

Call for Power

Draft Request for Proposals (RFP) and Electricity Purchase Agreement (EPA) documents

Information Session for First Nations

January 16, 2024



Agenda for Today

- Welcome, territorial acknowledgement and BC Hydro introductions
- Reminder of objective of 2024 Call for Power
- Overview of First Nations Economic Participation model
- Updates to the model from November to January 8
- Further details about the model
- Description of penalties
- Other notable updates to the Call design
- Next steps
- Discussion/questions

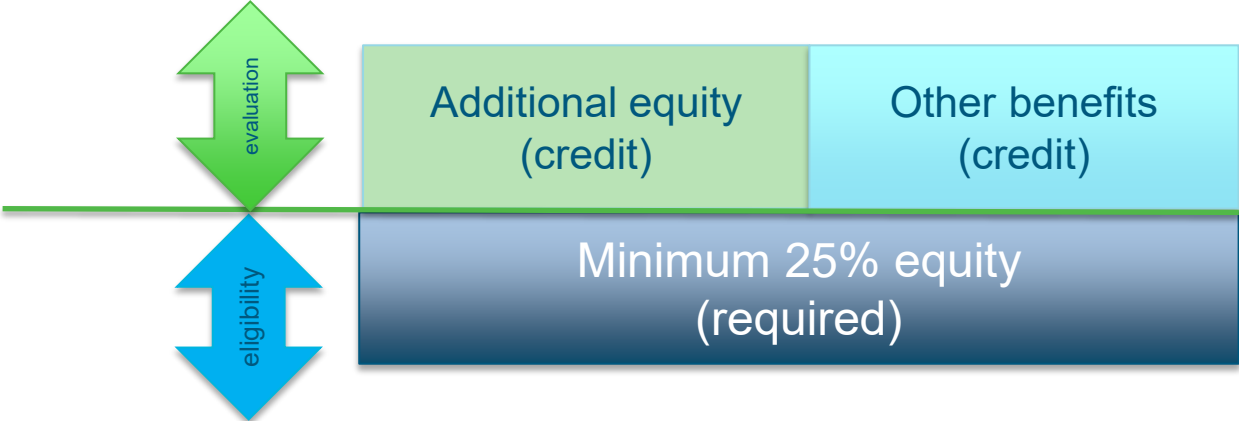
Objective of the 2024 Call for Power

To secure a reliable and timely source of clean, affordable power for our customers, while advancing economic reconciliation with First Nations.

First Nations Economic Participation Model

See Section 3 of Request for Proposals draft document

“EQUITY PLUS”



Updates to the Model

Request for Proposals draft document posted on January 8

Version presented at November workshops	Version posted January 8
Minimum 25% First Nations Equity Ownership Required	No change
Additional Equity Ownership: A proposal will be given credit in the evaluation for additional First Nations equity ownership beyond the 25% minimum eligibility requirement up to 51%. The credit will be ~12 cents/MWh for each percentage point above 25%, up to a maximum \$3/MWh for 51% equity ownership.	<p>Additional Equity Ownership: A proposal will be given credit in the evaluation for additional First Nations equity ownership beyond the 25% minimum eligibility requirement up to 51%. Maximum credit of \$4 per megawatt-hour distributed as follows:</p> <ul style="list-style-type: none">• 26% up to 49% receive 12.5 cents/MWh per additional percentage point• 50% receives an additional 40 cents/MWh• 51% receives an additional 60 cents/MWh
Other Economic Benefits: A proposal will receive a \$1 per megawatt-hour credit in the evaluation if it is supported by a letter from one or more First Nations in whose territory the project is located, who are not equity owners of the proposed project, confirming that additional economic benefits, other than equity ownership, have been, or are to be, received.	No change – Attachment 8 (page 22 of RFP) gives format of letter

Other details on the Model (RFP section 3)

- First Nations Equity Ownership defined (RFP section 1.2):

“for the purposes of this RFP the aggregate percentage (in an amount not less than 25%) of the Equity Ownership in the Proponent to be held, directly or indirectly, by one or more Project First Nations.”

“Equity Ownership” means with respect to any Person the right to receive or the opportunity to participate in any payment arising out of or return from, and an exposure to a loss or a risk of loss by, the business activities of such Person in relation to a Proposal submitted in response to this RFP.

“Project First Nations” means First Nations within whose asserted traditional territory the Project is situated and which hold First Nations Equity Ownership in the Proponent.

- See RFP Attachment 7 for format of “evidence of FN ownership”



Other details on the Model, cont'd

- First Nations equity ownership must be held for a minimum of 3 years following commercial operation of the project (RFP section 3.4)
- Evidence of equity ownership must be provided in the following formats (RFP section 3.5):
 - Statutory declaration from the Proponent on the Commercial Operation Date (COD) and the 1st, 2nd and 3rd anniversaries of the COD
 - Letter from First Nation(s) confirming the level of equity ownership at COD (see Appendix I – page 98 of EPA – for format)
- Penalties to address the scenario if the level of First Nations equity falls below the amount that is specified when the bid is submitted before the end of the holding period.

Penalties in detail

- If the level of First Nations equity falls below the amount that is specified when the bid is submitted before the end of the holding period, liquidated damages will be paid by the Seller to BC Hydro. The amount of liquidated damages is expected to reflect the value/credit given to the Committed Level of First Nations Equity Ownership in the Proposal (EPA section 11.3).
- Failure by the Seller to submit a statutory declaration stating that First Nation equity ownership will be at least 25% at COD and at 1st, 2nd and 3rd anniversaries of COD will be considered a “material default” under the EPA (Buyer can terminate the EPA if the default is not cured within 30 days or other mutually agreeable reasonable timeline) (EPA section 16.1(q)).

Notable updates from November materials

Request for Proposals draft document posted on January 8

Version presented at November workshops	Version posted January 8
Bid security \$40,000 per MW of plant capacity	Bid security of \$25,000 per MW of plant capacity
Milestone Liquidated Damages for failure to meet project milestones: <ul style="list-style-type: none">• Permitting complete• Procurement complete• Construction commencement	No milestone liquidated damages to be included
Cost of Incremental Firm Transmission (CIFT) Evaluation Adjustor to be applied to projects located outside of the South Coast region	No change. It is anticipated that most Call projects will be located outside of the South Coast, so the CIFT adjustor is not expected to be a significant differentiator between projects.
Timeline for Bid Submission: bids due August 2, 2024	Timeline for Bid Submission extended: bids due September 16, 2024

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Next steps

- **January 22, 2024:** deadline for written feedback on the documents
- **April 2, 2024:** Issue RFP
- **April 8, 2024:** ~~Pre~~-CEAP Interconnection request ~~pre~~-submission deadline
- **May 8, 2024:** CEAP Interconnection request (~~final~~) submission deadline
- **September 16, 2024:** Proposal deadline
- **Mid-September to mid-December:** evaluate bids
- **December 16, 2024:** issue notice to preferred proponents

Discussion and Questions