

ADDENDUM

Number: 2
Issue Date: February 29, 2008
Subject: Issue of Appendices 3, 4 & 5
Issue of EPA Term Sheet
Fuel Type
First Nations

Words and phrases defined in the RFP and used in this Addendum have the meaning given in the RFP, unless otherwise defined herein. References to section numbers mean sections of the RFP, unless otherwise specified.

1. **Issue of Appendices 3, 4 & 5**

The RFP is amended to include the following appendices, each issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall:

- Appendix 3 – Form of Proposal Letter
- Appendix 4 – Project Description Requirements
- Appendix 5 – Fuel Plan Requirements.

2. **Issue of EPA Term Sheet**

Pursuant to section 15 of the RFP, an EPA Term Sheet is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. The EPA Term Sheet reflects BC Hydro’s preliminary preferred terms and conditions, in summary form, for the EPA. The term sheet will be reviewed at the Proponents’ information session, following which a Specimen EPA will be issued. Registered Proponents may submit written questions on the term sheet. See section 10 of the RFP for information on Q&As. Registered Proponents may also submit written comments on the term sheet, which should be directed to BC Hydro as indicated in section 5 of the RFP. Written comments should be submitted by March 19, 2008.

3. **Fuel Type**

The RFP invites proposals for the supply of electrical energy generated from Forest-based Biomass. BC Hydro recognizes that Forest-based Biomass energy (steam and/or electricity) generation facilities may require the use of non-Forest-based Biomass fuel, including fossil fuel, (“Auxiliary Fuel”) for start-up purposes, and to achieve optimal performance. Accordingly, BC Hydro will consider Proposals for Projects requiring Auxiliary Fuel, subject to certain limitations and conditions, as summarized below:

- All Projects may utilize Auxiliary Fuel for start-up purposes,
- IPP Projects (see RFP, page 7, under “Project Type”) may utilize Auxiliary Fuel for the purpose of meeting the technical requirements of normal operations, but in any event not

exceeding 3% of total annual fuel requirements (excluding Auxiliary fuel used for start-up), determined by energy measurement (e.g., GJs),

- Customer Projects (see RFP, page 7, under “Project Type”) may utilize Auxiliary Fuel for the purpose of meeting the technical requirements of normal operations, but in any event not exceeding their Auxiliary Fuel Baseline (excluding Auxiliary Fuel used for start-up) determined by energy measurement (e.g., GJs), with the result that Customer Projects will not cause any material increase in the combustion of Auxiliary Fuels. Proponents of Customer Projects will be required to submit data relative to current utilization of Auxiliary Fuels, so that their Auxiliary Fuel Baseline may be determined and approved by BC Hydro before Proposal submission. BC Hydro will provide a data submission form and further details relative to the determination of the baseline by further Addendum.
- BC Hydro may take into account in evaluating Proposals the expected use of Auxiliary Fuel.
- Successful Proponents will be held accountable under the EPA for respecting the limitations on Auxiliary Fuel use noted above. See the EPA Term Sheet for further information.
- To implement the foregoing principles, the RFP is amended as follows:
 - Section 14 – Eligible Projects, first bullet “Fuel Type” is amended by adding “Projects may utilize Auxiliary Fuel for start-up purposes. Also, IPP Projects may utilize Auxiliary Fuel for the purpose of meeting the technical requirements of normal operations, but in any event not exceeding 3% of total annual fuel requirements (excluding Auxiliary fuel used for start-up), determined by energy measurement (e.g., GJs). Customer Projects (see RFP, page 7, under “Project Type”) may utilize Auxiliary Fuel for the purpose of meeting the technical requirements of normal operations, but in any event not exceeding their Auxiliary Fuel Baseline determined by energy measurement (e.g., GJs), as approved by BC Hydro before Proposal submission, with the result that Customer Projects will not cause any material increase the combustion of Auxiliary Fuels.”
 - Section 14 – Eligible Projects, fourth bullet “Clean” is amended to read “Output from the Project must qualify as “clean or renewable energy” in accordance with guidelines published by the British Columbia Ministry of Energy, Mines and Petroleum Resources, except only that portion of the output attributable to the use of Auxiliary Fuel to the extent permitted under “Fuel Type” above and under the EPA. The guidelines will be available on, or through a link provided on, the RFP Website.
 - Section 20 – Evaluation Criteria, is amended by adding the following bullet to the criteria list:
 - The desirability of limiting the use of Auxiliary Fuels.
 - The following definitions are added to Appendix 1 of the RFP:

- **“Auxiliary Fuel”** means any fuel used in generating energy, other than Forest-based Biomass.
- **“Auxiliary Fuel Baseline”** means, with respect to a Customer, its existing annual utilization of Auxiliary Fuel in energy generation, but excluding any allowance for start-up, as approved by BC Hydro before Proposal Submission.
- **“GJs”** means gigajoules.

4. **First Nations**

Section 20 – Evaluation Criteria, is amended by deleting the fifth bullet in the criteria list and substituting the following:

- Status of First Nations consultations (if required) with respect to Crown permits, or any engagement with First Nations,