



**2002/03 Green Power Generation  
Request for Qualifications Workshop  
November 22, 2002**

**Questions and Answers**

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**NOTE:** BC Hydro has also posted other Q & As pertaining to the 2002/03 Green Power Generation Request for Qualifications process on this web site. Proponents are advised to read these Q & As, as well as those below from the RFQ Workshop, as all these Q & As are now considered part of the 2002/03 GPG RFQ.

**Eligibility Requirements and 2002/03 GPG Standard EPA**

1.	It is important that the award of the 2002/03 GPG Electricity Purchase Agreement be early enough so that the proponent can take full advantage of the summer/fall months in 2003 for construction. Up north, bad weather conditions start early. Can the date for the award of the 2002/03 GPG EPA be moved ahead at all?
	BC Hydro is aware of the limited window for construction due to weather constraint and how the timing of the EPA signing may impact the window. We will take this into consideration when scheduling the milestones for the balance of the 2002/03 GPG process.
2.	What is the intent of the recall option?
	The purpose of the recall option is to allow proponents to participate in power market opportunities with some of their energy that has been contractually committed to BC Hydro.
3.	How long is the recall option available?
	A proponent may exercise the “one-time” option at any time during the term of the contract.
4.	Is there a cap on the amount of annual energy or the capacity of the projects that would be short-listed in the Request for Qualifications stage?
	No, there is no cap in the RFQ stage.
5.	In the EPA terms and conditions, how is the 110% cap for Contracted Capacity calculated? Is it based on annual or monthly energy?
	Under the EPA, the Seller will supply and BC Hydro will purchase energy not exceeding, at any time, 110% of the Contracted Capacity specified by the Seller in its Tender (which may be specified by month and year). The 110% cap is based on the capacity at any time and not the energy.
6.	Concerning dispatchability, is BC Hydro looking for as much as 117% in January?
	The 117% is a figure for HLH (Heavy Load Hours) for the month of January in the Bid Price/Delivery Time adjustment table on page 4 of the RFQ document. This table provides factors that are applied to the bid price to determine the price payable to the proponent at the time of delivery. It has nothing to do with adjusting the Contracted Capacity.

7.	What sort of financial instrument will BC Hydro require to guarantee that liquidated damages will be paid?
	BC Hydro will require a security deposit, probably in the form of cash, a letter of credit or a guarantee from a company with the appropriate credit rating. The details will be addressed when the 2002/03 GPG EPA is finalized in Spring 2003.
8.	The Green Criteria stipulates no more than 24 hours (of average annual flow) storage in a green hydroelectric facility’s head pond. With no storage, there is no shaping. Why are you asking for Contracted Capacity?
	The 2002/03 GPG Standard EPA will be written for all types of green technologies. There are technologies that are capable of providing a relatively firm level of generation. There will be an option available for small hydro projects to be exempt from providing firm supply because of hydrology. In all cases, 110% of the Contracted Capacity defines the maximum capacity of the delivery that BC Hydro will accept at any point in time.
9.	It is difficult for IPPs that are working with other parties to proceed with project development without knowing the exact terms and conditions of the EPA; for example, liquidated damages. Can BC Hydro expedite the release of the final version of the EPA?
	We will take this into consideration. For an indication of current terms and conditions for EPAs in other acquisition processes, please refer to the Customer Based Generation web site: <a href="http://www.bchydro.com/customeragen">www.bchydro.com/customeragen</a> .
10.	Who determines the length of the contract term (between 10 and 20 years) – BC Hydro or the IPP?
	It is determined by the IPP.
11.	Section 4.6 of the RFQ asked for a listing of EPAs in which the developer or any of its affiliates has or had more than a 10% interest. Do affiliates include consultants, and why is this relevant?
	Consultants are generally not affiliates unless they or their company have an equity interest in the project. The information required in Section 4.6 is relevant in part to determine if a proposal meets the Mandatory Requirement of no “Previous EPAs” on page 7 of the RFQ. While Section 4.6 of the RFQ Qualification Statement asks for a list of all EPAs, the Mandatory Requirement of no “Previous EPAs” applies only to EPAs for projects that use the same type of energy source and are located in the same area as the project described in the Qualification Statement.
12.	How is BC Hydro able to evaluate a project when BC Hydro has never licensed, designed, built or financed a small scale hydro project?
	A multi-disciplinary team with the appropriate expertise and experience will carry out the evaluation.

13.	Please provide some clarification on the wheeling agreement as it relates to the Interconnection Agreement. It appears that the Interconnection Agreement provides technical permission to access the BC Hydro system and the wheeling agreement is the commercial right to inject power to the BC Hydro system. So, from the point of view of a lender, wouldn't you need a wheeling agreement?
	<p>An IPP delivering power to a Point of Delivery on the BC Hydro integrated system under an Electricity Purchase Agreement with BC Hydro does not need a wheeling agreement with BC Hydro for the portion of the output purchased by BC Hydro. The IPP's obligation under the EPA is to deliver the power contracted to BC Hydro to the Point of Delivery. It is up to the buyer, in this case BC Hydro, to make the appropriate wheeling arrangement to wheel that power from the Point of Delivery to wherever the load is.</p> <p>However, if the project is located in the service area of another utility, the IPP must have a wheeling agreement with this other utility to wheel the power contracted to BC Hydro from the IPP's generator to a Point of Delivery in the BC Hydro integrated area.</p> <p>The IPP must arrange wheeling contracts for any power that is not sold to BC Hydro, whether before the commencement of the Term of the EPA or as a result of the exercise of the recall option during the Term of the EPA or at the end of the Term of the EPA.</p>

**Pricing**

1.	The ceiling price of \$55/MWh is based to some extent upon the long-term cost of natural gas. Can you provide the rationale for a long-term natural gas price forecast of only \$US 3.00 per MMBtu?
	<p>The ceiling price was established as described on the CBG web site, and includes three components: short-term market forwards (0 to 3 years), medium-term supply-demand balancing (3 to 8 years), and the long-term estimated cost of a CCGT resource addition (9+ years). The last two components of this methodology require a natural gas price forecast as input. The levelised value of BC Hydro's natural gas price forecast at Sumas is \$US 3.01 per MMBtu. This is based on a 20-year term starting in 2005, which is consistent with the CBG program. For purposes of comparison, natural gas price forecasts developed by the US Department of Energy as reported in their 2002 Annual Energy Outlook are also included (Reference Case, High Economic Growth Scenario and Low Economic Growth Scenarios). The "US Lower 48" wellhead price has been converted to a Sumas price by application of price differentials between the wellhead and Henry Hub based on historic differentials, and Henry Hub-Sumas price differentials based on both market information and forecasts developed by Confer Consulting.</p> <p>Also, quoted prices for a 15 to 20-year flat block of gas are typically provided in nominal terms, whereas the reported value used by BC Hydro to establish the ceiling price is a levelised price. Levelisation of quoted prices will allow for a better comparison against BC Hydro's levelised natural gas price forecast.</p>

2.	What times and statutory holidays will be used to determine Heavy Load Hours and Light Load Hours?
	Although the GPG EPA has not yet been finalized, for the purposes of payment for delivered energy Heavy Load Hours will likely be defined to extend from 6am to 10pm, Monday to Saturday, except on British Columbia Statutory Holidays. Light Load Hours are all hours that are not defined as Heavy Load Hours. In the event of liquidated damages, NERC Statutory Holidays will likely be used instead of the British Columbia Statutory Holidays.
3.	The Natural Resources Adjustment is shown as \$5.00. In the Customer Based Generation (CBG) documentation it is shown as \$3.50. Why is this adjustment different for the two calls?
	The CBG and GPG processes are different energy calls, with different objectives and, where appropriate, different contractual and pricing terms. The \$3.50 adjustment referred to in the CBG call is called the Hydrology Adjustment and applies only to hydroelectric projects that bid into that call. The majority of short-listed hydroelectric projects in the CBG call (some of which are not considered green) provide relatively high capacity factors in comparison to the projects expected under the Green call, which include run-of-river hydroelectric, wind, wave and other natural resources of lower reliability. The reliability of an energy source in terms of resource planning and meeting future load growth is important to BC Hydro, and is hence reflected in the adjustments and assigned value. In the future, BC Hydro may choose to use a variable adjustment factor to account for projects of differing reliability or firmness, but for the time being two different adjustments are used to approximately accommodate the expected differences in reliability of the energy from the two calls.
4.	Will the System Adjustment be made as an adjustment to the bid price rather than as an up-front cost for the interconnection agreement?
	Yes, the System Adjustment is used to adjust the bid price for comparison purposes, and reflects only the costs borne by BC Hydro to interconnect the proposed project. The interconnection costs that are attributable to the IPP are provided as a separate cost estimate (with a 130% guaranteed cap) to short-listed IPPs as part of the subsequent interconnection study and are payable directly by the IPP rather than as an adjustment to the bid price. The portion of the system upgrade cost to be borne by the IPP will be provided as part of the interconnection cost estimate.
5.	The Area Location and System adjustments are unknown at this time. When will they be made available to each IPP?
	These two adjustments will be provided to each IPP and for each project based on the Generator Interconnection Preliminary Study. These adjustments, along with a confirmation of the Bulk Location Adjustment and an estimate of interconnection costs to be borne by the proponent, will be provided prior to the deadline for submittal of Tender bids.
6.	Is there is a cap on the liquidated damages for a delivery shortfall?
	The details of the 2002/03 GPG EPA have not yet been finalized. In the CBG EPA available at <a href="http://www.bchydro.com/customer/gen">www.bchydro.com/customer/gen</a> , liquidated damages are capped except in certain circumstances. The 2002/03 GPG EPA will be made available as soon as possible.
7.	Concerning the variability of natural gas prices, is BC Hydro considering having seasonal energy price adjustments given that the CCGT remains a marginal resource against which all these other green power projects are going to be compared?
	Payments for delivered energy will be adjusted for time of day and season of delivery as shown on pages 4 and 5 of the 2002/03 GPG RFQ. This delivery time adjustment reflects the value of the energy to BC Hydro and incorporates the seasonal variability of natural gas prices.

8.	In setting the \$55/MWh ceiling price, have the costs of municipal benefits packages, First Nations agreements, kayak agreements, snow mobile agreements, etc. – all real costs in actually building a project – been taken into account?
	As stated on the CBG web site, the ceiling price was established using a variety of market forward data, supply-demand balancing, and long-run marginal CCGT costs. It is expected that, to the extent necessary, and within a competitive environment, all costs of building the project (including the costs mentioned in the question) will be incorporated into the bid prices submitted by IPPs.
9.	Is there provision for flowing through cost increases to the producer, such as water rentals and tax increases, which BC Hydro has the ability itself to flow through?
	There is no provision for this or any other type of flow through of cost increases. One of the objectives of the recent energy calls is to acquire reasonably priced energy with an appropriate allocation of risks to the IPP, BC Hydro and the Rate Payer alike. Although BC Hydro will apply for rate adjustments on a cost and performance basis, part of the current objective is to diversify the portfolio of energy supply in terms of location, fuel, and contract terms as a means of risk allocation and management. It is expected that, to the extent necessary, and within a competitive environment, the risks associated with escalating costs will be incorporated into the bid prices submitted by IPPs.
10.	Are the Green Power Generation and Customer Based Generation processes the exclusive avenues by which BC Hydro is presently acquiring power from IPPs?
	Other than these GPG and CBG energy calls, direct marketing and contracting with Powerex is currently the only alternative method for an IPP to sell power to BC Hydro or a subsidiary.
11.	The monthly adjustment to the price is quite counter to the monthly energy output of run-of-river hydroelectric facilities. Why is BC Hydro penalizing this sort of project?
	It is appreciated that typical shapes of hydrographs in British Columbia are quite different from the shape of the Delivery Time adjustment table, however the pricing adjustments reflect the value of energy to BC Hydro, which is highest during times of peak demand. BC Hydro is committed to providing appropriate price signals for the relative firmness or reliability of energy sources, the time and season of delivery, and the appropriate allocation of risks between IPPs and BC Hydro. There is no intentional penalization of run-of-river projects, or any other projects with less than favourable delivery profiles. As an example, provided the Delivery Time adjustment table is applied, BC Hydro is indifferent to the delivery of a flat block of power over the course of a year or a variable delivery schedule that follows a seasonal runoff shape. These adjustments and the subsequent indifference allow for a transparent and fair energy acquisition process in which all submitted projects can be assessed on a relative basis and compared to a single ceiling price.
12.	Does BC Hydro plan to release a quantitative description of how the \$55/MWh ceiling price was arrived at?
	A detailed description of the process to establish the \$55/MWh ceiling price (including most supply-demand balancing assumptions and long-run marginal cost assumptions) is available on the BC Hydro web site at: <a href="http://www.bchydro.com/customergen">www.bchydro.com/customergen</a> . BC Hydro is not currently intending to make the additional detailed analyses and model output available on the web site, due partially to the reliance on copyrighted, third party forecasts and data and partially to the complexity of the analyses and output data.
13.	If a flat block of energy bid at \$55/MWh was to be delivered over the course of one year would the application of the Delivery Time adjustment table result in an average price of \$55?
	Yes, it will. The \$55 ceiling price is based on flat, firm delivery of power to the Lower Mainland.

14.	Does the Bulk Location Adjustment reflect the additional costs of connecting to the grid in certain regions?
	No, the Bulk Location Adjustment reflects BC Hydro’s preferences for new power generation to take place in locations facing high demand and system constraints. Capital costs, borne by BC Hydro for interconnection and capital upgrades, are actually reflected in the System Adjustment rather than the Bulk Location Adjustment.
15.	If an IPP misses the target COD of September 2006, will it lose its EPA?
	The target COD – which will be the date stated in the Tender, but which can be no later than September 30, 2006 – is not moveable. It can be extended for reasons of force majeure that will be covered in the GPG EPA. If the target COD set out in the EPA is not achieved, BC Hydro may elect to terminate the contract. The state of readiness of projects is a critical component of the evaluation of the Qualification Statements. If a proponent anticipates difficulties in meeting this date then it may be advisable to progress with the project development with the intention of responding to a subsequent call for energy.
16.	Is BC Hydro able to provide a range for the Area Location and System adjustments at this time?
	The Area Location and System adjustments are highly project- and location-specific, and poorly correlated to project capacity. It is therefore difficult to provide a range for these adjustments beyond the acknowledgement that both adjustments can be positive or negative. These adjustments will, however, be provided in the Generator Interconnection Preliminary Study that must be requested by all short-listed project developers who wish to submit a tender. The results will be provided to the short-listed bidders prior to the deadline for submission of Tenders.
17.	Will IPPs be responsible for water rental increases and increases in property-related costs?
	Yes, these are risks that the IPP will be responsible for and need to allow for in the tender process.
18.	Will liquidated damages that are assessed due to non-delivery of contracted energy be based on an annual capacity factor, and what is BC Hydro’s advice to IPPs regarding the election of the Natural Resource Adjustment?
	In the CBG EPA, liquidated damages are assessed on both a monthly and an annual basis. For details, see <a href="http://www.bchydro.com/customeragen">www.bchydro.com/customeragen</a> . The 2002/03 GPG EPA will be made available as soon as possible. Keep in mind, however, that the terms and conditions of the 2002/03 GPG EPA and the CBG EPA may not be exactly the same. IPPs need to evaluate their individual projects to decide whether or not to elect the Natural Resource Adjustment.
19.	Does BC Hydro intend to separately market the green power acquired by this call?
	No, the green power acquired through this call is not being marketed separately, however, BC Hydro has recently launched a pilot Green Power Certificates (GPC) program, which is targeted at domestic consumer and industrial customers with an additional number of certificates allocated for export by Powerex. The certificates constitute the positive social and environmental attributes of the green power, including the associated greenhouse gas credits, but not the generated power itself. This pilot program will serve to identify and measure the market for these certificates, and will play a role in the price discovery and development of green generation in British Columbia. Pending the results of the pilot program and other market data, BC Hydro may choose to expand this GPC offering to residential customers.

20.	What is the rationale for limiting the annual price escalation to 50% of the annual change in the Consumer Price Index (CPI)?
	The method of determining the annual tariff escalation is intended to approximately reflect an IPP's annual exposure to escalating costs. Given the standardized and transparent approach of this and previous calls, a standard method of determining the annual escalation has been established, which inevitably won't match the actual escalation of costs for each project, but is intended to approximately reflect the fact that a significant portion of the annual costs will not be exposed to inflation whereas other portions will be. To reflect this reality, and as an approximation across a variety of project types and cost structures, a 50% multiplier has been applied to the annual change in the Consumer Price Index, All Items. No other individual cost escalations will flow through to the EPA tariff.
21.	BC Hydro has implemented a Delivery Time adjustment that varies according to the time of day and season of the delivery. The green criteria for hydroelectric projects limit the storage to 24 hours. Can this storage provision be used to optimize revenues according to the Delivery Time table?
	The 24-hour provision is one of several green criteria for hydroelectric facilities, and is intended as an operational constraint to encourage the introduction of flows into a penstock without backing up water for the purposes of providing storage. That said, if all of the green criteria can be accommodated within a proposed method of operation, an IPP should be free to make reasonable efforts to optimize the operations and delivery time of the energy.
22.	Is the \$3 / MWh adjustment for greenhouse gas emissions credits a fixed value, or will it vary up and down over the term of the contract and according to costs?
	The adjustment for greenhouse gas emissions credits is fixed at a maximum of \$3 / MWh for the duration of the contract, and will not vary with other costs and factors other than through the CPI adjustment.
23.	Regarding the liquidated damages, the proponent is required to predict the flow in a proposed river for the next 20 years. Is BC Hydro able to predict what the inflow into their hydro plants is for the next 20 years, and would BC Hydro make that predictive model available to IPPs?
	BC Hydro is able to predict system inflows within an error band, and does so using several sophisticated models. There are numerous techniques and models available to accomplish this, and an IPP with a proposed run-of-river hydroelectric project is certainly encouraged to do so. IPPs are advised to carefully assess the monthly and annual hydrology of proposed projects prior to deciding whether or not to elect the Natural Resources Adjustment.
24.	Will the pricing scheme vary for a project that is located within Aquila Networks Canada's service territory?
	The eligibility criteria for projects responding to the 2002/03 GPG RFQ state that projects must be located within British Columbia and have a point of delivery (POD) on BC Hydro's integrated system. Given these requirements, if a project is located in British Columbia and within Aquila Networks Canada's service territory, then the IPP must arrange separately or through a wheeling agreement with Aquila (and at the IPP's cost) to deliver the energy to the POD on BC Hydro's integrated system. As for other projects, the POD on BC Hydro's integrated system will be used in the calculation of the System and Location adjustments, and the pricing scheme will remain unchanged.

25.	Can an IPP specify a contracted capacity profile based on expected monthly capacity? Is the contracted profile based on HLH/LLH?
	To the extent that the GPG EPA is similar to the CBG EPA and amendments, IPPs will be able to specify a capacity profile by month and by year that suits their needs, provided no single year is specified to have less than 50% of any other year's capacity. The monthly capacity profile may be specified to approximately match the expected seasonal energy production without the specification of heavy and light load hours within the month.
26.	For any given month, can a project deliver 100% of the Contracted Capacity during Heavy Load Hours to maximize revenues?
	Again, to the extent that the GPG EPA is similar to the CBG EPA and amendments, IPPs will be required to make commercially reasonable efforts to operate the project to ensure delivery of between 90% and 110% of Contracted Capacity throughout the term of the EPA, including both Heavy and Light Load Hours.
27.	BC Hydro appears to have conflicting values on capacity versus energy. Are the EPA provisions on capacity and energy open for discussion?
	BC Hydro will take this question under advisement for the 2002/03 GPG procurement process. BC Hydro may, at a later date, initiate separate calls for energy and capacity.
28.	Will BC Hydro increase the limit on Contracted Capacity to 120% as discussed in the CBG program?
	Revisions to the CBG EPA have been posted at <a href="http://www.bchydro.com/customergen">www.bchydro.com/customergen</a> . The limit on Contracted Capacity for the GPG procurement process will be determined in the GPG EPA, and may allow for a limited (120% of the originally bid contracted capacity) and one-time adjustment of the Contracted Capacity up to the end of the EPA Initial Period.
29.	Will BC Hydro entertain a two-tier pricing structure for firm and non-firm energy? In other words, can a proponent submit two bids for the same project; one for the firm component of the energy profile, and a second for the non-firm or variable component of the energy profile, each with different pricing?
	BC Hydro will take this question under advisement for the 2002/03 GPG procurement process.
30.	What is the frequency of invoicing and payments?
	Payments are made for invoiced electricity on a monthly basis.

**2002/03 GPG Green Criteria**

1.	The 2002/03 GPG RFQ requires written confirmation that the project meets one of the project types described in "Project Criteria" under the heading "2002/03 GPG Green Criteria." Can the professional engineer be an employee of the company providing the Qualification Statement?
	The professional engineer can be either an employee of or a consultant to the company providing the Qualification Statement.
2.	For ocean wave energy project proposals, does BC Hydro require that a Land and Water application be submitted in December, to satisfy the "Reasonable Expectation of Rights to Develop or Utilise the Resource" requirement?
	No. However, proponents of ocean wave energy projects must still demonstrate that they have a reasonable expectation of obtaining rights to develop or utilise the necessary resource.

3.	In the 2002/03 GPG RFQ Qualification Statement, BC Hydro requests a line diagram of the facility that does not show access roads. BC Hydro has also requested any additional related maps and documents. Does BC Hydro require a line diagram without the roads in addition to all the maps and documents?
	<p>The preference is for a line diagram without access roads; however, we will accept a line diagram showing access roads, provided the roads are clearly marked.</p> <p>In addition to the facilities line diagram, proponents should also submit any other maps and diagrams related to the project, to assist BC Hydro in evaluating the Qualification Statement.</p>
4.	Should the facility line diagram be in schematic form or in plan form with dimensions?
	BC Hydro recommends using schematic form, but either form is acceptable.
5.	Are proponents required to submit three copies of the Qualification Statement as well as three copies of all the supporting documentation, reports, letters, maps, drawings and photos?
	Proponents should provide three copies of everything they want considered in the evaluation of their Qualification Statement, including maps, photos and other documentation. This will aid evaluation by the multi-disciplinary team reviewing the Qualification Statements.
6.	Are all biomass facilities considered to be green?
	Not all biomass facilities are by definition green. A biomass facility will be deemed green if the facility meets both the 2002/03 GPG Green Criteria – Low Impact Biomass Facilities and the 2002/03 GPG Green Criteria – Socially Responsible Facilities. These criteria are based on existing market standards.
7.	Are municipal waste or refuse-derived fuel or animal waste considered to be green fuel for electricity generation?
	Municipal solid waste projects are currently not considered green in the market standards, so BC Hydro is not considering municipal solid waste projects as green. Animal refuse is included in the definition of biogas under the 2002/03 GPG Green Criteria – Low Impact Biogas Facilities.
8.	Is BC Hydro defining what's green or has it deferred to some other source, third party or reference?
	There are four leading market standards that BC Hydro has benchmarked when compiling the 2002/03 GPG Green Criteria. BC Hydro had not adopted one particular standard.
9.	How does BC Hydro define local community?
	BC Hydro does not define local community. The definition is project specific. Each IPP needs to explain in their Qualification Statement the local community for their project.

10.	If the nearest settlement is, say, an hour and a half away from a project, can the proponent say there is no local community?
	The proponent could put forth that argument and would need to explain why that would make sense for the project. However, keep in mind that even projects in remote locations have impacts on local community values such as scenic and recreational values. In most instances, there is access from the closest communities to the most remote sites and specifically by other stakeholders such as forestry companies and recreational users. IPPs should consider all these uses and groups when determining the local community for their project.
11.	For sawmill biomass projects, BC Hydro is looking for sustainably managed resources. What indicators of forest sustainability should be used? The sawmill's proof that they met all the regeneration requirements and that they're certified?
	<p>Please refer to the compliance evidence for the Principle "Derive energy from renewable, sustainably managed resources" in the 2002/03 GPG Green Criteria – Low Impact Biomass Facilities.</p> <p>The forestry management practises can be aligned with the Forest Practices Code recommendations. Please do not focus on the sawmill (e.g., if the sawmill is ISO-registered), because BC Hydro's evaluation focuses on the feedstock and harvesting practises. BC Hydro does not require the cutblocks to have Sustainable Forest Management certification or Forest Stewardship Council certification.</p>
12.	Etho technology utilises biomass such as animal waste but does not convert it into biogas. It therefore does not fit either the biomass or biogas criteria, but it uses the same waste as technologies that create biogas. Would BC Hydro consider this type of project and, if so, under which green criteria?
	For the 2002/03 GPG RFQ, this type of project could be submitted under the Other Projects Criteria. Another option could be to provide a rationale for why the technology and fuel source fits either the 2002/03 GPG Green Criteria – Low Impact Biomass Facilities or 2002/03 GPG Green Criteria – Low Impact Biogas Facilities.

**2002/03 GPG Green Criteria - GHG**

1.	Are BC Hydro's calculations of corresponding emission reductions at BC Hydro's facilities based on Burrard?
	No. Bringing new, incremental green energy into the system to meet growing electricity demand helps avoid, or put off the construction of a new plant. As combined cycle gas turbines are the most likely generation technology to be used for a new plant, BC Hydro based the emission factor for avoided GHG emissions from new green energy on CCGT emissions.
2.	Why not use the green energy to turn down Burrard?
	Burrard's use is coordinated for day-to-day operations, whereas the green call is about contracting for new energy to help meet increased demand.
3.	With Canada ratifying the Kyoto agreement and in light of last summer's European trading sessions simulated trading on CO <sub>2</sub> being over \$US10per tonne, what is the potential for adjusting the GHG premium (up to \$3/MWh) part of the green pricing in the future?
	The GHG adjustment will not be changed once the contract has been signed. However, future green calls may contain different GHG adjustments (higher or lower).

4.	The Qualification Statement asks the developer to “provide calculations for the expected greenhouse gas reductions” (pg. 28). What sort of calculations are required?
	<p>For the 2002/03 GPG RFQ, BC Hydro must confirm that projects are likely to meet the 2002/03 GPG Green Criteria. Biomass and biogas projects that meet the 2002/03 GPG Green Criteria must demonstrate that they have minimal (or no net) GHG emissions and that the project feedstock is sustainably-managed and renewable (less than 3% fuel heat input from fossil fuels). BC Hydro has specified compliance evidence in the 2002/03 GPG Green Criteria for these descriptors.</p> <p>However, BC Hydro may also require calculations for the GHG intensity of biomass and biogas projects before the Call for Tenders. BC Hydro will provide instructions on how to calculate the GHG intensity at that time.</p>

**Interconnection**

1.	Does BC Hydro make maps of its transmission system available to IPPs?
	As a result of the events of September 11, 2001, for security reasons, detailed information on the BC Hydro transmission system can’t be made available to a broad audience. However, when proponents meet with Hydro to discuss the preliminary interconnection study for their project, staff will be able to give a strong indication of where the IPP can and cannot connect to the distribution or transmission systems.
2.	How are network upgrade costs handled when an IPP puts in their bid price during the Call for Tenders process?
	The system upgrade portion of the interconnection cost borne by BC Hydro will be converted into a dollar per MWh figure for bid comparison purposes and would lessen the project’s attractiveness compared to a similar project that has no system impact cost component. However, IPPs must allow for the cost of interconnection costs that the IPP must pay when determining the price they submit in the Tender stage.
3.	If an IPP’s project increases generation at a BC Hydro facility, will the IPP get credit in the System Adjustment?
	If an IPP believes that its project creates such a benefit, it should include information on how its project would benefit BC Hydro’s facility in its submission. However, note that the preservation of water behind a dam due to other generation is not considered a benefit. If a project diverts water that would otherwise bypass the reservoir, this may be considered a benefit; however, permission to divert water between watersheds is unlikely.
4.	What if a project improves the power quality at a nearby feeder? Will that be taken into consideration?
	Power quality is not reflected in the bid adjustments. The interconnection requirements are designed to ensure the power quality and reliability of the system are maintained when a new generator is connected.
5.	If a project requires the building of a substation to connect to one of the transmission lines, who owns that substation?
	It depends on the role of the substation. Most generators will normally own the on-site substation where the generated electricity is transformed to the voltage necessary for transmission. But if the substation must also be used by BC Hydro to serve other customers, it will be owned and maintained by BC Hydro even if built at the generator’s cost.
6.	Who owns any lines built from the project?
	In general, if the line only transmits the generator’s power, it will be owned by the IPP. If the line or other lines on the same poles serve other BC Hydro customers, it is owned and maintained by BC Hydro.

7.	If the distribution system requires an upgrade and the timing coincides with an IPP requiring interconnection, who pays for the upgrade?
	If an interconnection includes the acceleration of an upgrade that BC Hydro had planned to undertake, the cost is not included in the interconnection cost estimate. However, a provision for the time value of accelerating the upgrade will be included.
8.	Does BC Hydro provide the IPP with a detailed breakdown of the interconnection costs?
	The preliminary interconnection estimate does not provide a detailed breakdown. If the project proceeds, the IPP is welcome to ask for further details about the interconnection cost estimate during the meetings it will have with BC Hydro staff as part of the interconnection process.
9.	Does the telemetry for a project have to be hard-wired or can it utilise repeater locations or stations?
	In general, a lot of the smaller plants don't have to be hard-wired – BC Hydro staff just dial them up periodically and find out what is going on. In situations where fast-acting protection is needed, hard-wiring may be required. Note that, in some cases, small projects can have a big impact, depending on the robustness of the system at the project location. The actual requirements can't be determined until BC Hydro's protection planning staff review the project during the interconnection study.
10.	Does BC Hydro cover the costs of the preliminary interconnection study?
	No, the costs of the study are paid for by the IPP.
11.	What interconnection information is required for the Qualification Statement?
	Section 6.1 of the Qualification Statement asks for information on the proposed Point of Interconnection. If the IPP doesn't have detailed information at this stage, it is acceptable to describe the situation at the expected Point of Interconnection. This information does not have to be verified by BC Hydro – Office of Generator Interconnections.
12.	Currently, the EPA terms and conditions cap the energy purchased by BC Hydro at 110% of Contracted Capacity. Are there any plans to increase that cap?
	This is one of the items that will be determined in the 2002/03 GPG EPA.
13.	What is the difference between the transmission system and the distribution system?
	The distribution system comprises lines below 35 kV, while transmission comprises lines above 35 kV.

**General Questions**

1.	Is BC Hydro considering any policies to encourage municipalities or large industrial customers to adopt renewable portfolio standards for green energy?
	We'd certainly want to encourage any municipality or industrial customer to look at adoption of a renewable portfolio standard and our Green Power Certificates could help facilitate that need. However, it is not BC Hydro's role to lobby municipalities and customers to adopt a renewable portfolio standard; that is an energy policy issue that will be determined by the provincial government.  Note that, since the 2002/03 GPG RFQ workshop, the government has released <i>Energy for our Future: A Plan for BC</i> . This report contains policy for a voluntary portfolio standard for electricity distributors.

2.	Adding up the payments for green attributes and GHG emission reductions totals about \$8/MWh, so why are you selling retail green power certificates for \$20/MWh?
	BC Hydro recognizes that there is an apparent price differential. However, there is a difference between a wholesale and retail product. To market Green Power Certificates, BC Hydro incurs significant costs over and above the costs for green attributes and GHG emission reductions, including the costs of marketing, advertising and auditing.
3.	Can BC Hydro release contact information for the workshop participants?
	BC Hydro can't release this information because of confidentiality concerns and because participants were not asked for their permission to release their contact information when they registered for the workshop.
4.	What is the schedule for the Vancouver Island Generation Project, and is there any chance that BC Hydro may end up looking for more than 800 GWh of green energy in 2003?
	<p>VIGP is an important resource to meet load requirements and BC Hydro expects that its in-service date will be in 2005.</p> <p>Concerning the amount of green energy sought by BC Hydro in the 2002/03 GPG procurement process, BC Hydro has communicated that we are seeking to procure up to 800 GWh of qualified green generation and that we retain the right to increase this cap.</p>
5.	How would the overall decision of short-listing be affected if a proponent has already obtained a water licence?
	One of the mandatory requirements for potential hydro projects is that they provide confirmation from Land and Water B.C. Inc. that Step 1 in the water licensing process has been completed. Projects with water licenses would be regarded as being more advanced and this will be taken into account – along with all the other Project Criteria – in evaluating the project and its likelihood of meeting the target COD.
6.	Is BC Hydro interested in financing viable projects?
	BC Hydro currently has no mandate to look at financing or equity options with IPP projects. IPPs must arrange financing for their projects from sources other than BC Hydro.