CECA AEE Action

June 2003

REVERSE AUCTIONS

We have reported that a new form of bidding has appeared on our doorsteps in the form of reverse auctions. These "bidding events" (as their proponents prefer to call them) are held over the internet when the tender calling authority invites bidders to log on to a password protected website and compete for the project online. The process leading up to the auction is similar to a standard tender call, complete with tender documents being released, pre-tender site inspections and a bidder qualification process.

It diverges from a traditional tender when the bidding begins. Bidders submit their price and receive instant feedback as to where they stand. The bidder can, then, submit a new price to improve his standing. In the auctions that we have heard about, there is no limit to the number of bids that any one contractor can submit.

The process continues along this path until the allotted time expires … *unless* there has been a change in the top positions within a certain period of time before the bid closes. At that point, the bidding continues until there is no change for a specific period of time.

Until recently, the only instances of reverse auctions taking place in Canada that we are aware of were being conducted by DuPont in Ontario. However, in April, DaimlerChrysler announced its intent to use the process for work in one of its plants in Brampton, Ontario. CECA sent a joint letter with the Electrical Contractors Association of Ontario strongly urging DaimlerChrysler to reconsider, but we understand that the auction was held.

The Canadian Construction Association is currently in the process of revising its well-accepted bidding guideline document. In it, we understand, they intend to address electronic bidding. While acknowledging that there is room for increased efficiency in the tendering process and that they must keep up with technological advancements, we have been told that they will continue to oppose the concept of reverse auctions.

CECA also strongly opposes the reverse bidding concept and urges its members to do so within their jurisdictions.

Canadian Electrical Contractors Association
L'Association Canadienne Des Enterpreneur Électriciens
460 – 170 Attwell Drive, Toronto, Ontario M9W 5Z5 Tel: 416-675-3226 Fax: 416-675-7736
email: ceca@ceca.org website: www.ceca.org

CECA AEE Action

PEI SITE OF 2004 CONFERENCE

The Delta Prince Edward, in Charlottetown, Prince Edward Island, will be the site of the 2004 CECA Conference to be held June 18-20.

Charlottetown is Canada's Birthplace. It was here that the founding fathers gathered in 1864 to discuss the union of all British North America into one country, which eventually became Canada. It seemed fitting that we should hold our national convention there on the 140th anniversary of that historic occasion.

Charlottetown has a lot to offer in addition to its history. The theater and nightlife are vibrant and the golf is excellent. Of course, you can also look forward to the same high quality of conference events that CECA is known for.

So, make plans to attend Canada's biggest electrical contractor's conference in Canada's smallest province next June.

MASTERFORMAT

The Construction Specifications Institute (CSI), developers of the MasterFormat™ for construction specifications, held their third and final MasterFormat Stakeholders' Symposium in San Francisco on January 24.

Last September we reported that the Canadian Electrical Contractors Association (CECA) was supporting the IBS-16 proposal being put forward by NECA (the National Electrical Contractors Association in the US). Since that time ARCOM (Architectural Computer Services, Inc., who work with the American Institute of Architects (AIA)) developed and presented their Proposal D. This proposal was similar enough to NECA's IBS-16 that NECA threw its support behind it, as did CECA.

Like NECA's proposal, ARCOM's proposal maintained the 16 division format that is currently in place while incorporating room for new systems and leaving room for growth in the current divisions. In doing so, impact on everyone who now works with MasterFormat will be minimized. It also seemed to meet all the other CSI task force's objectives.

Proposal D, as it was called, was presented on January 24 and discussed, along with the other proposals, at the meetings held over the next two days. However, when put to a vote, Proposal B (a multi-divisional scheme not supported by the industry) was selected to be developed into the final recommendation.

A consolidated Draft 2 was prepared for February 18 (and posted on the web at www.csinet.org), and Draft 3 was presented at its convention on April 9-11. Due to strong opposition to Draft 3, the final draft that was to be released by June 23 has been delayed to August with commentary on Draft 4 closing in November and publication of a final document in mid-December. It is expected that the document will be available for purchase in the last quarter of 2004.

An outline of Draft 4, containing only an Introduction and Division names, numbers, and a narrative description of their planned contents has recently been posted to www.csi.net along with a document explaining the development of this outline. A first working draft of the first part of the Application Guide has also been posted separately for download and review. A full version of Draft 4 will be posted to this site in mid-August.

OBJECTIVE BASED ELECTRICAL CODE

The CSA will begin development of an Objective Based Industrial Electrical Code (OBEIC), to be incorporated within the framework of the Canadian Electrical Code (CEC), based on an 11 to 1 vote in favour of its development.

The single dissenting vote was registered by CECA who were concerned that:

- Two codes would, without doubt, lead to abuse in an highly competitive market place.
- Two different standards would add confusion to our industry.
- Two codes or standards in the market place would make regulating/enforcing considerably more difficult and nearly impossible.
- Safety will be compromised by two competing codes in the market place.

- The existing code should be able to accommodate practical and reasonable design alternatives, with the understanding that it takes considerable time to implement change.

- Considerable effort is being put forth to unify Electrical Codes, both Provincially in Canada and Internationally in North America. Development of an alternative standard, applicable only in Canada, and only to certain users, seems to be going in the wrong direction.

- The time and effort available should only be utilized improving one universal code.

Those in favour of the motion contend that an objective based code is necessary to prevent Canadian firms, already at a labour cost disadvantage, from suffering further because they cannot take advantage of advanced designs because the code has not caught up with the advances.

With respect to enforcement, at least one provincial enforcement agency has expressed the opinion that it is actually easier to enforce an objective based code. In essence, the onus is placed on the designer to ensure that the design is in compliance and force him to have the plans approved before the drawings are released for tender. All contractors then, will be bidding from an approved design, which should eliminate problems in tendering resulting from one contractor noting a code violation in the drawings that others have missed. Of course, this will force designers to remove the clause in the tender that states the contractor is responsible for ensuring the installation adheres to the code.

As for the problems that might arise from two “competing” codes, it was felt that companies that could afford to hire design firms or departments would be able to take advantage of the objective based code, and would have to prove that their designs met the objectives. Those who couldn’t would revert to the prescriptive code. In any case, the technical committee developing the objective code will have to stay in close contact with those developing the prescriptive code so that they are working towards the same ultimate results. This is also why the wording of the motion reads:

“*SCORES endorses the development of objective based safety criteria and recommends implementation within the framework of the Canadian Electrical Code.”*

CECA AEE Action

Given that the decision to proceed has been taken, the CECA Board has decided that it will seek active involvement in the development process to ensure that its members have an active voice at the table. Pierre Liberatore will be our representative on the Stakeholder (Advisory) Committee. CECA is looking for a western-based representative to sit on the Technical Committee, which will meet primarily in Calgary.

Any questions on this material may be addressed to Eryl Roberts at 1-416-675-3226 or eroberts@ecao.org. Materials for future reports may be sent to Earle Goodwin (fax: 416-675-7736, or email: egoodwin@ecao.org - preferred).

Canadian Electrical Contractors Association
L'Association Canadienne Des Enterpreneur Électriciens
460 – 170 Attwell Drive, Toronto, Ontario M9W 5Z5 Tel: 416-675-3226 Fax: 416-675-7736
email: ceca@ceca.org website: www.ceca.org