

ADDENDUM

Number: 8

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

1. **Issue of Specimen EPA**

Pursuant to section 15 of the RFP, a Specimen EPA is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. The Specimen EPA reflects BC Hydro’s preferred terms and conditions, in definitive agreement form, for the EPA.

The Specimen EPA is based on the following assumptions:

- The Project is an “IPP Project”,
- The product is “hourly Firm Energy”,
- The Project has a direct interconnection to the Transmission System, and
- The Proponent is a corporation.

The Specimen EPA is subject to adaptation as indicated in section 2 of this Addendum to reflect different and/or additional assumptions. All references to the Specimen EPA in the RFP, documents issued by BC Hydro relative thereto, and any Proposal are deemed to include the applicable adaptations, unless the “base” Specimen EPA is expressly indicated.

Proponents wishing to submit with their Proposal any variations to the Specimen EPA should download the document and prepare a revised version, redlined or otherwise clearly marked to show proposed revisions, and identifying clearly “Essential Variations” and “Value Variations”.

Proponents should **not** submit variations on matters identified in the RFP as among those on which BC Hydro does not intend to consider variations. See also section 15 of the RFP, as amended by Addendum 5, section 3, for further information regarding variations, if any.

2. **Issue of Specimen EPA Adaptations Schedule**

A Specimen EPA Adaptations Schedule is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. The schedule sets out a description of substantive changes to the base Specimen EPA required to address different and/or additional assumptions, including:

- The Project is a “Customer Project”,
- The product is “seasonally Firm Energy”,
- The Project has a direct interconnection to the Distribution System,
- The Project has an indirect interconnection to the Transmission System through the transmission system of FortisBC,
- The Proponent is proposing a “Phased Project”,
- The Proponent and BC Hydro have an existing electricity purchase agreement for the purchase of energy from the same generating facility, which will continue for all or part of the term of any EPA awarded under this RFP, and
- The Proponent consists of an entity or entities, other than a single corporation.

Some Projects may involve more than one of the foregoing assumptions, in which case the adaptations pertaining to each of the assumptions will apply. For example, a Proposal may involve both a “Customer Project” and an offer of “seasonally Firm Energy”, so that adaptations for both assumptions will apply.

BC Hydro will provide to the relevant Proponent(s) definitive text revisions, including non-substantive consequential revisions, for any of the foregoing adaptations required for a particular Project that is short-listed following Proposal submission for discussion with the relevant Proponent(s). A Proposal to which one or more of the adaptations apply is subject to settlement of definitive text revisions acceptable to the BC Hydro and the Proponent, generally consistent with the description(s) in this Schedule.

BC Hydro reserves the right to propose, after Proposal submission, further adaptations or variations to the Specimen EPA that in BC Hydro’s opinion are necessary or desirable to properly reflect adaptations, variations and consequential amendments and to optimize the benefit of any EPA that may be awarded in respect of a particular Proposal. These further adaptations or variations may include, by way of example, proposals for “islanding” capability and/or the application of a “remedial action scheme” relative to interconnection and transmission matters. The inclusion of any such further adaptations or variations will be subject to settlement of contractual provisions acceptable to BC Hydro and the relevant Proponent.

3. **Issue of Revised Proposal Letter (Appendix 3)**

A revised form of Proposal Letter (Appendix 3) is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. Note that Schedule A to the original form, to contain pricing and other commercial terms of the Proposal, has been deleted, and will now be submitted as part of the Proposal in a separate document entitled “Commercial Proposal”, as indicated in section 4 of this Addendum.

4. **Issue of Commercial Proposal (Appendix 3A)**

A form of Commercial Proposal (Appendix 3A) is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. Proponents should enter offered pricing and other commercial terms forming part of the Proposal as indicated in the instructions on the form.

The completed Commercial Proposal should be signed by an authorized signatory and delivered with the Proposal in a separate sealed envelope in **one original** and **one soft copy (on a CD-ROM)**, as indicated in the revised form of Proposal Letter (Appendix 3).

5. **Issue of Ownership / Personnel / Consultant Disclosure**

A form of Ownership / Personnel / Consultant Disclosure is issued concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall.

All persons considering participation in the RFP are advised that persons or consultants associated with Proponents may include (i) former employees of BC Hydro and/or Government Entities, or (ii) current or former consultants to BC Hydro. See the Ownership / Personnel / Consultant Disclosure for a definition of “Government Entities”.

Proponents should submit with their Proposals a completed Ownership / Personnel / Consultant Disclosure in **one hard copy**.

BC Hydro reserves the right to require any Proponent to confirm or implement policies and/or measures to avoid any actual or perceived conflict of interest and/or unfair advantage that may arise from any relationship required to be disclosed under this section.

6. **Issue of Seller’s Plant Description**

The Specimen EPA includes as Appendix 5, a form of Seller’s Plant Description, to contain key summary information regarding the Seller’s Plant as proposed.

The form of Seller’s Plant Description is issued as a separate document concurrently with this Addendum and available for download at www.bchydro.com/bioenergycall. A Proponent should complete the form with information consistent with the Project Description to be included in its Proposal, and include the form in the Project Description submission.

7. **Customer Projects – Auxiliary Fuel Annual Baseline**

Proponents of Customer Projects should submit in their Commercial Proposal an Auxiliary Fuel Annual Baseline, expressed in GJ. See the Specimen EPA and Specimen EPA Adaptations Schedule for the definition, and detail on the contractual effect, of this baseline.

The Auxiliary Fuel Annual Baseline should represent the total onsite consumption of any Auxiliary Fuel, expressed in GJ / year, during a period comparable to the period used to determine annual GBL.

The Proponent should submit, as part of its Fuel Plan, appropriate data allocated by Fuel type and a rationale supporting its proposed Auxiliary Fuel Annual Baseline.

8. **RFP Clarifications**

With reference to section 14 of the RFP (Eligibility Requirements), “Project Type”:

- An “IPP Project” includes a Project meeting the description in the first bullet under “Project Type” (i.e., not servicing directly a Customer load) notwithstanding that the Proponent is a Customer of BC Hydro and/or another public electric utility in respect of electric service provided to the Customer’s industrial facility that is not served the Project, and
- Incremental generation (IPP Projects) or incremental self-generation (Customer Projects) includes generation from existing, installed capacity that (i) has been idle for not less than two years, and/or (ii) has been sold to third parties (i.e., not BC Hydro, but may include Powerex Corp.), provided that the “Existing Contracts” criterion is satisfied.

With reference to section 13 of the RFP (Customer GBL), for a Proponent, that is a Customer of another public electric utility, intending to submit a Proposal for a Project meeting the description in the second bullet under “Project Type”, BC Hydro may designate a GBL equivalent that is based on electric load data relative to the Proponent’s industrial facility generally comparable to that used to designate GBL for BC Hydro’s Customers. Specimen EPA adaptations for Customers, including those pertaining to GBL, will apply to such Proponents in substantially the same way as to BC Hydro’s Customers.

9. **Seasonally Firm Energy Product**

A Proponent may offer Firm Energy as “seasonally firm”, rather than “hourly firm”.

The base Specimen EPA (which assumes an hourly Firm Energy product) is subject to adaptation to reflect a seasonally Firm Energy product as indicated in the Specimen EPA Adaptations Schedule.

Proponents should note that selection of a seasonally Firm Energy profile, by comparison to an hourly Firm Energy profile, will affect Proposal evaluation as indicated in section 11 of this Addendum.

10. **Phased Projects**

A Proponent may designate its Project as a “Phased Project”, so that total Project output may be brought into service over time before COD and the Firm Energy Price offered in the Commercial Proposal takes effect as each phase of total output is put in service. A phase must achieve the equivalent of COD conditions (including the test run) to be considered in service. After the first phase is in service, as each subsequent phase comes into service, the Firm Energy profiles for that and all prior phases are merged, and the Firm Energy Price is calculated for that phase by

applying the offered pre-COD escalation rate and merged with the existing Firm Energy Price for the prior phase(s), until COD is achieved.

A Project may be designated a Phased Project in the Commercial Proposal by completing the applicable item in the Commercial Proposal.

A Project should be designated as a Phased Project only if the following criteria are met:

- The Project must have multiple generators to be installed in phases such that each phase will be capable of meeting interconnection requirements and delivering energy to the point of interconnection independently of all subsequent phases,
- There should be no more than two phases coming into service in any calendar year,
- There should be a minimum of 90 days between the in-service dates of any two consecutive phases,
- Each phase should have a minimum capacity of not less than the greater of (i) the capacity determined by BCTC (for Transmission System-connected Projects) or BC Hydro (for Distribution System-connected Projects), based on technical interconnection requirements, and (ii) 5 MW,
- The last phase must be scheduled in service on the Guaranteed COD set out in the Commercial Proposal, and
- Phasing, including the number and size of phases, should be based upon commercial and technical considerations that BC Hydro considers reasonable and necessary for the success of the Project.

Proponents considering a Phased Project may seek BC Hydro’s pre-Proposal approval to the phasing plan, including the number of phases, size of phases and expected in-service dates.

If a Proponent designates its Project as a Phased Project, the Proponent must nevertheless offer a Guaranteed COD, which must coincide with the expected in-service date for the last phase.

11. **Revisions to Evaluation Criteria**

The evaluation criteria set out in section 20 of the RFP are supplemented by:

- Adding: An adjuster, to be expressed in \$/MWh, may be deducted from the Firm Energy Price for a Proponent that has committed to deliver hourly Firm Energy. The magnitude of the adjuster will depend on the Proponent’s profile of On-Peak hourly Firm Energy. For a Project with a “flat” hourly Firm Energy profile, the adjuster will be approximately \$4/MWh,
- Adding: An adjuster (in \$/MWh, to be determined for each Project based on interconnection studies and further studies, if any, commissioned by BC Hydro relative to losses and/or other matters) will be added to the Firm Energy Price for the distribution and transmission impacts on BC Hydro, reflecting delivery of Energy to the Lower Mainland. This adjuster will also take into account BC Hydro’s estimate of the impact of any adjustment to the Firm Energy Price offered in the Commercial Proposal arising from

a Proponent’s offered unit price in that Proposal in respect of the cost of providing the Interconnection Security under the terms of the EPA, and may take into account BC Hydro’s estimate of the financial impact, if any, on BC Hydro of interruptions in the supply of energy from existing generation attributable to interconnection of the Project,

- Revising the fourth bullet to read: Interconnection, transmission and generation impacts and costs on a portfolio basis,
- Adding: The benefits to BC Hydro of any turndown right offered by a Proponent, and
- Adding: The impact, if any, of regulatory orders and/or decisions made subsequently to the issue date of this RFP.

12. **Regulatory and Legal Matters**

Section 21 of the RFP is amended to read:

EPAs awarded under this RFP are “energy supply contracts” under the *Utilities Commission Act* (British Columbia). Accordingly, subject to a valid exemption, if any, obtained by a Proponent, they must be filed with the BCUC under section 71 of that Act. The BCUC may accept the EPAs for filing without convening a public hearing, or the BCUC may convene a hearing. If the BCUC determines, after a hearing, that an EPA is not in the public interest, the BCUC may make an order declaring the EPA to be unenforceable, in whole or in part, or may make any other order it considers advisable in the circumstances.

On April 8, 2008, the British Columbia legislature enacted Bill 15 – 2008, amending the *Utilities Commission Act* (British Columbia). The amendments came into force on May 1, 2008, and include changes to section 71, provision for the filing by public utilities of a long-term resource plan for review and acceptance by the BCUC, as well as other important changes to the Act, some of which may affect regulatory risks and issues associated with energy supply contracts.

The foregoing is a very brief and general summary of section 71 of the Act and Bill 15. Proponents should familiarize themselves with the Act, including the amendments, and current regulatory processes that could impact energy supply contracts, including any EPAs awarded under this RFP, and seek their own legal and other professional advice on all legal and regulatory risks and issues associated with the RFP and any EPAs awarded under it.

13. **Clean or Renewable Electricity**

On April 22, 2008, the British Columbia Ministry of Energy, Mines and Petroleum Resources published a Draft for Discussion of British Columbia’s Clean or Renewable Electricity Guidelines (the “Draft Guidelines”). References in the RFP and/or Specimen EPA to “clean energy” or “clean or renewable electricity” mean clean or renewable electricity according to the Draft Guidelines or any final guidelines subsequently issued. Proponents should review the Draft Guidelines, which are available at www.em.gov.bc.ca/alternativeenergy/cre_defs.pdf.

14. **Non-Firm Energy Pricing – Option A**

With reference to Non Firm Energy Pricing - Option A (Fixed Price Option), the pricing set out in the Specimen EPA, Appendix 3, Schedule A, Part II replaces the pricing set out in Addendum 4, section 3(b), Schedule A.

15. **Fuel Plan Requirements**

Proponents should note that the Fuel Plan will be relevant to BC Hydro's assessment in the evaluation of Proposals of the impact, if any, of the Project on existing productive uses of Forest-based Biomass. Fuel Plan submissions should address the risk of such impacts.

16. **Documents Issued Concurrently with this Addendum**

Proponents should download the following documents posted to the RFP Website concurrently with this Addendum:

- Specimen EPA
- Specimen EPA Adaptations Schedule
- Form of Proposal Letter (Appendix 3)
- Form of Commercial Proposal (Appendix 3A)
- Form of Ownership / Personnel / Consultant Disclosure
- Form of Seller's Plant Description (Appendix 4 to the Specimen EPA)