

Clean Power Call Information Session

July 8, 2008

Power Acquisitions

BChydro 



Clean Power Call Welcome & Introduction

**Richard Marchant
Director, Power Acquisitions**

9:00 – 9:30	Registration	All
9:30 – 9:45	Welcome & Introduction	Richard Marchant
9:45 – 10:00	Engagement Overview	David Ingleson
10:00 – 10:45	Clean Power Call Overview	Jim Scouras
10:45 – 11:15	Break	
11:15 – 11:30	Next Steps and Registration	Andrea Loewie
11:30 – 12:00	Questions	Panel

- Call was initially identified in the 2006 IEP/LTAP
- In May 2007, the BCUC approved the Call expenditures and directed BC Hydro to file the necessary application for a Negotiated Settlement Process
- Subsequently the Call was re-evaluated and changed to a call for “clean” energy to align with the BC Energy Plan
- Draft term sheets issued in November 2007 followed by receipt of comments and extensive engagement
- Call was changed from a CFT process to a RFP to allow for flexibility in dealing with larger and more complex projects
- Structured RFP issued on June 11, 2008
- In the 2008 LTAP (filed on June 12, 2008), the Clean Power Call is shown as an action to address BC Hydro’s load/resource gap

- Designed for clean or renewable projects
- Larger projects that require longer lead times can participate in this call
- Target 5,000 GWh/year of new firm energy
- Provide a more flexible procurement process



- Today's presentations are of a general nature and are being given for the benefit of all persons that are interested in BC Hydro's Clean Power Call.
- Attendees are reminded of the following:
 - An RFP has now been issued in respect of the Clean Power Call.
 - The RFP will not be modified by any information provided during today's session.
 - Any changes to the RFP will be implemented by way of addenda (issued as described in the RFP document).
 - A technical workshop for registered Proponents will be convened on October 20, 2008.



Clean Power Call Engagement

David Ingleson
Relationship Manager,
IPP Engagement

- During the design of the draft Call terms, BC Hydro solicited input through a series of engagements:
 - Nine Dialogue Sessions with IPPs held over the summer of 2006
 - ‘Understanding BC Hydro’s System Needs’ Session held in June 2007
 - Draft terms were released on November 14th, 2007
 - BC Hydro received approximately 600 individual comments on the proposed terms
 - 2 Information Sessions were held in November and December
 - BC Hydro evaluated and considered each comment submitted

for generations



- Dialogue sessions in late 2007 and early 2008 with prospective IPPs regarding residual rights.
- Dialogue sessions in Spring 2008 with prospective IPPs and customer groups regarding alignment with 2008 Long Term Acquisition Plan (LTAP) regulatory schedule.

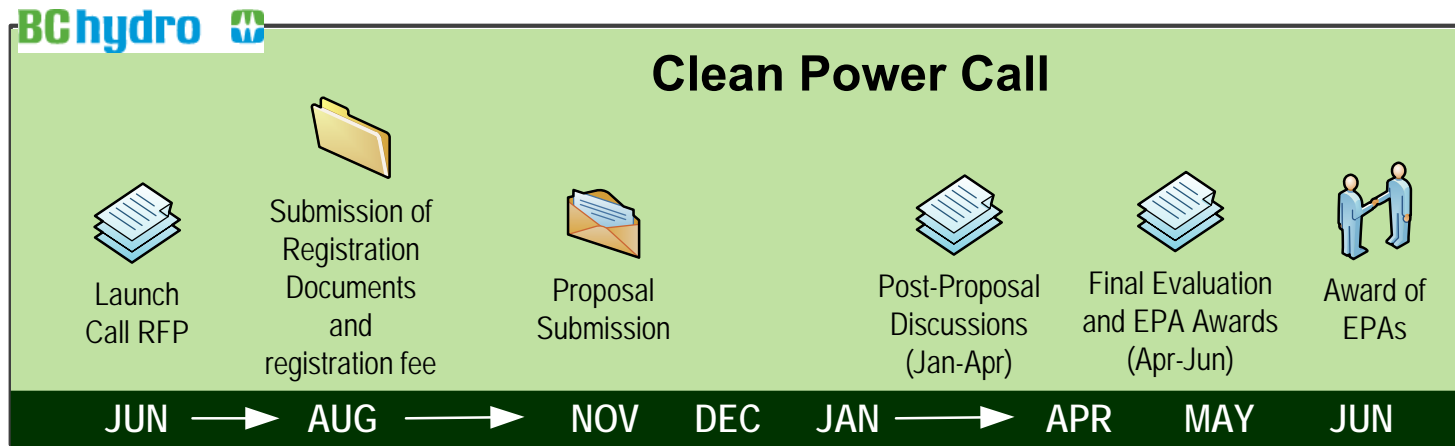


Clean Power Call Overview

Jim Scouras
Manager, Major Power Calls

- Goals
- Timeline
- Regulatory Review
- Process and Post Proposal Discussions
- Eligibility
- Key Terms and Conditions
- Evaluation

- Effective - Ensure BC Hydro acquires the volume and type of energy it requires
- Competitive - Ensure a robust competition that leads to the most cost-effective projects that offer significant value to BC Hydro winning EPAs
- Fair - Ensure the process is fair
- Transparent - Ensure the Call documents and Q&As are publicly available, and results are subject to regulatory review
- Regulatory Certainty - Ensure that the RFP process and the results are likely to be accepted by the regulator
- Attrition - Minimize the risk of attrition in the Call



Event Description

Submission of Registration Documents, and registration fee

Proposal Submission

Post-Proposal discussions

Final Evaluation and EPA awards

Award of EPAs

Date

August 12, 2008

November 25, 2008

January through mid April, 2009

Mid April through June, 2009

June, 2009

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- Clean Power Call included in the 2008 LTAP application. BC Hydro requesting approval of \$2.0 million expenditure for F2009/10
- Call included in 2008 LTAP filing to increase regulatory certainty for proponents and BC Hydro
- Call elements included LTAP submission are:
 - Key Eligibility Criteria
 - Evaluation Criteria
 - Key Terms & Conditions
- Request that BCUC endorse (i) call target of 5,000 GWh/year (ii) energy being clean or renewable and (iii) eligibility requirements

<u>Action</u>	<u>Date</u>
● Registration with BCUC*	July 3
● Round #1 IRs – BCUC and Intervenors	July 10/17
● Response to Round #1 IRs	August 21
● Procedural Conference	September 9
● Round #2 IRs – BCUC and Intervenors	September 11
● Response to Round #2 IRs	October 6

*Note: Interested parties can still register after the July 3rd deadline and provide letters of comment

- EPAs awarded under this RFP are “energy supply contracts” and must be filed with the BCUC under Section 71 of the Utilities Commission Act
- Section 71 filing expected in Summer of 2009 following award of EPAs

- A “**structured RFP process**” not a tender process

 - **Flexible**, recognizing the variety of project sizes, types, etc., but **disciplined**, recognizing the number of proponents and need to maintain schedule

 - Each proposal:
 - Is a **legal offer** – fully priced and complete – unconditional and capable of acceptance without negotiation
 - Is **revocable** prior to acceptance (bid security not required)
 - Incorporates BC Hydro’s standard **Specimen EPA**, with **variations**, if any, included in the proposal

 - Variations should:
 - Be **specific** and limited to **substantive** matters
 - Be identified as either **essential** (part of base offer) or **value** (options, with separate pricing)
 - Avoid “no go zones” – limited list of matter BC Hydro is unwilling to negotiate
- Power Acquisitions**

- Proposal submission time is firm and mandatory

- After proposal submission, BC Hydro proceeds with the following against a defined schedule:
 - Conformity review – completeness and compliance with RFP terms
 - Initial clarifications, if any, required to understand the submissions
 - Initial evaluation, based on price and other disclosed criteria
 - Selected discussions/negotiations
 - Final evaluation and approvals
 - Awards
 - Regulatory filings

- Initial evaluation occurs **before** any discussion/negotiation
- Proposals may be accepted without discussion/negotiation
- Discussions/negotiations is BC Hydro discretion – **do not assume your proposal will be negotiated**
- Discussion/negotiations, if any, will be scoped and scheduled by BC Hydro – subject matter/time disciplined
- Discussions/negotiations may result in modified proposal price/terms – but do not constitute acceptance or award
- Following any discussion/negotiations, final evaluation conducted prior to BC Hydro internal approvals and EPA awards

- Clean – Output from project must qualify as clean or renewable
- Fuel Type – All fuel types meeting the clean or renewable requirement are eligible except for forest based biomass and nuclear fuel
- Project Location – Must be located in B.C.
- Proven Technology – At least 3 generation plants generating electricity for no less than 3 years
- Project Type – New and incremental generation

- Project Size - Minimum of 25 GWh/year of energy
- Metering – Must be capable of being metered separately or alternate measure satisfactory to BC Hydro
- Point of Interconnection – Must have a point of interconnection on the integrated system
- Interconnection Study Agreement – must file a study agreement with BCTC (for T-connected) or BC Hydro (for D-connected) by November 2008 deadline
- Existing Contracts – Must meet provisions stipulated in RFP

- Product - Seasonally or hourly firm energy
- Term - 15 to 40 years
- COD - November 1, 2010 to November 1, 2016
- Environmental Attributes – Transferred to BC Hydro
- Firm Energy Pricing - Time of delivery adjustment and 3 X 12 Table
- Non Firm Pricing - Two options available to proponents
- Liquidated Damages - Mark to market with \$5.00/MWh minimum
- Performance Security - Shaped to match project lifecycle
- Firm Energy Limitation - No more than 25% during freshet

- Risk assessment
 - Project development certainty
 - Energy delivery certainty

- Quantitative evaluation
 - Convert Firm Energy Price from each proposal into Adjusted Firm Energy Price
 - Assemble proposals into portfolios
 - Compute blended Adjusted Firm Energy Price for each portfolio

- Selection of optimal cost-effective portfolio, based on
 - Blended Adjusted Firm Energy Prices
 - Other criteria including results from risk assessment

- BC Hydro will determine the most cost-effective portfolio based on a comparison of Adjusted Firm Energy Prices and potential consideration of a number of other criteria.
- The Firm Energy Price evaluation adjustments currently contemplated are as follows:
 - **Hourly Firm**: for a flat profile approximately - \$4/MWh
 - **Wind Integration**: + \$10/MWh
 - **Interconnection and Transmission Impacts**: project specific and based on costs borne by BC Hydro

Why will BC Hydro potentially consider other criteria?

- The intent is to have the ability to consider other criteria in the selection process that are not captured in the quantitative evaluation
- This allows BC Hydro to make a fully informed decision on the selection of the optimal portfolio having regard to all the facts from all the proposal submissions at the time of the evaluation
- The selection of optimal portfolio still based on preference for low cost power
- Any application of other criteria will be disclosed in Section 71 filing

- Portfolio wide interconnection costs
- Portfolio wide wind integration costs
- Status of First Nations engagement and consultation
- Compliance with the RFP terms
- Variations from the Specimen EPA terms and conditions
- BC Hydro's load/resource balance at the time of evaluation
- Environmental impacts or benefits

- Potential beneficial impacts of generation technology and/or regional diversity
- Cost effectiveness of comparable, non-RFP alternate resources
- The proponent's opportunity cost relative to the project
- Any recent regulatory orders and/or decisions
- Availability of project residual rights
- Other public interest criteria that BC Hydro considers have not otherwise been appropriately addressed in the evaluation



Clean Power Call

Next steps and Registration



Andrea Loewie
Project Manager
Clean Power Call

<u>Event Description</u>	<u>Date</u>
Submission of Registration Documents, and registration fee	August 12, 2008
Proponents Submit Request to BC Hydro (for Distribution System-connected Projects) for a Preliminary Interconnection Study	October 7, 2008
Proponents Submit Request to BCTC (for Transmission System-connected Projects) for a Feasibility Interconnection Study	October 17, 2008
Proponents' RFP Information Session	October 20, 2008
Filing of Preliminary Interconnection Study agreements with BC Hydro for Distribution System-connected Projects	November 7, 2008
Filing of Feasibility Interconnection Study agreements with BCTC for Transmission System-connected Projects	November 17, 2008
PROPOSAL SUBMISSION	November 25, 2008

- The completed and signed Registration Documents and the required registration fee should be delivered to the RFP Administrator at the address indicated in the RFP on or before August 12, 2008.

- Why should prospective proponents register for the Clean Power Call?
 - Registration is required for a submission to be considered
 - Registration is required for processing of questions through the RFP Q&A process
 - Registration is required to receive any proponent specific communications or notifications not made publicly available on the website

- Each Proponent must submit:
 - ✓ A Disclosure Statement (Schedule 4), signed by an authorized signatory of the registrant.
 - ✓ Two copies of a Confidentiality and Compliance Agreement (Schedule 5), each signed by an authorized signatory of the registrant.
 - ✓ An Interconnection Disclosure Consent (Schedule 6) signed by an authorized signatory of the registrant.
 - ✓ A non-refundable Registration Fee in the amount of \$5,000.
- For each project, a completed Registration Form (Schedule 3) must be submitted.

Connections \geq 69 kV 	BCTC Market Operations – Interconnections
Connections \leq 35 kV 	BC Hydro Generator Interconnections & Transmission Services

- Will follow CEAP (Competitive Electricity Acquisition Process) Tariff
- All applicants will be in the same position in the queue
- Queue position of Clean Power Call projects will be protected during BC Hydro's evaluation

- Registered proponents may submit questions regarding the RFP
- Questions of general interest and corresponding answers will be posted to the RFP Website
- Questions of specific relevance only to the proponent submitting the question will not necessarily be posted to the RFP Website
- All pre-proposal submission communications with BC Hydro should be directed to the RFP Administrator:
BC Hydro
10th Floor - 333 Dunsmuir Street
Vancouver, B.C. V6B 5R3
Attention: RFP Administrator (Clean Power Call)
email: cleanpower.call@bchydro.com
fax: 604 - 623 - 4335



Power Acquisitions website:

www.bchydro.com/ipp

Clean Power Call website:

www.bchydro.com/cleanpowercall

Questions:

cleanpower.call@bchydro.com