporation, with some exceptions, meaning that most of its operations will be independent of VIA Rail. The VIA Rail subsidiary will have its own authorities, employees and resources to deliver the HFR Project with the Private Developer Partner and Private Partner, as well as have a distinct and independent board of directors, CEO and a reporting and accountability structure directly through the Minister of Transport to Parliament.

The VIA Rail subsidiary will be the contractual counterparty to the Private Developer Partner for the Pre-Development Agreement, and to the Private Partner for the Project Agreement.

The process is underway for the selection of a Chair who will oversee the recruitment of the board of directors and the executive management team. Additional information on governance, authority and decision-making will be made available during the Procurement Phase.

5.2. ROLE OF VIA RAIL

What We Heard

More detailed information was requested by RFEOI respondents on the role of VIA Rail throughout the HFR Project, through its technical advisory support and its position as an existing asset owner and as the current operator of the Existing VIA Services.

What's Next?

During the Procurement Phase, VIA Rail will advise Canada on the technical and operational aspects of passenger railway services and provide information on Existing VIA Services.

During the Co-Development Phase, Canada would work with VIA Rail and the Private Developer Partner to plan for a smooth transition of Existing VIA Services. As the HFR Project would grow passenger rail operations in the Corridor, creating new and exciting jobs and career opportunities, a transition strategy jointly developed by Canada, VIA Rail and the Private Developer Partner will be critical to leverage the capacity and experience of the existing workforce dedicated to the Corridor. Canada, VIA Rail and the Private Developer Partner would also work to determine how to leverage the tangible and intangible assets, capabilities and talent of VIA Rail in the development and delivery of the HFR Project.

A further description of the roles and responsibilities of VIA Rail will be provided during the Procurement Phase, including its role in supporting the different phases of the HFR Project.

5.3. CIB INVOLVEMENT

What We Heard

There was strong support from RFEOI respondents for the participation of the CIB as an equity investor in the HFR Project. RFEOI respondents noted that the CIB taking asymmetric loss would help provide protection against the ridership risks, would reduce capital costs, and could allow for greater third-party equity and senior debt capacity. Several RFEOI respondents also saw value in the CIB acting as a provider of subordinated debt.

The importance of aligning CIB's interests with those of the Private Developer Partner from a governance perspective was noted. While acknowledging this as a risk, RFEOI respondents highlighted that this could be mitigated by ensuring CIB governance and voting rights are balanced and agreed to by all parties early in the process.

What's Next?

Canada recognizes the role the CIB can play in managing revenue and ridership risk during the Execution Phase. In addition to the details provided about CIB Facilities in Section 7.7 of the RFEOI, the CIB will develop a term sheet for the CIB investment product to be made available to the Private Partner. The term sheet will be made available to Proponents during the RFP stage. The possible CIB investment would be developed in a manner that takes into account market feedback, striking a balance between governance and reporting expectations of a prudent equity investor and perception of interference in Private Partner decision-making. All terms and conditions of the CIB's investment will be subject to approval by the CIB's board of directors.

6. SECURITY REQUIREMENTS, THE INVESTMENT CANADA ACT AND THE INTEGRITY REGIME

What We Heard

RFEOI respondents requested more information concerning the security requirements and other reviews related to national security in the context of the HFR Project.

What's Next?

Canada is providing the following information about the HFR Project's anticipated Procurement Phase, Co-Development Phase and Execution Phase security requirements. As well, Canada is providing information regarding conditions that may apply to Respondents, Proponents and their team members participating in the Procurement Phase with respect to the *Investment Canada Act*.

1. Participating in the Request for Qualifications Stage

No security clearances or security inspections are anticipated to be required to participate in the RFQ stage.

2. Proponent Verification Requirements for Participation in the Request for Proposals Stage

At the RFP stage, Canada will provide Proponents with relevant documentation to inform the submission of RFP deliverables. During the RFP stage, it is anticipated that there will be a virtual data room.

The virtual data room will contain a limited amount of sensitive information. It is anticipated that Proponent team members requiring access to sensitive information during the RFP stage will be required to meet requirements that will be set out in the RFQ. These requirements are anticipated to include, but are not limited to the following:

- a. For key senior officials, and personnel requiring access to sensitive information in the virtual data room: a background check performed by Transport Canada.
- b. Remote security inspection of the premises and IT systems performed by Transport Canada
- c. Limiting work on sensitive information to approved designated work premises and not remote worksites

More details will be provided in the RFQ.

3. Security Requirements for the Co-Development Phase and Execution Phase

The RFP, Pre-Development Agreement and Project Agreement will detail the security requirements that the Preferred Proponent will be required to obtain in order to become the Private Developer Partner, and will provide further information on the security requirements that will apply during the Co-Development Phase and Execution Phase.

Interested Parties are invited to consult the Contract Security Manual, which describes the requirements that private sector organizations must follow for safeguarding government information and assets provided to, or produced by, organizations awarded a government contract with security requirements: <https://www.tpsgc-pwgsc.gc.ca/esc-src/msc-csm/index-eng.html>

4. Investment Canada Act

Canada expects that, pursuant to the RFQ, a potential Respondent interested in participating in the Procurement Phase who is or may be (a) subject to a notification requirement under Section 11 of the *Investment Canada Act* (a “Section 11 Notification”) or (b) otherwise subject to a review under Part IV.1 (Investments Injurious to National Security) of the *Investment Canada Act*, may be required, as a condition of its involvement in the Procurement Phase, to file a Section 11 Notification and provide in due course sufficient evidence satisfactory to Canada that (a) *Investment Canada Act* clearance has occurred or been obtained and (b) where applicable, that any related terms and conditions imposed by Canada for such clearance have been satisfied and are acceptable to Canada in its sole discretion.

Interested Parties are invited to consult the following websites, where information concerning the *Investment Canada Act* is set forth:

Investment Canada Act home page:

<https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/home>

Investment Canada Act Annual Report 2020–2021:

https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h_1k81126.html

Guidelines on the National Security Review of Investments:

<https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/1k81190.html>

Investment Canada Act Frequently Asked Questions:

https://www.ic.gc.ca/eic/site/ica-lic.nsf/eng/h_1k00007.html

The RFQ will outline the process for Respondents to initiate an *Investment Canada Act* review.

5. Integrity Regime and Other Reviews and Verifications

The Government of Canada's Integrity Regime applies to the HFR Project. The RFQ will provide more information. Interested Parties are invited to consult the following website, where information concerning the Government of Canada's Integrity Regime is set forth:

About the Government of Canada's Integrity Regime:

<https://www.tpsgc-pwgsc.gc.ca/ci-if/apropos-about-eng.html>

Guide to the *Ineligibility and Suspension Policy*:

<https://www.tpsgc-pwgsc.gc.ca/ci-if/guide-eng.html>

Other security reviews and verifications not listed herein may be required as part of the procurement process. Any such requirements will be detailed in the RFQ and/or RFP.

APPENDIX A – RFEOI UPDATE INDEX

RFEOI Update Section	Key Update Element	Update Type (information is new, changed or clarified)	RFEOI Section Referenced
1. Executive Summary	Figure 1 provides an updated overview of HFR Project phases	Change	3. What is the High Frequency Rail Project?, Figure 3
3.1 Co-Development Phase: Roles and Responsibilities	Roles and Responsibilities of the Private Developer Partner during Co-Development and Execution Phases described	New information	6. Co-Development Approach
3.2 Indigenous Reconciliation	Additional information provided on engagement with Indigenous peoples and expected evaluation criteria during the RFQ and RFP stages	New information	Public Engagement and Consultation and Engagement with Indigenous Peoples
3.3 Innovation, Project Alignment and Land Acquisition	Details provided on the flexibility for Proponents to identify an alignment acceptable to Canada	Clarification	6.5.3 Land Acquisitions, 3. What is the High Frequency Rail Project?, 5.1 Innovation through Collaboration and 6. Co-Development Approach
	Canada will be responsible for securing the land rights for the final alignment, although the Private Developer Partner will have responsibilities related to the completion of preparatory work and consultations necessary to secure such rights	Clarification	
3.4 Impact Assessment	Impact Assessment is on the critical path during the Co-Development Phase, and the Private Developer Partner would have associated responsibilities	Clarification	6.5.4 Impact Assessment and Indigenous and Public Consultations
	Canada would retain the risk of securing Impact Assessment approval	Clarification	

3.5 Execution Phase: Responsibilities and Deal Structure	Key features and objectives of the deal structure provided; expected payment regime for construction and operations outlined	New information	7. Contractual and Commercial Structure of the Execution Phase and 3.2 Execution Phase
	Revenue risk transfer mechanisms described	Clarification	
	Areas of revenue responsibilities to be transferred to and managed by the Private Partner outlined	New information	
3.6 Transfer of Existing VIA Services	Additional details provided on the timeline and process for this transfer to occur	New information	7.5 Transition of Local Services Post Financial Close
	The Private Developer Partner's roles and responsibilities to advance pre-planning for the transition of Existing VIA Services during Co-Development are identified	New information	
4.1 Procurement Timelines	More time allotted for the Co-Development Phase	Change	8.3 Procurement Process and Timelines
	RFP in-market period of nine months	Change	
	Launch of the Request for Qualifications (RFQ) rescheduled to January 2023	Change	
4.2 Participants during Procurement	Respondent Team Member capabilities, experience and composition described	New information and clarification	6.3 Capabilities and Experience of the Private Developer Partner
4.3 RFQ Response Submission Requirements and Evaluation Criteria	RFQ technical and financial evaluation criteria outlined	New information	6.3 Capabilities and Experience of the Private Developer Partner

4.4 RFP Response Submission Requirements and Evaluation Criteria	Proposal requirements outlined	New information	6.1 A New Collaborative Model for Canada, 8.3.3 Procurement Phase – Stage 2: Request for Proposals (RFP))
	Proposal deliverables outlined	New information	
	Information on commercially confidential meetings provided	New information	
	Evaluation outlined	New information	
	Compensation for Proponents outlined	Clarification	
5.1 Project Development Entity	The VIA Rail subsidiary, a Crown Corporation with the mandate to develop and implement the HFR Project, is in the process of being incorporated	New information	2.2 Project Development Entity during the Co-Development Phase
5.2 Role of VIA Rail	Role of VIA Rail clarified	Clarification	2.1 Canada’s Leadership in the Procurement Phase
5.3 CIB Involvement	The CIB will develop a term sheet for the CIB investment product to be made available to Proponents during the RFP stage	New information	7.7 CIB Facilities
6. Security Requirements, the Investment Canada Act and the Integrity Regime	The anticipated security requirements for the Procurement, Co-Development and Execution Phases are provided	New information	8.5 Security Requirements
	Information is provided regarding conditions that may apply during the Procurement Phase with respect to the Investment Canada Act, as well as concerning the application of Canada’s Integrity Regime	New information	

APPENDIX B – DEFINITIONS

Canada means His Majesty the King in Right of Canada as represented for the purposes of the RFEOI, RFQ and RFP by the Procurement Authority and Project Authority and, where applicable, by the Project Development Entity for the purposes of the Pre-Development Agreement and the Project Agreement.

Co-Development Phase means the phase during which the Private Developer Partner would be expected to further advance on the design and the technical and commercial solution for the HFR Project as per the terms and conditions of the Pre-Development Agreement.

Corridor means the Québec City–Windsor Corridor.

Crown Corporation means a Crown corporation within the meaning of Section 83(1) of the Financial Administration Act.

Execution Phase means the phase where the Private Partner proceeds with the design execution, construction, operation and maintenance of the HFR Project. This phase commences with the execution of the Project Agreement and concludes at the expiry or termination of the Project Agreement.

Existing VIA Services: means the existing passenger railway services operated by VIA Rail within the Corridor until transfer of responsibility to the Private Partner.

Financial Close means when the Project Agreement between the Private Partner and Canada is executed and all financing required by the Private Partner at the commencement of the Execution Phase is obtained.

HFR Project means the High Frequency Rail Project described in the RFEOI.

HFR Services means the new train services in the Corridor using an intercity passenger rail line with new and upgraded rights-of-way, tracks, structures, stations and rail systems.

Interested Parties means developers, railway operators and designers who are potential bidders on the HFR Project, as well as potential contractors to potential bidders, including as it relates to construction, operations, systems, rolling stock and maintenance, and potential private and institutional investors in the HFR Project.

Local Services means the Existing VIA Services between Québec City and Windsor, post-transition to the Private Partner.

Pre-Development Agreement means the agreement that Canada anticipates the Project Development Entity entering into with the Preferred Proponent and under which the Preferred Proponent becomes the Private Developer Partner to further design and refine the HFR Project alongside Canada during the Co-Development Phase.

Preferred Proponent means the Proponent selected by the Procurement Authority pursuant to the RFP to enter into the Pre-Development Agreement.

Private Developer Partner means the Party that is invited to participate in the Co-Development Phase.

Private Partner means the Private Developer Partner that executes the Project Agreement to perform the design-build-finance-operate-maintain services for the HFR Project.

Procurement Authority means Public Works and Government Services Canada (PWGSC), operating as Public Services and Procurement Canada (PSPC).

Procurement Phase means the phase during which the competitive procurement process described in Section 8.3 of the RFEOI will take place. This phase commences with the issuance of the Request for Qualifications and concludes at execution of the Pre-Development Agreement with the Private Developer Partner.

Project Agreement means the agreement that Canada anticipates the Project Development Entity entering into with the Private Partner and under which the Private Partner is to implement the scope of the HFR Project during the Execution Phase.

Project Authority means Transport Canada.

Project Development Entity means the legal entity identified in Section 5.1 of this document.

Project Outcomes means the HFR Project outcomes identified in Section 4 of the RFEOI.

Proponent means the person or entity (or, in the case of a consortium, the persons or entities) authorised to participate in the RFP and to submit a Proposal to Canada pursuant to the RFP.

Proposal means the Proponent's proposal in respect of the HFR Project submitted to Canada pursuant to the RFP.

Qualified Respondents mean the Parties invited by Canada, pursuant to the RFQ, to participate in the RFP as Proponents.

Request for Expressions of Interest, or RFEOI, means the HFR Project Request for Expressions of Interest issued by Canada on March 10, 2022, as amended over time.

Request for Proposals, or RFP, means the HFR Project Request for Proposals, as amended over time.

Request for Qualifications, or RFQ, means the HFR Project Request for Qualifications, as amended over time.

Respondent means the person or entity (or, in the case of a consortium, the persons or entities) submitting a Response to the RFQ.

Respondent Team Member means an individual, corporation, partnership or other legal entity, exclusive to one Respondent for the purposes of the HFR Project during the RFQ and RFP stages, who intends to perform infrastructure project development, financing, railway operations or design, or a combination thereof, if selected as the Preferred Proponent for the HFR Project. Respondent Team Member will be further defined in the RFQ.

Response means a Respondent's submission to Canada in response to the RFQ.

RFEOI Update means this document, which is intended to provide an update to Interested Parties concerning the HFR Project, its intended Procurement Phase, and related matters.

APPENDIX C – LIST OF RFEOI RESPONDENTS

The following is a list of RFEOI respondents who have consented to being publicly identified as having responded to the RFEOI.

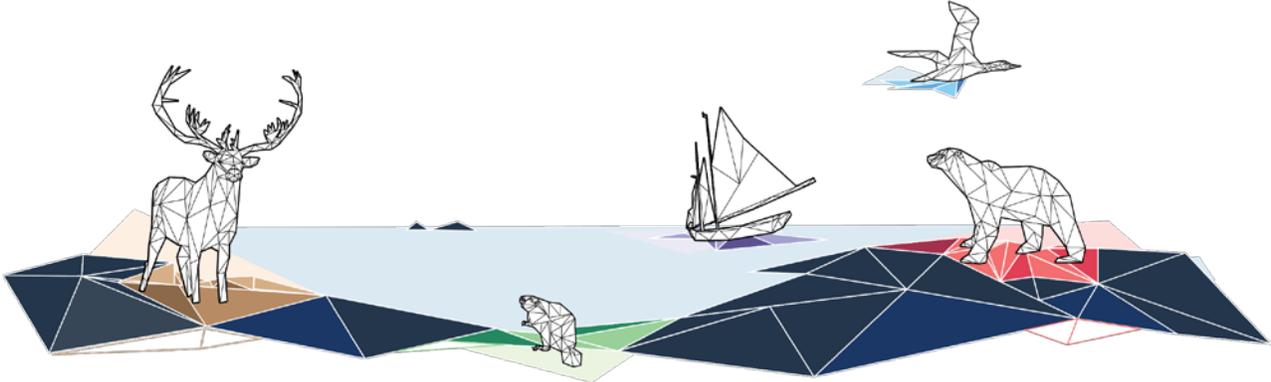
- ACS Infrastructure Canada Inc.
- Aecon Group Inc.
- Alstom Transport Canada Inc.
- CAF Investments Projects S.A.
- CDPQ Infra Inc.
- CIMA Canada Inc.
- Cintra Infrastructures S.E. & Cintra Global S.E.
- CPCS
- Deutsche Bahn
- EBC
- Egis Rail SA
- Eiffage Génie Civil
- EllisDon Corporation
- EQUANS INEO S.A. INEO RAIL
- FCC Construcción S.A.
- Fengate Capital Management Ltd.
- Foster + Partners Limited
- Hitachi Rail STS Canada Inc.
- Hyundai Rotem Company
- Infrata
- InterCity Development Partners - Partenaires de développement interurbain (IDPDI)
- John Laing Limited
- Keolis Canada Inc.
- Macquarie Group
- McKinsey & Company Canada
- Meridiam Infrastructure North America Corp.
- Mott MacDonald Canada Limited
- Network Rail Consulting (Canada) Inc.
- Norda Stelo
- Ontario Teachers' Pension Plan Board
- Parsons Inc.
- PCL Constructors Canada Inc.
- Perkins&Will
- RATP Dev Canada
- Renfe
- Resource Systems Group Inc. (RSG)
- SEMP Canada Inc.
- SK Ecoplant
- Siemens
- SNC-Lavalin Inc.
- Spatial Media Ltd.
- STRABAG AG
- StrategyCorp Inc. (SCI)
- TransPod Inc.
- VINCI Railways
- Wabtec Corporation Inc.
- Wood Canada Limited
- WSP Canada Inc.

APPENDIX D – CANADABUYS SUPPLIER PACKAGE

- 1 -

CanadaBuys

Supplier package
October 2022



 Public Services and Procurement Canada / Services publics et Approvisionnement Canada



Procurement Documentation Availability

- The RFEOI was originally published on both [Buy and Sell](#), and [CanadaBuys](#), the platform Public Services has developed using SAP Ariba.
- Note that the RFEOI is no longer available as a BuyAndSell.gc.ca tender notice, as this website is being replaced by the CanadaBuys tendering service website: <https://canadabuys.canada.ca/en/tender-opportunities>
- The Request for Qualifications **will only be issued on CanadaBuys**. The Request for Proposals will only be sent to the pre-qualified firms or consortia through a data room.
- Participants are encouraged to register now to CanadaBuys to ensure they have access to the documentation as soon as it becomes available.
- Participants who already have a SAP Ariba account may use it to register for Federal opportunities on CanadaBuys.

Getting started

[CanadaBuys](#) brings a new suite of procurement services that make it easier for suppliers to do business with the Government of Canada.

[Register your business in SAP Ariba](#) to get started with the new tools!

Important practices to keep in mind when registering:

1

If you have an existing Ariba Network account, simply log in using those same credentials on [CanadaBuys](#).

If you do not have an existing account, follow the [registration process](#) on CanadaBuys.

2

Ensure that you are not creating a duplicate account; **there can only be 1 SAP Ariba account per business number (BN)**.

You must use the legal name established through the CRA.

3

Complete the Supplier Profile Questionnaire (SPQ).

Register now!



Register and bid!

[Resources](#) such as how-to guides are available on the [CanadaBuys](#) site, helping businesses navigate the registration and bidding processes.

Support sessions

The [event calendar on BuyandSell.gc.ca](#) will continue to post new opportunities for informative sessions to support businesses throughout this transition.

Contact us!

The [CanadaBuys Service Desk](#) is the first point of contact for businesses should they need assistance with the site.

Supporting suppliers

Navigating SAP Ariba



[Ariba Network portal
for suppliers](#)

[Ariba Network supplier
support](#)

Navigating the Government of Canada's new procurement tools



[CanadaBuys Service
Desk](#)

[CanadaBuys resource
centre](#)