

for generations



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8:30 – 9:00	Registration	
9:15 – 9:30	Standing Offer Program Overview	David Ingleson
9:30 – 10:30	SOP Rules and Eligibility Review	Laura Creech
10:30 – 11:00	Break	
11:00 – 12:00	Questions	

# Standing Offer Program Introduction and Program Rules

*Standing Offer Program Information Session*

Power Acquisitions



# Standing Offer Program Overview

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The provincial government's *Energy Plan: A Vision for Clean Energy Leadership* issued in 2007 directed BC Hydro to implement a Standing Offer Program to:

- Facilitate the development of clean electricity projects in British Columbia
- Alleviate the administrative burden for small projects to bid into BC Hydro calls
- Support our goal of self-sufficiency
- Help promote B.C. innovation



The *Energy Plan* guidelines for the SOP include:

- Competitive pricing based on the results of the most recent call
- Contractually non-firm energy
- No initial quota
- Projects must be not more than 10 MW in size
- Projects must be clean, renewable or high-efficiency co-generation

The Standing Offer Program is BC Hydro's first completed action item from the 2007 Provincial Energy Policy.

BC Hydro's desired outcomes for the Standing Offer Program are:

- Simplified contract
- Streamlined and clearly defined application process
- Minimize attrition
- Cost effective energy (price paid for energy and cost to interconnect projects)
- High degree of regulatory certainty for EPA approval
- An open window for applications

The design of the SOP is the result of considerable Stakeholder and First Nations engagement:

- Draft documents released June 20, 2007
- Information sessions (10 total) from July – August 2007
- Written comments from June 20 – August 3, 2007
- Standing Offer Program submitted to BCUC for section 45 review
- Negotiated Settlement Agreement reached with intervenors March 19, 2008





# **Standing Offer Program Rules & Eligibility Review**

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**Laura Creech**  
**Project Manager, SOP**

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- Key Eligibility Requirements
- Payment Price
- Network Upgrade Costs
- Electricity Purchase Agreement
- Application Review Process Overview
- Where to go for more information

- Proven Generation Technologies
- Project Capacity must be greater than 50 kW but not more than 10 MW
- Clean, renewable or high efficiency co-generation
- Located in British Columbia
- Target COD must be within three years of signing the EPA
- Projects with BC Hydro EPAs signed in 2006 and after are not eligible
- Generation that is or will be funded through a Load Displacement or DSM program is not eligible

- Stage of development must be well advanced
  - Permits – “key” construction and operating permits to be obtained
  - Site Control – developer to demonstrate it has obtained the right to use the project site
  - Zoning – all the project components (generating facility, access roads, transmission, etc.) must be consistent with local government land use zoning

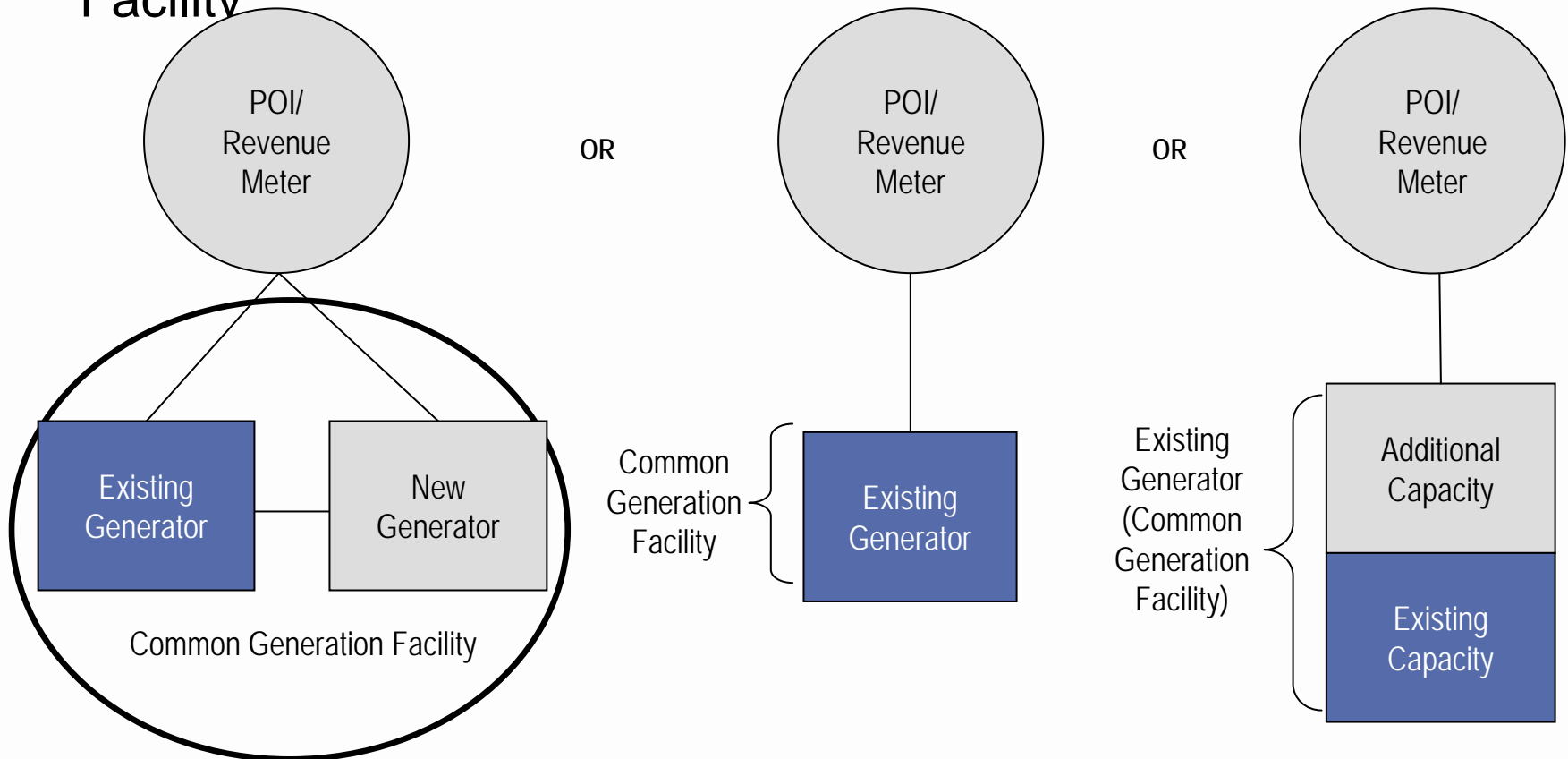
- Key Interconnection Requirements

- Project located within the Integrated System Area must have an interconnection to the Integrated System, which includes Indirect Interconnections
- Projects not located within the Integrated System Area must deliver energy to a point of delivery on the Integrated System
- Projects in the Fort Nelson service area are not eligible.
- Project must have a valid Interconnection Impact Study, submitted within 180 calendar days after a request from BC Hydro
- Any Interconnection Study commenced prior to a request from BC Hydro will not be accepted

- **Eligible Generation**

- Greenfield or a new generator on an existing site
  - New generator: Nameplate Capacity cannot exceed 10 MW
- Existing generation that is not currently committed under a third party or BC Hydro EPA and is not currently serving a customer load
  - Existing generator: Nameplate Capacity can exceed 10 MW but Project Capacity for electricity sold under an SOP EPA cannot exceed 10 MW
- Incremental generation resulting from an expansion of an existing facility

- Energy from a Project that is part of a Common Generation Facility



## *Key Eligibility Requirements – Discussion/Questions*



Region of POI	Base Price (2008\$/MWh)	Environmental Attributes Price (if any) (2008\$/MWh)	Total Price (2008\$/MWh)
Vancouver Island	84.23	3.10	87.33
Lower Mainland	83.86	3.10	86.96
Kelly/Nicola	80.31	3.10	83.41
Central Interior	77.53	3.10	80.63
Peace Region	69.94	3.10	73.04
North Coast	71.37	3.10	74.47
South Interior	72.27	3.10	75.37
East Kootenay	76.05	3.10	79.15

Base price prior to EPA award is escalated at 100% BC CPI annually, starting January 1, 2009

After EPA award, 50% of the energy price is escalated at BC CPI annually

Environmental Attributes price is escalated at 100% BC CPI annually.

The escalated base price is further adjusted based upon the time of day and month when energy is delivered.

Environmental Attributes price will not be adjusted for the time of the day and month when the energy is delivered.

Time of Delivery	Adjustment to Escalated Base Price (percentage)	
	<u>Heavy Load Hours (HLH)</u>	<u>Light Load Hours (LLH)</u>
January	125%	106%
February	126%	110%
March	114%	106%
April	103%	95%
May	92%	76%
June	90%	72%
July	91%	72%
August	95%	81%
September	96%	88%
October	108%	97%
November	109%	102%
December	122%	102%

*Payments, Base Price Escalation and Adjustments - Discussion/Questions*

- Interconnection Study costs are the responsibility of the Developer
- The Interconnection Study will:
  - Identify those costs that are solely the responsibility of the Developer
  - Provide an estimate of Interconnection Network Upgrade (INU) Costs
- Security is required for 100% of the INU cost and must be submitted to BC Hydro prior to signing the Facilities Letter (D-connected) or the Standard Generator Interconnection Agreement (T-connected)
- Developers are required to have a Revenue Meter for the Project

- INU Costs and INU Threshold
  - BC Hydro is responsible for all INU Costs up to \$87.50 per kilowatt of Project Capacity (INU Threshold)
  - Developer is responsible for all costs in excess of the INU Threshold
  - BC Hydro is responsible for Transmission Network Upgrade (TNU) Costs

$$\begin{array}{l} \text{DA costs, or} \\ \text{costs that are} \\ \text{responsibility} \\ \text{of Developer} \end{array} + \begin{array}{l} \text{Interconnection} \\ \text{Network} \\ \text{Upgrade (INU)} \end{array} + \begin{array}{l} \text{Transmission} \\ \text{Network} \\ \text{Upgrade (TNU)} \end{array}$$

*Network Upgrades (NU)*

## *NU Costs & Threshold – Discussion/Questions*

- SOP Electricity Purchase Agreement (EPA)
  - Based on the F2006 Open Call Small Project EPA
  - Contractually non-firm energy – no requirement to deliver specified quantity of energy to BC Hydro at specified times
  - No LDs, penalties or performance security, but Network Upgrade Security is required
  - Developer is required to sell all energy from the Project to BC Hydro at a pre-determined price
  - Term of 20 to 40 years

- **SOP Electricity Purchase Agreement (EPA) – Cont'd**
  - Environmental Attributes must be transferred to BC Hydro and an additional price will be paid for Project energy that has received Environmental Certification
  - Plant capacity cannot be altered without BC Hydro's consent
  - BC Hydro may terminate for failure to achieve COD within 2 years after Target COD
  - BC Hydro may terminate for failure to deliver energy for a continuous period of two years
  - BC Hydro has the ability to withhold payment and/or terminate the EPA for failure to obtain or maintain designation as Clean Energy

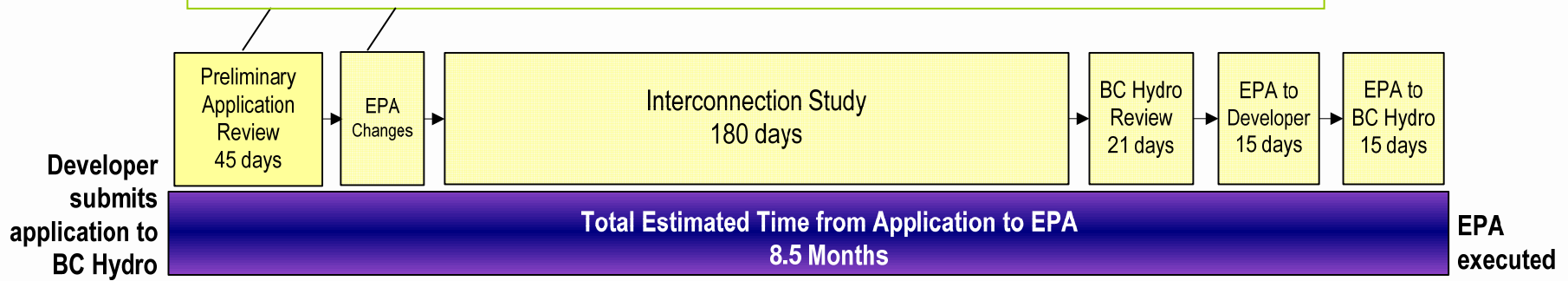
- EPA Changes

- BC Hydro reserves right to make EPA changes that are required based on information submitted in your Application.
- Required changes may result from certain types of Project technologies or configurations. Some of these required changes are summarized in Appendix 5 of the Standard Form EPA.
- Developers may also propose changes to the Standard Form EPA. BC Hydro may accept or reject any such proposed changes at its sole discretion.
- All proposed EPA changes must be mutually agreeable in order to sign an EPA. If both parties cannot agree, then there will be no executed EPA.

*EPA - Discussion/Questions*

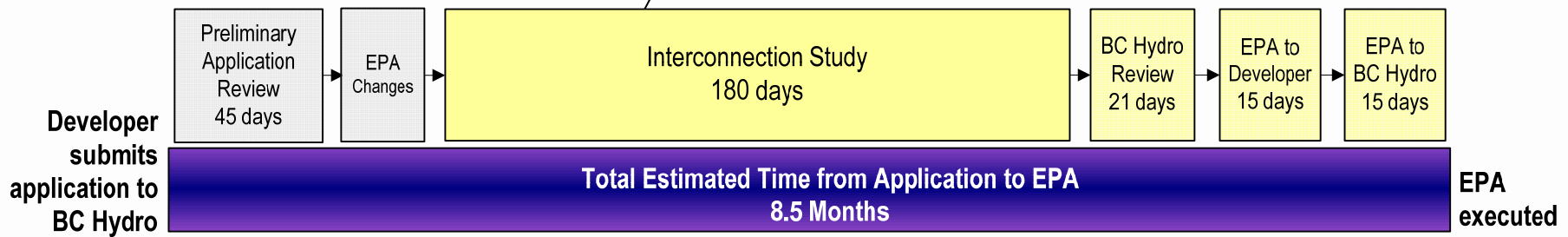


- Preliminary Application Review (45 Days)
  - BC Hydro will review the Application for completeness and eligibility
- Review of EPA Changes



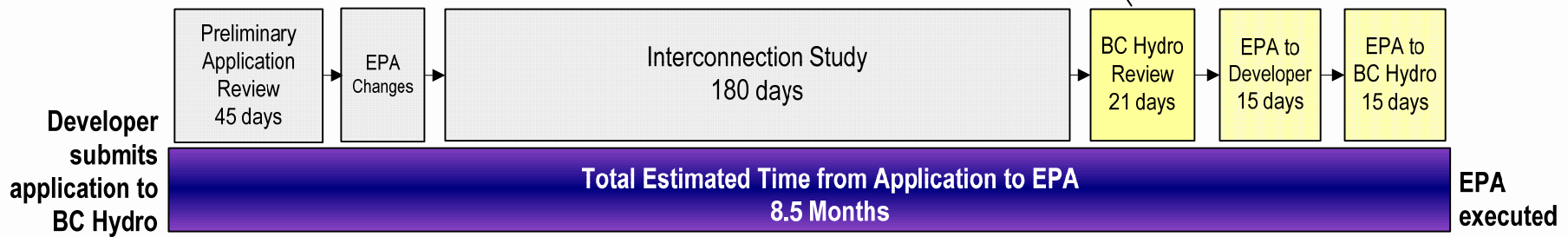
## • Interconnection Study (180 Days)

- If the project passes the Preliminary Application Review and proposed EPA changes are agreed upon, an Interconnection Study will be requested
- Once requested, the Interconnection Study must be provided to BC Hydro within 180 days or the Application may be rejected
- Make sure to understand informational requirements for the Study before BC Hydro makes the request so you minimize the amount of your 180 day window used to finalize the information required

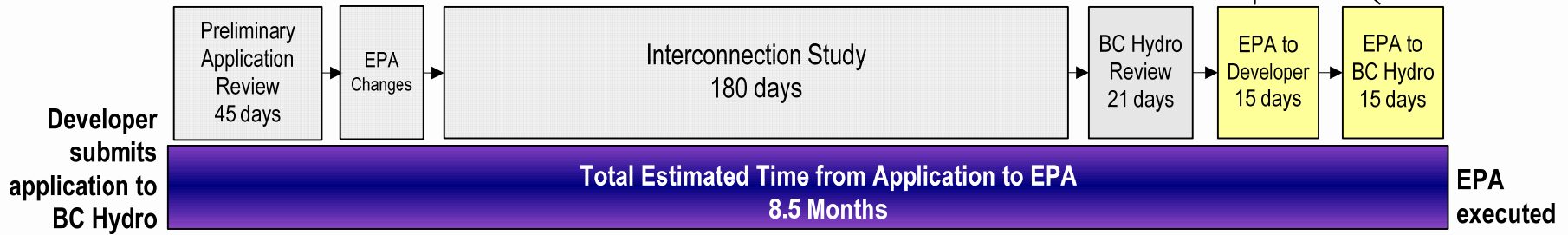


- BC Hydro review of Interconnection Study and Statement of Project Changes (21 days)

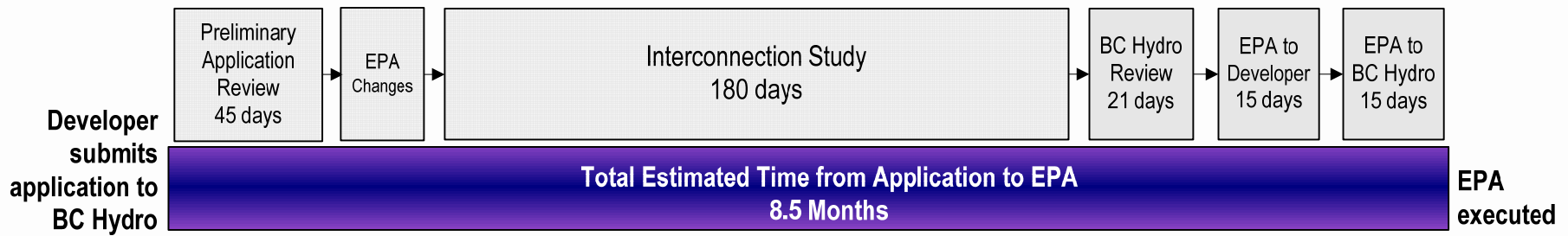
- Eligibility will be reassessed based on Project changes, if any
- Interconnection Study will be reviewed
- Further EPA changes may be required as a result of Project changes and/or results of Interconnection Study



- EPA finalized and sent to Developer for execution (15 days)
- EPA sent to BC Hydro for execution (15 days)



- Total Time for Application Processing - 8.5 Months, assuming:
  - Complete Application with minimal clarification requests by BC Hydro
  - A full 6 months required for the Interconnection Study
  - Few or no EPA amendments



- **Amending an Application**

- Can be done anytime prior to EPA offer, but if done after notice to obtain an Interconnection Study, the amendments will not be reviewed by BC Hydro until receipt of Interconnection Study and Statement of Project Changes

- Be careful that any such amendments do not invalidate the Interconnection Study

- **Withdrawing an Application**

- Can be done anytime prior to signing the EPA by way of written notice to BC Hydro

- Response by Developer to a request for clarification by BC Hydro must be submitted within 30 days or Application may be rejected
- BC Hydro may, but is not required to, conduct due diligence with respect to the Application
- Rejecting Applications – Review Section 9.7 of the Program Rules

*Application Review Process - Discussion/Questions*

**BC Hydro** FOR GENERATIONS

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### STANDING OFFER PROGRAM

BC Hydro posted the following:

April 11, 2008

- BC Hydro launches the Standing Offer Program
- May 6, 2008 information session

March 28, 2008

- The BCUC approved the Negotiated Settlement Agreement for the Standing Offer Program

#### Program Overview

As directed by the provincial government in its [BC Energy Plan: A Vision for Clean Energy Leadership](#), BC Hydro is implementing a Standing Offer Program to encourage the development of small and clean energy projects throughout British Columbia. The Program is a process to purchase energy from small projects with a nameplate capacity greater than 0.05 megawatts but not more than 10 megawatts\*.

Through a series of informal stakeholder engagement sessions and written comments, we received extensive feedback from stakeholders about previous calls for power and the design of the Standing Offer Program. As a result, the Program has been designed to:

- simplify the process, the contract and its administration
- decrease the costs of participation for developers while remaining cost-effective for the ratepayer
- meet the need identified by the BC Energy Plan and embody its policies and principles.

The [Standing Offer Program Rules](#) explain Program details including eligibility requirements, the application process and the [Standard Form Electricity Purchase Agreement \(EPA\)](#) terms.

\*Projects with capacity of no more than 0.05 megawatts may be eligible for BC Hydro's [Net Metering](#) program. Projects with capacity greater than 10 megawatts may be eligible to participate in the [Clean Power Call](#) or the [Bioenergy Call for Power](#).

**IN THE SPOTLIGHT**

[BC Hydro launches Standing Offer Program to acquire clean energy](#)

**B.C. Government website:**  
[BC Energy Plan: A Vision for Clean Energy Leadership Electricity Policy Action No. 11](#) (PDF)

**MORE INFORMATION**

If you have any questions or would like to be added to our mailing list, please [email us](#).

**INTERNET LINKS**

[BC Energy Plan](#)

Interested parties and prospective applicants are asked to provide written questions directly to SOP management team at [www.bchydro.com/standingoffer](http://www.bchydro.com/standingoffer)

Go to " More Information" and click on "e-mail us"

Or send an e-mail directly to [standing.offer@bchydro.com](mailto:standing.offer@bchydro.com)



- Program Website: [www.bchydro.com/standingoffer](http://www.bchydro.com/standingoffer)
- Email: [standing.offer@bchydro.com](mailto:standing.offer@bchydro.com)
- Program Manager: Laura Creech
- Interconnection Information:
  - GITS (for projects connected to the Distribution System)
    - >Contact: Charley Ye
    - >[gen.connections@bchydro.com](mailto:gen.connections@bchydro.com)
    - >Phone: 604-623-4138
  - BCTC (for projects connected to the Transmission System)
    - >[bctc.interconnections@bctc.com](mailto:bctc.interconnections@bctc.com)
    - >Phone:
      - Bryan Corns** 604-699-7368
      - Ryan Hefflick** 604-699-7382

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