

## IPP Dialogue Session # 1

Following is a brief summary of the IPP consultation meeting held on June 29<sup>th</sup> regarding BC Hydro's power acquisition process and the design of the F2007 call.

Date/Time	June 29, 2006 – 10 a.m. to 12:00 p.m.
IPP Participants	Michael Altman – Nai Kun Wind Nick Andrews – Cloudworks Energy Harvie Campbell – Pristine Power Eugene Hodgson – Sea Breeze Power Tom Kunde – AES Corporation Jeff Myers – Pristine Power
BC Hydro Participants	Joanne McKenna (facilitator) Jim Scouras Leon Cender
Other	Roger McLaughlin – Ministry of Energy

### Open vs. Closed Call

- One of the IPPs favoured grouped calls by technology, e.g. wind, hydro and biomass.
  - Results in simplification of call process.
  - Avoids need to sell one's technology and to analyze the competition.
- Another IPP supported having open, all-source calls.
  - Facilitates portfolio analysis which properly deals with transmission constraints.
  - Large projects can offer lower power prices.
- Other IPPs proposed having calls which are segregated based on project size or conducting green or renewable calls.
- Suggestion that all-source calls were desirable but with separate EPAs.

### Standing Offer

- Bidders will self-select based on price.
- Standing offer is best way to deal with project attrition.

### Transmission Issues

- There's \$3 billion of transmission spending required in BC; who will pay?
- Information from BCTC needs to be provided sooner.
  - Cut plane data never provided by BCTC in last call.
- Need for more prolific BCTC meetings and alignment with BC Hydro.
- Transmission issues are overly complex and are the biggest gray area in calls.
- IPPs tend not to pursue interconnection studies until calls exist.
- Would be helpful if BCTC took more proactive approach re: studies.

### Attrition and Quality Control

- IPPs generally favour progressive pre-qualification process.
  - Pre-qualification process saves IPPs considerable money.
  - Better for IPPs to know upfront if they're not going to qualify.
  - Sharing of pre-qualification results allows EPC contractors to be better informed.
  - Could be a difference for large vs. small projects in qualitative assessment.

- Need to have both securities and a diligent pre-qualification process.
  - In recent Ontario call, IPPs were able to lever off permitting off-ramps to avoid providing securities.
  - In Ontario, 20% of bid evaluation is for non-price factors.
- Best way to deal with attrition is a standing offer.
  - Attrition hurts good developers more than it does BC Hydro.

#### Regulatory Review Process

- Problem of regulatory review and potential disallowance is a big problem in BC; any IPP project can be stopped by the BCUC.
- Most U.S. jurisdictions don't overturn EPAs.
- Need to allow more than 90 days for regulatory process and potential appeals.
- Having performance security at risk during the regulatory review process is very expensive.

#### CFT vs. RFP

- Prefer to have CFTs; the ICP agreement took 4 years to negotiate.
- Participated in the F2006 Call due to existence of a CFT process.
- RFP may be helpful in certain areas, e.g. benefits agreements.

#### Acquisition Process

- Suggest allowing more than one alternate bid for given projects.
- IPPs prefer to receive earlier feedback on tender results.

#### Consultation Comments

- Small sessions are beneficial; BC Hydro has been changing adversarial approach.
- Would like to have earlier dialogue on EPAs with BCH's legal counsel.
- Should have larger sessions as well.
- Forum was helpful for voicing opinions.

Note: AES indicated that the F2006 Call was best of 10 bid process that they were involved with last year.

*Notes prepared by L. Cender – July 2006*