

CUSTOMER-BASED GENERATION

2002 CALL FOR TENDERS

ADDENDA

3 December 2002

Revised Standard Form CBG EPA

On November 19, 2002 BC Hydro posted a CBG EPA Revision Summary Document to its website at www.bchydro.com/customergen. That Summary Document indicated that the Revised Standard Form CBG EPA would be available shortly.

The Revised Standard Form CBG EPA is now available at www.bchydro.com/customergen. A blacklined copy of the Revised Standard Form CBG EPA showing the changes made to the form of the CBG Standard EPA that was posted on 4 October 2002 is also available at www.bchydro.com/customergen.

The changes to the Revised Standard Form CBG EPA are substantially as described in the Summary Document. However, it is important for all bidders to carefully review the because, in addition to the principal changes described in the Summary Document, the Revised Standard Form CBG EPA contains a number of minor revisions for greater clarity and to address certain suggestions made by customers and independent power producers during the CFT process.

Revisions to 2002 CBG/CFT

The revised 2002 CBG/CFT issued 4 October 2002, available at www.bchydro.com/customergen, is amended in the following respects:

1. All references in the 2002 CBG/CFT, including in this Addenda, to the "Standard EPA" are deemed to be references to the "Revised Standard Form CBG EPA".
2. A bidder will be permitted to submit revisions required to the Revised Standard Form CBG EPA to accommodate technology and operating scenarios particular to individual projects. The revisions must be directed to correcting only unintended consequences of contract language which would be unworkable in the context of a specific project. Proposed revisions must be limited to those which **will not have a material adverse impact on the benefit of the contract to BC Hydro**. For example, revisions to the price structure, the inclusion of flow-through charges, a change in the latest permitted Target COD, revisions to liquidated damages calculations, termination payments, Green Criteria and other material matters will be rejected.

Proposed revisions must be **specific** and include specific contract language changes, must be **limited in number**, and must be accompanied by a **brief explanation** of why the change is considered necessary.

A bidder may submit proposed project specific revisions by not later than **15 January, 2003**, with BC Hydro responding to the bidder for clarification or to advise whether the revisions are excessive in number or will or will not result in a disqualification, all in accordance with the revised schedule for the 2002 CBG/CFT process set out below. Proposed revisions and BC Hydro responses will not be posted to

the CBG website, although BC Hydro may post an addendum advising of revisions of general application that it has determined to be acceptable. In order to accommodate this process change, to allow for the impacts of the December holiday season, and to provide additional time for bid preparation, the deadline for submission of Tenders and Tender Security will be deferred in accordance with the schedule set out below.

3. A bidder that wishes to propose project specific revisions to the Standard EPA must complete the Bidder's Proposed 2002 CBG Standard EPA Revisions Form, available at www.bchydro.com/customergen, and submit that Application **by not later than 4:00 p.m. (Pacific Time) on 15 January 2003** in an envelope bearing the name of the bidder and the project name to the following address:

BC Hydro Customer-Based Generation
 2002 CBG/CFT
 Purchasing Department
 6911 Southpoint Drive
 13th Floor
 Burnaby, British Columbia,
 V3N 4X8 Canada.

4. The schedule for the 2002 CBG/CFT process is replaced with the following:

ACTIVITY	DEADLINE
Issue 2002 CBG/CFT	6 September 2002
Issue Revised 2002 CBG/CFT	4 October 2002
<ul style="list-style-type: none"> • All bidders submit Generator Interconnection Preliminary Study Application, with specified project data to BC Hydro – Office of Interconnection • Bidders whose projects include existing generation that will share a common revenue meter with the generator that will generate the electricity for sale to BC Hydro submit 2002 CBG Generator Baseline (GBL) Application, with specified project data to BC Hydro - Manager, Customer-Based Generation 	18 October 2002
2002 CBG/CFT Bidders' Meeting	4 November 2002
<ul style="list-style-type: none"> • All bidders submit a Contracted Capacity Profile as required by the Tender Forms to BC Hydro – Purchasing Manager • All bidders submit 2002 CBG Greenhouse Gas Intensity Adjustment Form together with specified project data to BC Hydro – Green and Alternative Energy • Bidders applying for the CBG Green Criteria Adjustment submit evidence required under both: • CBG Green Criteria Submission Requirements – Socially Responsible Facilities; and CBG Green Criteria Submission Requirements - Low Impact Biomass Projects or CBG Green Criteria Submission Requirements - Low Impact Hydroelectric Facilities, as applicable, to BC Hydro – Green and 	2 December 2002

Alternative Energy	
Issue Revised Standard Form CBG EPA and 2002 CBG/CFT Addenda	3 December 2002
BC Hydro notifies bidders of: <ul style="list-style-type: none"> • Interconnection cost estimate, Bulk Location Adjustment, Area Location Adjustment and System Adjustment • Assessment of qualification for the CBG Green Criteria Adjustment and the definition of “Facility” that will apply in Appendix 12 of the Standard EPA if the bidder applies for the CBG Green Criteria Adjustment • GHG Intensity Target and related GHG Intensity Adjustment • Bidder’s Generator Baseline 	17 December 2002
Bidders submit proposed Standard EPA revisions	15 January 2003
BC Hydro responds to proposed Standard EPA revisions	14 February 2003
Deadline for submission of Tenders including Tender Security	14 March 2003
<ul style="list-style-type: none"> • Selection of successful Tenders • Return of unopened Part II – Bid Price envelopes and Tender Security to bidders for projects rejected after Step 1 of the Award Process 	1 May 2003
Electricity Purchase Agreements sent to successful bidders for signing	13 June 2003
Bidders return signed Electricity Purchase Agreements and any required security to BC Hydro	29 July 2003
BC Hydro sends fully signed Electricity Purchase Agreement to bidders	18 August 2003
Return of Tender Security to unsuccessful bidders	20 October 2003

5. Under Tender Closing Time and Schedule the deadline for submission of Tenders is extended from 15 January 2003 to 14 March 2003.

6. Under How to Submit a Tender, Tenders must include the following additional information which will be used to complete the Standard EPA, if awarded:

Confirmation of the project specific revisions to the Standard EPA accepted by BC Hydro by notice to the bidder on or before 14 February 2003.

7. Under How to Submit a Tender, the deadline for target commercial operation date is extended from 1 November 2005 to 30 September 2006.

8. Under Tender Security, in the second paragraph, the expiry date for the letter of credit is extended from 25 August 2003 to 20 October 2003.

9. Under Tender Security, the date for delivery of the signed electricity purchase agreement and Development Security is extended from 6 June 2003 to 29 July 2003.

10. Under Contracted Capacity and Pricing, under the heading “Electricity Quantity”, the second paragraph is deleted and replaced with the following:

The Contracted Capacity will be specified by the bidder in its Tender. The specified Contracted Capacity may be increased from that specified in the bid to reflect the optimum final design of the bidder's plant. This increase must be notified before the end of the Initial Period under the Standard EPA and may not exceed 120% of the Contracted Capacity originally bid. The specified Contracted Capacity profile is not subject to change thereafter for the Term of the electricity purchase agreement, except on exercise of the one-time recall option described below. Bidders may not give notice of any proposed increase in their Contracted Capacity after Tender submission and prior to signing of the electricity purchase agreement. See Section 3.5 of the Standard EPA for further details on the timing and process for, and consequences of, an increase in Contracted Capacity.

11. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading "Mandatory Requirements" and under the subheading "Timely Submission of Tenders" the date "15 January 2003" for submission of Tenders is deleted and replaced with "14 March 2003".

12. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading "Project Criteria" and under the subheading "Project Development", the date "1 November 2005" for achieving commercial operation is deleted and replaced with "30 September 2006".

13. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading "Award Process", and under the subheading "Step 1" in the 8th line, the date "4 March 2003" for BC Hydro to advise bidders if their Tenders were rejected is deleted and replaced by "1 May 2003".

14. Under Tender Conditions in paragraph 12, the date "30 June 2003" for Tender expiry is deleted and replaced by [**18 August 2003** – to confirm].

15. Under Tender Conditions, paragraph 18 is deleted and replaced with the following:

18. **EPA Award:** Bidders will be notified in writing by BC Hydro on or before 1 May 2003 of acceptance in Step 3 of the Award Process, potential acceptance in Step 4 of the Award Process or rejection of their Tender. Following notices of award, BC Hydro will prepare electricity purchase agreements for successful Tenders and will send those electricity purchase agreements out for signature by 13 June 2003. Sellers are required to return the fully-signed electricity purchase agreements to BC Hydro by 29 July 2003.

16. The Tender Forms attached to the 2002 CBG/CFT are deleted and replaced with Revised Tender Forms available at www.bchydro.com/customergen.

17. In the CBG Green Criteria – Low Impact Biomass Facilities and CBG Green Criteria – Low Impact Hydroelectric Facilities, the Descriptor associated with the Low Impact Principle, "The facility must provide new energy", is deleted and replaced with the following:

"To provide new energy, the facility must meet one of the following definitions:

Definition 1: The facility is on a site where there is no other pre-existing electrical generating facility and the facility began generating electricity on or after 1 April 2001.

Definition 2: The facility is repowered on or after 1 April 2001 and not less than 80% of the fair market value of the facility is attributable to new generation equipment installed as part of the repowering project.

Definition 3: The facility is a separable improvement to, or separable enhancement of, an existing and operating electrical generating facility that was first in operation prior to 1 April 2001, construction of the project was completed on or after 1 April 2001 and the incremental generation is contractually available for sale and metered separately from existing generating at the facility.”

Based on information filed to date with BC Hydro by eligible bidders, it is not anticipated that the foregoing definitions will adversely affect any bidder.