

CUSTOMER-BASED GENERATION

2002 REQUEST FOR QUALIFICATIONS

BC Hydro to acquire new, customer-based electricity generation:

BC Hydro is seeking 10 to 20-year agreements to supply new, competitively priced electricity from non-utility generation to meet its future load growth. BC Hydro also wants to help its large customers by encouraging their development of supplementary revenue sources through new power generation. Customer-based firm generation will help BC Hydro meet its growing electricity needs. On-site, customer-based generation has the potential to make use of existing customer-based infrastructure, resulting in low cost energy and incremental revenue for BC Hydro's customers.

Selected projects must have significant customer involvement. Project participation by qualified and experienced independent power producers is also possible.

Procurement of Customer-Based Generation (CBG) involves two stages. In the Request for Qualifications (2002 RFQ) Stage, BC Hydro will determine the eligibility of potential projects. In the Call for Tenders (2002 CFT) Stage, qualified bidders will be invited to submit priced bids.

The first step to qualify your project for customer-based electricity supply to BC Hydro is to complete and submit a Qualification Statement. Qualified and short-listed respondents will be eligible to receive the 2002 CFT, to be issued in September of this year, and to submit a priced bid.

To learn more about this opportunity, be sure to attend the [2002 RFQ Workshop](#) on 21 June.

For more details, see:

- [2002 Request for Qualifications \(2002 RFQ\)](#)
- [2002 CBG Standard Electricity Purchase Agreement \(EPA\)](#)
- [Eligibility Requirements](#)
- [2002 Call for Tenders \(2002 CFT\)](#)
- [To Submit a Qualification Statement](#)
 - [2002 Qualification Statement](#)
- [2002 Procurement Schedule](#)
- [2002 RFQ Workshop](#)
- [2002 RFQ Conditions](#)
- [Contacts and More Information](#)
- [Code of Conduct Guidelines Applicable to BC Hydro Contracts](#)

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2002 Request for Qualifications (2002 RFQ):

BC Hydro is issuing this 2002 RFQ for the supply of new, customer-based generation. Qualified and short-listed bidders will receive a 2002 Call for Tenders (2002 CFT) and be eligible to submit a bid to supply customer-based generation.

To qualify for receipt of the 2002 CFT, projects must meet certain Mandatory Requirements. During the RFQ Stage, BC Hydro will also apply Project Criteria to evaluate the eligibility of projects based on the technical and financial capability of owners/operators and likelihood of the project being able to achieve commercial operation not later than 1 November 2005. Projects may qualify whether or not they meet the Green Criteria. To determine whether your project qualifies, see [Eligibility Requirements](#).

Under the 2002 CFT, BC Hydro will procure up to an aggregate 800 GWh/year of electricity under 10 – 20 year contracts with qualified suppliers. For more details see [2002 CBG Standard Electricity Purchase Agreement](#).

Only those customers who deliver a Qualification Statement by the submission deadline, meet Mandatory Requirements of eligibility and are short-listed will receive the 2002 CFT and become eligible to submit a bid. To qualify, see [To Submit a Qualification Statement](#) and download and complete and deliver the 2002 Qualification Statement, (Word Document Template available at www.bchydro.com/customergen and select “Submitting a Proposal”)

BC Hydro targets completion of this electricity procurement call and contract signing by 28 February 2003. See the [2002 Procurement Schedule](#).

This RFQ is subject to important [2002 RFQ Conditions](#).

Customers who are unable to qualify under this 2002 RFQ may qualify under future BC Hydro procurement calls, including, if applicable, our 2002 call for green energy to be initiated later this year.

2002 CBG Standard Electricity Purchase Agreement (EPA):

BC Hydro will acquire up to 800 GWh/year from qualified customer-based generation projects for which contracts are awarded under the [2002 Call for Tenders](#). The BC Hydro 2002 CBG Standard EPA includes the following terms:

- **Term:** The contract term may be 10 to 20 years, as selected by the bidder.
- **Commercial Operation Date:** Commercial operation must be scheduled not later than 1 November 2005.
- **Quantity and Third Party Sales:** BC Hydro will purchase a specified quantity (which need not be the full project output) of electricity from new or incremental generation. Bidders will have a one-time, irrevocable option to recall 20% of the contracted electricity. Recalled electricity, together with electricity not contracted to BC Hydro, may be consumed by the bidder or sold to third parties.
- **Price:** BC Hydro will purchase all contracted electricity delivered to the point of interconnection at the bidder's Bid Price, adjusted for the following:
 - **Delivery Time:** The Bid Price will be adjusted (expressed as a % of the Bid Price) for deliveries during heavy load hours (6:00 a.m. to 10:00 p.m., Monday through Saturday, excluding statutory holidays) (HLH) and during light load hours (all periods other than HLH) (LLH), as follows:

| Month | HLH | LLH |
|-----------|------|------|
| January | 117% | 98% |
| February | 108% | 105% |
| March | 106% | 103% |
| April | 103% | 85% |
| May | 98% | 67% |
| June | 98% | 68% |
| July | 105% | 82% |
| August | 107% | 90% |
| September | 106% | 98% |
| October | 105% | 98% |
| November | 112% | 104% |
| December | 116% | 93% |

- *GHG Offsets:* If greenhouse gas emission offsets are acquired or retained by BC Hydro and those offsets are not fully realized (e.g. efficiency of natural gas fired plant is less than expected), a price reduction up to \$3.00/MWh will apply.
- *Green Criteria:* If a “green” project is proposed, and subsequently fails to meet specified Green Criteria, a price reduction of \$5.00/MWh will apply. See Green Criteria at www.bchydro.com/ipp/green/criteria.html
- *Recall Option:* If a bidder exercises its recall right as to 20% of the electricity contracted to BC Hydro, a price reduction of \$2.00/MWh will apply to the remaining electricity sold to BC Hydro.
- *Inflation:* An annual inflation/deflation adjustment will be applied to the Bid Price, and the Capacity Factor, GHG Offset, Green Criteria and Recall Option Adjustments at a rate equal to 50% of the annual change in CPI – All Items.

For adjustments to the Bid Price to be made during the CFT Stage for bid comparison purposes only, see [2002 Call for Tenders](#).

- ***Interconnection:*** The bidder is responsible for arranging (with BC Hydro - Transmission and Distribution) interconnection with the BC Hydro grid, including an Interconnection Agreement and a Facilities Agreement. Interconnection costs will be for the bidder’s account. See BC Hydro – Transmission and Distribution interconnection information, which is available at www.bchydro.com/interconnections/.

BC Hydro’s 2002 CBG Standard EPA and further details on contract terms and conditions will be available in the 2002 CFT.

Eligibility Requirements:

A project proponent may be eligible to receive the 2002 Call for Tenders (2002 CFT) and submit a bid only if certain Mandatory Requirements are satisfied. Also, BC Hydro, in its discretion, will apply Project Criteria to evaluate projects in the RFQ Stage, based on the technical experience and financial capability of project owners/operators and certainty of project development, to establish a final short-list of eligible bidders.

Mandatory Requirements:

An eligible project must meet these requirements:

- ***Timely Submission of Qualification Statement:*** The customer must deliver a completed and signed Qualification Statement on or before **4:00 p.m. (PDT), Friday, July 12, 2002.**
- ***Specified Customer Class:*** The customer must be an 1821, 1852, 1200, 1201, 1210 or 1211 customer of BC Hydro, as shown on BC Hydro’s invoices, must have been taking that service for not less than 12 months, and using the service in normal operations (not back up or start up only).
- ***New/Incremental Energy:*** The proposed electricity supply must be incremental – that is electricity from new generation facilities or from an increase in capacity of, or energy from, existing facilities resulting from capital modifications (other than normal capital maintenance programs). Generation that directly or indirectly reduces electricity that would otherwise be available to BC Hydro under existing contracts or resulting from curtailment of other operations, whether for economic or other reasons, does not qualify.
- ***Location:*** Generation facilities must be at or in close proximity to customer facilities on BC Hydro’s integrated system, which take service under one of the specified rate classes. Consideration will be given to biomass projects centrally located to take advantage of multi-sourced fuel supply from customer(s) taking service under one of the specified rate classes.
- ***Proven Technology:*** The project must employ “proven technology”, which includes electricity generation processes that are currently in commercial (not demonstration) use in at least three facilities (not necessarily owned or operated by the customer or any of its co-owners) delivering electricity to public utilities or wholesale purchasers for at least three years without significantly abnormal unplanned outages.
- ***Customer-involvement:*** The project may involve other non-customer owners and/or operators, but must have significant involvement of a BC Hydro customer in one of the specified rate classes. Customer involvement means involvement for a term expiring not earlier than 5 years after the commercial operation date of the project as follows:
 - The customer must hold at least a 25% ownership interest in the project, or
 - The customer must supply at least 25% of the project fuel based on heat content, or

- The customer must purchase heat from the project at least equal to 10% of the heat energy annually of the input fuel for the project, and the project must be designed to qualify for Class 43.1 treatment under the *Income Tax Act (Canada)*, or
- The customer must otherwise be integrally involved in, and/or dependent to a significant degree upon, the project in a manner acceptable to BC Hydro.

Project Criteria:

Projects that meet Mandatory Requirements will be evaluated, in the discretion of BC Hydro, based on technical experience and financial capability of owners/operators and certainty of project development.

Project Development

BC Hydro will evaluate the likelihood of the project being able to achieve commercial operation not later than 1 November 2005. This involves an assessment of the current status and schedule for site selection and acquisition, design and engineering, permitting, major equipment procurement, construction, financing, fuel supply arrangements, steam host arrangements, if applicable, ownership structure and other similar project activities.

Technical/Financial

In considering technical experience of owners/operators, BC Hydro will consider the proven project development and operations track record of proposed owners and operators, with particular emphasis on projects employing similar technology to that proposed for the project. Financial capability of project owners/operators will also be considered, having regard to the project size.

The foregoing applies to the RFQ Stage only. For a brief description of the evaluation and selection process in the CFT Stage, see [2002 Call for Tenders](#).

2002 Call for Tenders (2002 CFT):

Proponents of projects qualified in the RFQ Stage will receive the 2002 CFT and be eligible to submit a priced bid.

BC Hydro may require bid and/or performance security in an amount appropriate to the project size.

In the CFT Stage, bids will be evaluated, ranked and selected for contract award in a three-step process:

- **Step 1:** BC Hydro will reconfirm that the bid meets the Mandatory Requirements. BC Hydro will update its evaluation based on current information concerning Project Criteria. Bids that continue to meet Mandatory Requirements and are evaluated as acceptable based on Project Criteria will proceed to Step 2.
- **Step 2:** To ensure a fair ranking based on Bid Prices, the following adjustments will be made **for Bid Price comparison purposes only**. (Actual payments will be determined under the EPA, using the Bid Price, subject to other adjustments described in the EPA price summary in 2002 CBG Standard Electricity Purchase Agreement):
 - *Bulk Transmission Location Adjustment:* Bid Prices will be adjusted based on the region in which the project is located as follows:
 - Lower Mainland: no adjustment
 - Vancouver Island: a Bid Price reduction of \$2.00/MWh
 - Peace River: a Bid Price increase of \$4.50/MWh
 - All other regions: a Bid Price increase of \$2.50/MWh

Note: Regional boundaries will be further defined in the 2002 CFT.

- *Area Transmission Location Adjustment:* Bid Prices will be increased or decreased to reflect financial impacts on BC Hydro, if any, of project location within a region, based on the completion of a project-specific BC Hydro – Transmission and Distribution Area Transmission Study, the results of which will be notified to the bidder before the submission of bids provided the bidder makes timely delivery of necessary data in accordance with the [2002 Procurement Schedule](#).
- *Green Criteria:* For projects planned to meet specified Green Criteria, Bid Prices will be reduced by \$5.00/MWh.
- *GHG Offsets:* If BC Hydro acquires or retains greenhouse gas offsets, Bid Prices will be reduced by up to \$3.00/MWh.

Any bid with a Bid Price, adjusted for comparison purposes only as outlined above, of more than a ceiling price of \$49.00/MWh will be rejected. The ceiling price may be increased before bid submission in which case bidders will be informed.

Please note, however, that BC Hydro will recalculate the ceiling price in September 2002. At that time, the current ceiling price of \$49.00/MWh may be increased, in which case all qualified bidders will be informed in a timely manner.

Step 3: BC Hydro will select and award EPAs to the bidders offering the lowest cost supply, determined by ranking Bid Prices, adjusted for comparison purposes only in Step 2, until BC Hydro has awarded contracts for a specified aggregate limit expressed in GWh/year. BC Hydro has specified a limit of 800 GWh/year, but reserves the right to increase that limit.

If any awarded EPA is not signed or is subsequently terminated due to project delay or cancellation, BC Hydro reserves the right to offer the award of a replacement EPA to the project or projects for which no EPA has been awarded, having the next lowest cost to BC Hydro, as determined under Step 3. However, any bidder to whom a replacement EPA is awarded may accept or reject that award, in its discretion and without penalty.

The foregoing is a summary. Further details of the evaluation, ranking and selection process applicable to the CFT Stage will be available in the 2002 CFT.

To Submit a Qualification Statement:

To respond to the 2002 RFQ, complete and deliver the 2002 Qualification Statement, which is available on our website at www.bchydro.com/customergergen, select “Submitting a Proposal”. Follow the instructions on the form.

Qualification Statements must be delivered to the following address not later than **4:00 p.m. (PDT) on Friday, 12 July 2002**. Submissions will be date and time stamped on delivery. Late delivered submissions will not be considered, and will be returned to the customer unopened. **Customers who fail to deliver a Qualification Statement by the deadline will not be eligible to receive a 2002 Call for Tenders (2002 CFT) or to submit a bid.** Qualification Statements must be delivered in **five (5) copies** in a sealed envelope marked clearly “Customer-Based Generation - 2002 RFQ” and bearing the customer’s name and return address. Financial statements, if any, must be enclosed in a separate sealed envelope marked “Financial Statements - Confidential, Customer-Based Generation - 2002 RFQ” and bearing the customer’s name. In addition, BC Hydro requests that you, at your option, also submit your Qualification Statement in a read-only Windows compatible electronic format on a CD.

Qualification Statements must be delivered to:

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

CONFIDENTIAL

CUSTOMER-BASED GENERATION

2002 QUALIFICATION STATEMENT

This Qualification Statement is delivered by the customer named below pursuant to BC Hydro's 2002 Customer-Based Generation Request for Qualifications. It is intended to provide BC Hydro with information concerning the project described herein for the purpose of assisting BC Hydro to determine whether the customer (and co-owners, if any) is qualified to receive the 2002 Call for Tenders and to submit a bid. This statement also provides BC Hydro with additional project information required at this time. Information contained herein reflects the customer's current plan for project development, and may change before a bid is submitted.

Instructions:

- *Complete all items as per the instructions in each item.*
- *Ensure that the completed statement is signed by an authorized officer of the customer entity.*

1. Project Name:

2. Project Description: (Provide a brief description of the project including the type of project, the location of the project (include the name of the nearest city, town or village), and the key facilities):

Response:

3. Customer Information:

3.1 Name (Per BC Hydro invoice):

3.2 BC Hydro Account No.:

3.3 Customer Class (Per BC Hydro invoice. See the Mandatory Requirements in the RFQ):

3.4 Address:

Response:

3.5 Customer Contact Person:

(a) Name:

(b) Telephone:

(c) Fax:

- (d) **e-mail:**
- (e) **Preferred Means of Communication (Fax or e-mail):**

4. Mandatory Requirements:

4.1 New/Incremental Energy:

- (a) **Project Capacity (For projects consisting of new or incremental capacity specify in MW. If the project consists of increase in capacity of existing generation, specify the capacity of existing facilities and planned incremental capacity):**
- (b) **Contracted Capacity (Specify, in MW, the expected capacity to be contracted to BC Hydro.):**
- (c) **Project Energy (For projects consisting of new or incremental capacity, specify in GWh/year. If the project consists of increase in capacity of existing generation, specify the current energy and planned incremental energy.):**
- (d) **Contracted Energy (Specify, in GWh/year, the expected energy to be contracted to BC Hydro.):**

4.2 Project Location (Describe the specific location of the project by reference to the Mandatory Requirements):

Response:

4.3 Technology:

- (a) **Describe briefly the technology to be used for generation, such as, hydroelectric, boiler/steam turbine, etc.:**

Response:

- (b) **For new technologies, list three facilities (not necessarily owned or operated by the customer or any of its co-owners) delivering electricity to public utilities or wholesale purchasers where the technology has been in commercial use for at least three years and provide any available reliability data for those facilities.**

Response:

4.4 Customer Involvement (Describe briefly the nature of the customer involvement in the project by reference to the Mandatory Requirements in the RFQ and state the expected term of the customer's involvement in the project):

Response:

5. Project Information:

- 5.1 **Expected Point of Interconnection (Specify expected point of interconnection to BC Hydro grid, such as “high side of transformer at customer’s substation at project site”, and also the distance, in metres, of the point of interconnection from the powerhouse. Specify expected point of delivery if different from the point of interconnection):**

Response:

- 5.2 **Thermal Projects: Provide the following information:**

(a) **Type of fuel:**

(b) **Source of fuel (including contingency sources, if any):**

Response:

(c) **Expected quantity of fuel from each source of fuel:**

Response:

(d) **Distance from the fuel source to the proposed facility:**

Response:

(e) **List and summarize the studies, if any, that have been conducted to measure the fuel source including the dates of the studies, the time period and the forecast period covered:**

Response:

- 5.3 **Non-Thermal Projects: Provide the following information:**

(a) **Type (eg. hydroelectric):**

(b) **Source (eg. river or creek name):**

(c) **Expected quantity from each source (e.g. flowrate):**

Response:

- (d) **List and summarize the studies, if any, that have been conducted to measure the fuel source including the dates of the studies, the historical period covered and the forecast period covered, if any:**

Response:

5.4 Project Status: (Provide a description of the current status of the project addressing the following issues):

- (a) **Site acquisition (Describe the current ownership of the proposed site and the status of negotiations for the project proponents to occupy the site):**

Response:

- (b) **Project design, engineering, major equipment procurement:**

Response:

- (c) **Permitting and consultation (Describe the material permits and approvals required to construct the facility, the status of permit applications and any consultation activities undertaken and planned):**

Response:

- (d) **Fuel supply (Describe the status of negotiations with fuel suppliers. Do not repeat the information provided in response to Questions 5.2 and 5.3):**

Response:

- (e) **Status of negotiations with the steam host or other energy purchaser, if applicable:**

Response:

- (f) **Ownership structure (Describe the proposed ownership structure for the project and describe the status of negotiations with other co-owners – e.g. joint venture agreement signed, letter of intent signed, etc.):**

Response:

- (g) **Financing (Describe the estimated project cost, the proposed method of financing the project, including both debt and equity and the form of equity investment, and the status of efforts to secure financing):**

Response:

5.5 **Schedule (Provide a milestone schedule showing the key dates for the project including the expected in-service date):**

5.6 **Green Criteria (Specify whether the project is or is not expected to meet the Green Criteria.):**

5.7 **GHG Offsets (Specify whether or not you expect BC Hydro to acquire/retain Greenhouse gas emission offsets):**

6. Owner/Operator Information:

6.1 Owners:

- (a) **Specify the full legal name, jurisdiction of incorporation and business address of each project owner and the expected ownership interest of each owner:**

Response:

- (b) **If a project owner is a subsidiary in a larger corporate group, specify the full name, jurisdiction of incorporation and business address of the parent organization:**

Response:

- (c) **List the directors and officers of each project owner and of each parent organization:**

Response:

- (d) **For non-publicly traded companies, provide a list of all shareholders identifying the percentage of shares held:**

Response:

- (e) **For owners that are partnerships or joint ventures, provide the above information for each partner or joint venturer:**

Response:

6.2 Operator:

- (a) **Specify the full legal name, jurisdiction of incorporation and business address of the expected operator entity:**

Response:

- (b) **If the operator is a subsidiary in a larger corporate group, specify the full legal name, jurisdiction of incorporation and business address of its parent organization:**

Response:

- (c) **List the directors and officers of the operator and of its parent organization:**

Response:

- (d) **For non-publicly traded companies, provide a list of all shareholders identifying the percentage of shares held:**

Response:

- (e) **For operators that are partnerships or joint ventures, provide the above information for each general partner or joint venturer:**

Response:

6.3 Technical Experience (Specify the experience of the owners and operator in designing, building, financing, owning and operating electrical generation facilities, with particular emphasis on facilities using technology similar to that to be employed in the project.):

Response:

6.4 Financial Capability (Respond to the following for each proposed project owner, project operator and parent organization):

- (a) **Rated Owners/Operators/Parent Organizations (For owners, operators and parent organizations with an established credit rating, specify the rating agency and rating):**

Response:

- (b) **Unrated Owners/Operators/Parent Organizations (For owners, operators and parent organizations without an established credit rating, provide in a separate envelope, marked "Confidential Financial Information" audited financial statements for the last three completed fiscal years and the most recent unaudited interim financial statement, bank reference or other information sufficient to demonstrate financial capability):**

Response:

7. Confirmation:

7.1 The undersigned confirms:

- (a) **That it has reviewed carefully the Customer-Based Generation 2002 Request for Qualifications (RFQ), including any posted Frequently Asked Questions and Answers and Addenda,**
- (b) **That it has reviewed the Mandatory Requirements for eligibility set out in the RFQ, and that the project described herein complies with such Mandatory Requirements, and undertakes to provide BC Hydro, at its request, such further information as it may reasonably require to verify such compliance,**
- (c) **That it has reviewed the "Code of Conduct Guidelines Applicable to BC Hydro Contracts" and has complied with all disclosure and other requirements in that document,**
- (d) **That, subject to reviewing the 2002 Call for Tenders (CFT), if it is qualified under the 2002 RFQ process, it intends to submit a bid pursuant to the 2002 CFT in respect of the project described herein.**

DATED the ___ of July, 2002.

[Insert full legal name of customer.]

Per: _____
Signature

Name and Office

2002 Procurement Schedule:

BC Hydro intends to follow the schedule below in this procurement process:

| ACTIVITY | DATE |
|--|--------------------|
| 2002 RFQ Workshop | 21 June, 2002 |
| Deadline for 2002 RFQ Submissions | 12 July, 2002 |
| Issue 2002 CFT | 6 September, 2002 |
| Bidders submit request for Interconnection and Area Transmission studies | 13 September, 2002 |
| 2002 CFT Bidders Meeting | 4 October, 2002 |
| BC Hydro notifies bidders of Interconnection cost estimate and Area Transmission location adjustment | 8 November, 2002 |
| Deadline for submission of Bids | 22 November, 2002 |
| Selection of successful bidders | 17 January, 2003 |
| EPA signing | 28 February, 2003 |

2002 RFQ Workshop:

For a better understanding of the opportunity offered by this RFQ, be sure to attend the 2002 RFQ Workshop at:

Date: Friday, 21 June 2002

Time: 8:30 a.m. - 12:00 noon

**Place: Edmonds Auditorium,
6911 Southpoint Drive
Burnaby, B.C.**

The Workshop will include presentations regarding BC Hydro's Customer-Based Generation Program, the RFQ and CFT process, interconnection and location adjustments, the Green Criteria, and an opportunity for questions and answers.

To attend the Workshop, you must register by contacting BC Hydro not later than 14 June (call BC Hydro, Power Smart at 604-453-6400 or for long distance calls 1-866-453-6400). If numbers of registrants warrant, BC Hydro may hold further workshops and/or change the venue.

2002 RFQ Conditions:**THE 2002 CUSTOMER-BASED GENERATION PROCESS IS SUBJECT TO IMPORTANT CONDITIONS SET OUT BELOW.**

1. If the customer fails to deliver a Qualification Statement by the specified deadline, proponents of its proposed project are not eligible to receive a 2002 Call for Tenders or to submit a bid.
2. Proponents who intend to develop a project meeting specified Green Criteria and who respond to the 2002 RFQ and, if qualified, the 2002 CFT, may also participate in the planned 2002 call for green energy, but only one contract may be awarded for that project. If an EPA is awarded for a customer-based generation project, any pending bid under the 2002 call for green energy for the same project is deemed withdrawn.
3. Customers, and owners/operators must fully inform themselves of all aspects of the opportunity associated with this RFQ, and must obtain clarification from BC Hydro before submitting a Qualification Statement where details necessary for a clear understanding of the opportunity and the terms of this RFQ are omitted from the RFQ or where the RFQ contains any error. BC Hydro will not consider any claim at any time for reimbursement of costs incurred as a result of any misunderstanding of the opportunity or terms of this RFQ.
4. Customers may submit written requests for clarification to BC Hydro's Purchasing Manager as indicated in [Contacts and More Information](#) at any time until 14 days before the date for submission of Qualification Statements. BC Hydro is not responsible for any clarification or other information provided to a customer concerning this RFQ by any person other than the BC Hydro Purchasing Manager. BC Hydro reserves the right to post questions and answers of general application to Frequently Asked Questions (go to www.bchydro.com/customergergen and select "FAQ") and any questions and answers so posted become part of this RFQ.
5. BC Hydro reserves the right to amend this RFQ at any time until 7 days before the date for submission of Qualification Statements, and any such amendments will be posted to this website as RFQ Addenda (go to www.bchydro.com/customergergen and select "Submitting a Proposal") and become part of this RFQ.
6. BC Hydro may request clarification and/or further information concerning a Qualification Statement delivered by any or all customers.
7. BC Hydro is not bound to accept or consider any information not contained in or delivered with the Qualification Statement, other than at the specific request of BC Hydro.
8. All costs incurred by a customer or any other person in preparing or submitting a Qualification Statement or in preparing and submitting a bid in response to the 2002 CFT are for the account of the customer or such other persons, and BC Hydro is not liable for any such costs.
9. Except as noted below, Qualification Statements will be treated by BC Hydro as confidential, and disclosure of the same will not be made by BC Hydro, without the prior written consent of the customer or as required by law. Customers are cautioned that BC Hydro is subject to the *Freedom of Information and Protection of Privacy Act (British Columbia)*, and accordingly, BC Hydro cannot guarantee the confidentiality of submissions. Customers should also note that it is the intention of BC Hydro to publish (i) project names and locations, technology type and customers/owners/operators for all projects for which a Qualification Statement is submitted, and

(ii) project names, locations, capacities, technology type, prices and customers/owners/operators for projects selected under the 2002 CFT.

10. Decisions on eligibility under the 2002 RFQ will be made by BC Hydro in its discretion, and are final. BC Hydro incurs no obligation or liability to customers or other persons arising from the exercise by BC Hydro of its discretion in applying eligibility requirements.
11. This RFQ and any Qualification Statement delivered do not create or constitute a contract or other legal relationship of any kind between BC Hydro and any customer or any other person.
12. Customers responding to this RFQ are advised that they are expected to comply with the “**Code of Conduct Guidelines Applicable to BC Hydro Contracts**”.
13. Further conditions applicable to the CFT Stage, including further or more detailed Project Criteria, may be prescribed in the 2002 CFT.

Contacts and More Information:

If you have questions regarding the 2002 RFQ for Customer-based Generation, please contact:

Purchasing Manager
Fax: 604-528-3174
e-mail: customergen@bchydro.com

Questions should be clearly identified by reference to “Customer-Based Generation 2002 RFQ”.

Also, visit these related sites:

Frequently Asked Questions: www.bchydro.com/customergen (select “FAQ”)

RFQ Addenda: www.bchydro.com/customergen (select “Submitting a Proposal”)

Green Criteria: www.bchydro.com/ipp/green/criteria.html

T&D: www.bchydro.com/interconnections/

CODE OF CONDUCT GUIDELINES APPLICABLE TO BC HYDRO CONTRACTS

In its ongoing efforts to ensure that BC Hydro and its subsidiaries behave and are perceived to behave as ethical corporations, BC Hydro has adopted a Code of Conduct that provides guidelines for the behaviour of its directors, officers and employees and for BC Hydro's expectations of the behaviour of its suppliers, consultants, contractors and business associates.

Unless it is inappropriate to do so, the guidelines set out below are to be included in every tender call, request for proposals and contract with BC Hydro and its subsidiaries.

A supplier, consultant, contractor or business associate may be required to give assurances that it conducts itself in accordance with the standards set in these guidelines before it will be considered qualified to enter into a business relationship with BC Hydro.

A supplier, consultant, contractor or business associate with which BC Hydro has a contract will be expected to comply with the standards set in these guidelines. Failure to do so, may be treated by BC Hydro as a reason for terminating the contract. In some cases, other terms of a specific contract may impose a higher standard. In these cases, the contract terms with the higher standards apply.

GUIDELINES

In these guidelines:

“BC Hydro” means BC Hydro and Power Authority or any of its subsidiaries that has entered into the Contract described in these guidelines;

“Contractor” means the contractor, consultant, supplier or business associate who has a contract with BC Hydro in which these guidelines are included as a term of the contract.

1. The Contractor shall act at all times with integrity and honesty
 - a) in its dealings with BC Hydro, and
 - b) in its dealings with a third person if, in those circumstances, the Contractor is acting as a representative of or on behalf of BC Hydro.
2. Unless the Contractor has the prior written permission of BC Hydro, the Contractor shall not conduct business with a competitor of BC Hydro during the term of the Contract if the conduct of such business would require the Contractor to act contrary to the best interests of BC Hydro.
3. Before the Contract is entered into and from time to time as circumstances require, the Contractor shall disclose in writing to BC Hydro:
 - a) any business relationship that the Contractor or any of its owners or officers has with a director or employee of BC Hydro,
 - b) the name of any director or employee of BC Hydro who is a relative of the Contractor or any of its owners or officers, and
 - c) the name of any director or employee of BC Hydro with whom the Contractor or any of its owners or officers is connected by frequent or close association.
4. The Contractor shall read BC Hydro's Code of Conduct that is available from Hydro's contract representative or available at BC Hydro's website at www.bchydro.com (Click “Tell me about

BC Hydro”, click on “Quick Facts”, click on “Code of Conduct”) and shall take all reasonable steps to avoid placing a director or employee of BC Hydro in a conflict of interest as contemplated by the Code.

5. The Contractor shall keep confidential all information provided to it by BC Hydro or developed during performance of the Contract and shall not use that information for any purpose unrelated to performance of its obligations under the Contract.
6. If the Contractor is given access to any BC Hydro property in order to perform the Contract, the Contractor shall use that property solely for purposes of performance of the Contract.
7. The Contractor shall not attempt to secure preferential treatment with BC Hydro by offering entertainment, gifts or benefits to BC Hydro directors or employees. Reasonable exchanges common to business relationships are acceptable.
8. Unless the Contractor has the express permission of BC Hydro, the Contractor shall not offer employment to a BC Hydro employee during the term of the Contract.
9. The Contractor shall provide its employees, including any employees of BC Hydro with whom the Contractor has a close working relationship, with a safe and healthy workplace that is harassment and discrimination free.
10. The Contractor shall ensure that when it is participating in any public discussions or taking a position of leadership in other organizations that it does not represent itself as a spokesperson of BC Hydro unless the Contractor has been retained specifically to act in that capacity.

Contractors who wish further information or advice on the application of these guidelines to particular circumstances are encouraged to speak to BC Hydro’s contract representative.