

CUSTOMER-BASED GENERATION

ADDENDA TO 2002 CALL FOR TENDERS

Issued: 4 October 2002

The 2002 CBG/CFT issued on 6 September 2002 has been amended in a number of respects. For a complete copy of the revised document see Revised 2002 CBG/CFT at www.bchydro.com/customerregen.

The amendments to the 2002 CBG/CFT issued on 6 September 2002 are as follows:

1. The deadline for submission of Tenders under Tender Closing Time and Schedule is extended from 29 November 2002 to 15 January 2003.
2. The schedule for the 2002 CBG/CFT process under Tender Closing Time and Schedule is deleted and 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 <u>2002 CBG Generator Baseline (GBL) Application</u>, 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 <u>Tender Form</u> to BC Hydro – Purchasing Manager • All bidders submit <u>2002 CBG Greenhouse Gas Intensity Adjustment Form</u> 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: • <u>CBG Green Criteria Submission Requirements – Socially Responsible Facilities; and</u> <u>CBG Green Criteria Submission Requirements - Low Impact Biomass Projects or CBG Green Criteria Submission Requirements - Low Impact Hydroelectric Facilities</u>, as applicable to BC Hydro – Green and Alternative Energy 	2 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 <u>Standard EPA</u> 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
Deadline for submission of Tenders including Tender Security	15 January 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 	4 March 2003
Electricity Purchase Agreements sent to successful bidders for signing	18 April 2003
Bidders return signed Electricity Purchase Agreements and any required security to BC Hydro	6 June 2003
BC Hydro sends fully signed Electricity Purchase Agreement to bidders	26 June 2003
Return of Tender Security to unsuccessful bidders	25 August 2003

3. Under How to Submit a Tender, Tenders must include the following additional information:
 - Statement that the Bid Price will/will not be subject to the Hydrology Adjustment.

4. Under Tender Security, the second paragraph is deleted and replaced with the following:

“The Tender Security must be in the form of a bank draft or certified cheque or an irrevocable and unconditional standby letter of credit issued or confirmed by a Canadian bank with a credit rating not less than Standard & Poor’s A–, Moody’s A3 or DBRS A(low). The letter of credit shall have a term expiring not earlier than 25 August 2003 and shall be advised through Bank of Montreal, Vancouver, International Operations. BC Hydro will be responsible for any fees charged by Bank of Montreal as the advising bank.

5. Under Tender Security, the third paragraph under that heading is amended as follows:
 - the words “any security required under the Standard EPA” are deleted and replaced with “the “Development Security” required under the Standard EPA;”
 - the words “within 15 days after the completed EPA is delivered to the bidder” are deleted and replaced with “by not later than 6 June 2003”

- the word “any” before the words “required security” in the second last line of the paragraph is deleted; and
 - the words “any required security” at the end of the paragraph are deleted and replaced with “the required Development Security.”
6. Under Tender Security, the fourth paragraph is deleted and replaced with the following:
- Details concerning project development and operating securities are set out in the Standard EPA. Development Security required to COD will be in an amount equal to a Project’s maximum annual average Contracted Capacity times \$20,000/MW. Operating Security will be calculated at COD and on each anniversary of COD and will be an amount equal to \$2,000/MW multiplied by the maximum annual average Contracted Capacity for the next succeeding year multiplied by the number of years remaining in the Term.
7. Under 2002 CBG/CFT Bidders’ Meeting the date of the Bidders’ Meeting has been changed to 4 November 2002 and the deadline for registration has been extended to 28 October 2002.
8. Under Contracted Capacity and Pricing under the heading “Electricity Quantity” the following is added at the end of the first paragraph:
- The 110% limitation will not apply to those bidders that elect to have their Bid Price adjusted by the Hydrology Adjustment and that are selling their full output to BC Hydro. However, BC Hydro will not purchase electrical energy in excess of 110% of the nameplate capacity of those plants.
9. Under Interconnection Costs and Adjustments the date in the second paragraph for submission of the application for the Generator Interconnection Preliminary Study is extended from 20 September 2002 to 18 October 2002 and the date for receipt by the bidder of the results of that study has been extended from 15 November 2002 to 17 December 2002.
10. Under Interconnection Costs and Adjustments in the fourth paragraph the words “and steam metering” are added in the first line after the words “Revenue metering” and the words “steam metering costs” are added after the words “Revenue metering costs” in the second sentence in that paragraph.
11. Under Interconnection Costs and Adjustments in the fifth paragraph in the first line the word “wheeling” is deleted and replaced by “delivery of”.
12. Under Interconnection Costs and Adjustments under the heading “Timely Application Required”:
- the date for submission of the Generator Interconnection Study Application is extended from 20 September 2002 to 18 October 2002

- the date for submission of the bidder’s Contracted Capacity Profile is extended from 1 November 2002 to 2 December 2002
 - the date for BC Hydro to advise bidders of the bidder’s interconnection cost estimate and Bulk Location, Area Location and System Adjustments is extended from 15 November 2002 to 17 December 2002.
13. Under Generator Baseline, the following is added at the beginning of the last sentence in the first paragraph:
- “Except in very limited circumstances as described in the Standard EPA,”
14. Under Generator Baseline, in the second paragraph, the date for submission of the 2002 CBG Generator Baseline Application has been extended from 20 September 2002 to 18 October 2002 and the date for BC Hydro to confirm to the bidder BC Hydro’s determination of the bidder’s GBL has been extended from 15 November 2002 to 17 December 2002.
15. Under CBG Green Criteria and GHG Intensity Adjustments, under the heading “Timely Application Required”:
- in the first line of the first paragraph under that heading the submission date is extended from 1 November 2002 to 2 December 2002.
 - in the first line of the second paragraph under that heading, the date for the BC Hydro Green and Alternative Energy confirmations to bidders is extended from 15 November 2002 to 17 December 2002;
 - in the second line of the fourth paragraph, “1 November 2002” is deleted and replaced by “2 December 2002”; and
 - in the fourth line of the fourth paragraph, “15 November 2002” is deleted and replaced by “17 December 2002”.
16. Under Evaluations of Tenders and Prices/Award of EPAs, under the heading “Timely Submission of Tenders” the words “Friday, 29 November 2002” are deleted and replaced with “15 January 2003”.
17. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading “Award Process”, and under the subheading “Step 1” in the eighth line, the date “24 January 2003” is deleted and replaced by “4 March 2003”.
18. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading “Award Process” and the subheading “Step 2” the following is added immediately before the subparagraph that commences with “*GHG Intensity Adjustment*”:
- *Hydrology Adjustment:* As noted in Contracted Capacity and Pricing, except in certain circumstances, Sellers will be subject to liquidated damages under their electricity purchase agreements for capacity factor shortfalls. Details of the calculation of those liquidated damages and the exceptions to the application of those liquidated damages are contained

in the Standard EPA. Bidders with hydro projects can elect in their Tender Forms to have the calculation of those liquidated damages exclude periods when the Seller’s Plant cannot generate the Contracted Capacity due to hydrology limitations. For projects that elect to have hydrology limitation periods excluded from the calculation of liquidated damages, Bid Prices will be increased by \$3.50/MWh.

19. Under Evaluation of Tenders and Prices/Award of EPAs, under the heading “Award Process” and the subheading “Step 2”, under the “Bulk Location Adjustment” the following is added:

- For projects subject to the Hydrology Adjustment:

Region	Bulk Location Adjustment (\$/MWh)
Vancouver Island	-0.50
Lower Mainland	0.00
Kelly Lake/Nicola	+2.40
Selkirk	+4.10
East Kootenay	+3.50
Central Interior	+4.10
North Coast	+3.10
Peace River	+6.20

and the words “For all other projects” are added above the existing table of adjustments.

20. Under Evaluation of Tenders and Prices/Award of EPAs the last paragraph is deleted and replaced with the following:

“If it becomes necessary in the award process to break a tie between competing Tenders at the same adjusted Bid Price, the first Tender submitted that contains all the required information, as evidenced by BC Hydro’s date and time stamp on the last element of the Tender, including any amendments, addenda or supplements, to be filed, will be preferred for award of an EPA.”

21. Under Tender Conditions in paragraph 12, “Tenders Valid and Irrevocable” the date “March 31, 2003” in the second line is deleted and replaced by “30 June 2003”.

22. Under Tender Conditions, paragraph 17 is deleted and replaced with the following:

All Tenders that contain material amendments, modifications, or conditions that are not authorized by this 2002 CBG/CFT including amendments, modifications or conditions to the Standard EPA or to the Tender Forms or that otherwise do not conform in a material respect to the requirements of this 2002 CBG/CFT. BC Hydro reserves the right to accept Tenders that contain non-material amendments, modifications or conditions or that otherwise do not conform to the requirements of this 2002 CBG/CFT where such non-conformity is not material. BC Hydro has the sole and unfettered discretion to determine what constitutes a material, amendment, modification, condition or non-conformity.

23. Under Tender Conditions, in paragraph 18, the date “24 January 2003” in the first line is deleted and replaced by “4 March 2003” and the date “7 March 2003” in the last line is deleted and replaced by “6 June 2003”.
24. Under Addresses for Submission of Forms, the date “20 September, 2002” in the first and second bullets is deleted and replaced by “18 October 2002” and the date “1 November, 2002” in the third, fourth and fifth bullets is deleted and replaced by “2 December 2002”.
25. The 2002 CBG Generator Baseline (GBL) Application is amended in the first bullet under the heading “Generator Baseline Calculation” by adding the words “that represent long-term normal operating conditions” after the words “3 years”.
26. In CBG Green Criteria Submission Requirements – Socially Responsible Facilities:
- in the third paragraph the date “November 1, 2002” is deleted and replaced by “2 December 2002”;
 - in the fourth paragraph, the date “November 15, 2002” is deleted and replaced by “17 December 2002”;
 - in the first paragraph under the heading “Part 3 – Pre-EPA Compliance Evidence” and “Part 4 – Post-EPA Compliance Evidence”, the date “November 1, 2002” is deleted and replaced by “2 December 2002”; and
 - under the heading “Part 1 – Instructions”, in paragraph 5, the date “November 1, 2002” is deleted and replaced by “2 December 2002.”
27. Under CBG Green Criteria Submission Requirements – Low Impact Biomass Facilities:
- in the third paragraph the date “November 1, 2002” is deleted and replaced by “2 December 2002”;
 - in the fourth paragraph, the date “November 15, 2002” is deleted and replaced by “17 December 2002”;
 - in the first paragraph under the heading “Part 3 – Pre-EPA Compliance Evidence” and “Part 4 – Post-EPA Compliance Evidence”, the date “November 1, 2002” is deleted and replaced by “2 December 2002”; and
 - under the heading “Part 1 – Instructions”, in paragraph 4, the date “November 1, 2002” is deleted and replaced by “2 December 2002.”
28. Under CBG Green Criteria Submission Requirements – Low Impact Hydroelectric Facilities
- in the third paragraph the date “November 1, 2002” is deleted and replaced by “2 December 2002”;
 - in the fourth paragraph, the date “November 15, 2002” is deleted and replaced by “17 December 2002”;

- in the first paragraph under the heading “Part 3 – Pre-EPA Compliance Evidence” and “Part 4 – Post-EPA Compliance Evidence”, the date “November 1, 2002” is deleted and replaced by “2 December 2002”; and
 - under the heading “Part 1 – Instructions”, in paragraph 5, the date “November 1, 2002” is deleted and replaced by “2 December 2002.”
29. Under 2002 CBG Process Guide for Greenhouse Gas Intensity Adjustment under the heading “Process” in paragraph 1, the date “November 1, 2002” is deleted and replaced by “2 December 2002” and the date “November 15, 2002” at the end of that paragraph is deleted and replaced with by “17 December 2002”.
 30. Under Standard EPA, the words, “The Standard EPA will be available on 13 September, 2002” are deleted and replaced with: “For a copy of the Standard EPA go to www.bchydro.com/customergen.”
 31. Under Tender Forms, the words, “The Tender Forms will be available on 13 September, 2002” are deleted.
 32. Various other typographical or punctuation errors have been corrected throughout the document.