

## **BC Hydro F2005 Open Call for Power First Nations and Stakeholder Engagement Plan**

*This plan was developed with the generous insight and varied perspectives of several internal and external individuals. In addition BC Hydro listened to IPPs and reviewed industry practices regarding power acquisition practices. BC Hydro is appreciative of the input it received.*

### **Introduction**

Based on the 2004 Integrated Electricity Plan, and updated with the December 2004 supply/demand balance BC Hydro anticipates that its current energy supply (excluding spot purchases on the open market) will be exceeded by the energy demand of its customers prior to Fiscal Year 2011. To meet the energy shortfall, BC Hydro plans to issue an open call for power to the private sector in 2005 (the Call) to acquire approximately 1,000 gigawatt hours (GWh) of firm energy annually. BC Hydro is seeking BCUC approval of the need for the Call as part of its 2005 Resource Expenditure and Acquisition Plan (REAP) application, which is being submitted in early March 2005.

Since 2000 BC Hydro has completed successive calls to the private sector resulting in the development and purchase of a variety of energy products. While BC Hydro received input from potential bidders within each call, it did not design those calls with the benefit of more broad input. In keeping with its recently announced Long Term Goals, BC Hydro is committed to seeking broader and more meaningful public input in this Call, and other future initiatives.

With the 2005 Call, BC Hydro will therefore change the approach to call design by engaging in earlier and expanded dialogue. While BC Hydro has determined the approximate quantity and timing of its energy shortfall, other aspects of the Call will be shaped with early input from potential bidders, First Nations, regulators and stakeholders. BC Hydro believes this will enable the corporation to improve both the approach to and outcomes of the 2005 Call, and will lead to stronger relationships among the complex and dynamic community of interests related to power procurement.

### **Engagement Approach**

For this Call BC Hydro plans to build on the existing practice of obtaining input on Call elements from potential bidders by expanding the dialogue and opportunity to comment to include First Nations, regulators and stakeholders. BC Hydro will seek written input from these parties as part of the design phase of the Call. BC Hydro will weigh and incorporate where appropriate the various perspectives of participants while making the ultimate decision about the Call design and characteristics.

BC Hydro's objectives for First Nations and stakeholder engagement for the 2005 Call are to:

- design a call that yields a product meeting the needs of BC Hydro and its customers;
- design a call that attracts varied and competitive bids, while being cost effective and efficient for both BC Hydro and bidders;
- obtain a procurement outcome that is acceptable to bidders, First Nations, regulators and stakeholders; and
- build mutual understanding of BC Hydro, bidder, First Nations, regulator and stakeholder interests related to BC Hydro's power acquisition activities.

In order to meet these objectives BC Hydro will;

- provide regional opportunities for external dialogue and input before issuing the Call;
- listen to and seek to understand potential bidders, First Nations, regulators and stakeholders interests regarding the Call, by providing timely and accessible opportunities in face to face meetings and through our website to provide written comment;
- review comments and decide on changes to the proposed process, terms and evaluation for the Call; and
- convey to potential bidders, First Nations, regulators and stakeholders how their input deepened BC Hydro's understanding and influenced decisions about the final Call design.

The First Nations and Stakeholder engagement phase of the Call design will conclude with the BCUC decision regarding the 2005 REAP, and subsequent issuance of the Call in 2005. After issuance, BC Hydro will ensure fairness to potential bidders by refraining from further broad or open discussion on the Call. Rather, input on the Call will be restricted to potential bidders based upon specific parameters consistent with BC Hydro's legal obligations.

### **Engagement Activities**

To strike a balance between regional accessibility and capturing the efficiency and synergy created through a central workshop, BC Hydro will engage First Nations and stakeholders through five Regional Information Sessions (with both a technical component and an open house component) and a supplier-focused technical workshop held in Vancouver. All sessions will be designed with the objective of stimulating and soliciting written comments on the proposed process, terms and evaluation. BC Hydro will then report to all participants, as well as on the website, how input influenced the final Call design.

Engagement with First Nations will include opportunities to participate in the regional and Vancouver-based comment sessions for the current Call, plus potentially a separate dialogue to understand the unique interests of First Nations.

In addition to planned sessions BC Hydro may also meet with parties with special or unique interests, such as specific resources or technologies. Individual members of a standing IPP development multi-party group (composed of BC Hydro, BCTC, Powerex, Land and Water BC, Ministry of Energy and Mines, and IPPs) provided their insight into the engagement approach, and a follow-up group meeting is planned regarding the Call.

### **Engagement Streams**

During the First Nations and Stakeholder Engagement phase of the 2005 Open Call for Power, BC Hydro will consult with the Shareholder (Provincial Government), the BCUC, and permitting agencies. In addition, there are four key external engagement streams that are important to the 2005 Open Call for Power success (Community, Suppliers, First Nations and Key Account Customers). The engagement activities flow from the March 2005 website release of draft Call evaluation and term sheets, through to regional information sessions, a technical workshop, and a written comment period. In late spring following the initial Comment Period, BC Hydro anticipates releasing preliminary form Call for Tender (CFT) document and Electricity Purchase Agreement(s) (EPA) for further written comments. The release of the CFT and EPA may include a technical meeting to highlight the key terms and conditions to commence the final comment period.

**Table 1. 2005 Call for Power Engagement Streams**

| <b>Community Interests</b>   | <b>Supplier / Potential Bidders</b>  | <b>First Nations</b>  | <b>Key Account Customers</b>  |
|--|--|---|---|
| 5 regional combined technical / general information sessions*<br>March 2005.   | 5 regional combined technical / general information sessions*<br>March 2005<br><br>A Vancouver full day technical workshop,<br>March 30, 2005.   | Invite to regional combined sessions* and Vancouver full day technical workshop.<br><br>Additional meetings if requested.   | Invite to regional combined sessions* and Vancouver full day technical workshop.<br><br>BC Hydro's Customer Care & Power Smart delivers Customer communication.   |
| Encourage written input (by Apr 15).<br>Objectives:<br>1) Community input into Call parameters, convey how input used.<br>2) Clarify regulatory and other options for public input.<br>3) Clarity of specific agency and IPP roles in project approvals. | Encourage written input (by Apr 15).<br>Objectives:<br>1) Early supplier input into Call parameters, convey how input used.<br>2) Inside Call move from "why" to "how" during bidder workshops, Q&A. | Encourage written input (by Apr 15).<br>Objectives:<br>1) First Nations' input into Call parameters, convey how input used.<br>2) Develop engagement plan that meets First Nations' needs.<br>3) Build understanding of First Nations' unique interests.<br>4) Ensure transparency and no bias in our relationship Where First Nations are potential bidders. | Encourage written input (by Apr 15).<br>Objectives:<br>1) Invite input into Call parameters through existing customer relationships, convey how input used.<br>2) Ensure fairness by directing to public or supplier forums.<br>3) Ensure transparency and no bias in our relationship where customers are potential bidders. |

\* Pre-registration is requested, and sessions with fewer than 10 registrants will be cancelled

**Table 2. Proposed 2005 Call Schedule**

| <b>Tasks</b>   | <b>Expected Date</b>                          |
|--|---|
| 2005 REAP submitted to BCUC  | Early March, 2005                             |
| Issue First Nations and stakeholder engagement materials (context information, draft process, terms and evaluation)        | Early March, 2005                             |
| Regional sessions with bidders, First Nations, regulators and stakeholders.  | March 14 – March 21, 2005                     |
| Vancouver supplier-focused technical workshop.   | March 30, 2005                                |
| First Written Comment Period on 1 <sup>st</sup> Draft documents  | March – April 15, 2005                        |
| BC Hydro Review of Input and Revisions to Call documents   | April 16 – June 2005                          |
| Issue revised Call documents, feedback and BC Hydro decisions from round one comments, and second round input on revisions | June 2005                                     |
| Issue preliminary form Call for Tender and Electricity Purchase Agreement documents  | 2005 (timing dependent on BCUC REAP decision) |