

**2005 Open Call For Power
Regional Information Sessions
March 14 - 21, 2005
(Prince George, Kamloops, Nanaimo, Vancouver)**

**BC Hydro
Power Planning and Portfolio Management**

Pre-Call First Nations and Stakeholder Engagement period

Timeline

March 10
draft document
web release

Mar 14 – 21
Regional
sessions

You are here

Mar 30
Technical
workshop

April 15
Written comment
deadline

Today:

3:00 – 3:45
3:45 – 5:00

Jim Scouras
Questions

***** session break – switch to Open House *****

5:15 – 5:30
5:30 – 7:00

Open House presentation (optional)
Team available for questions

Purpose – General Information session, allow generally interested parties to learn about BC Hydro's Power Acquisition process

Potential bidders – encouraged to attend Mar 30th Technical Workshop

Today's Session

1. Policy and regulatory framework
 2. BC Hydro life cycle approach to acquisitions
 3. High level summary of proposed 2005 Call
 4. Next steps
- Listen to First Nations and Stakeholders
 - Help parties to assess whether they wish to become further engaged with the 2005 Open Call For Power.
 - Facilitate written comments on the proposed process

Policy Framework

- The BC Energy Plan
- BC Hydro purpose: Reliable Power, at Low Cost, for Generations
- 15 Long Term Goals that span the breadth of BC Hydro's business over a 20-year horizon
- 2005 Resource Expenditure and Acquisition Plan filed with the BCUC

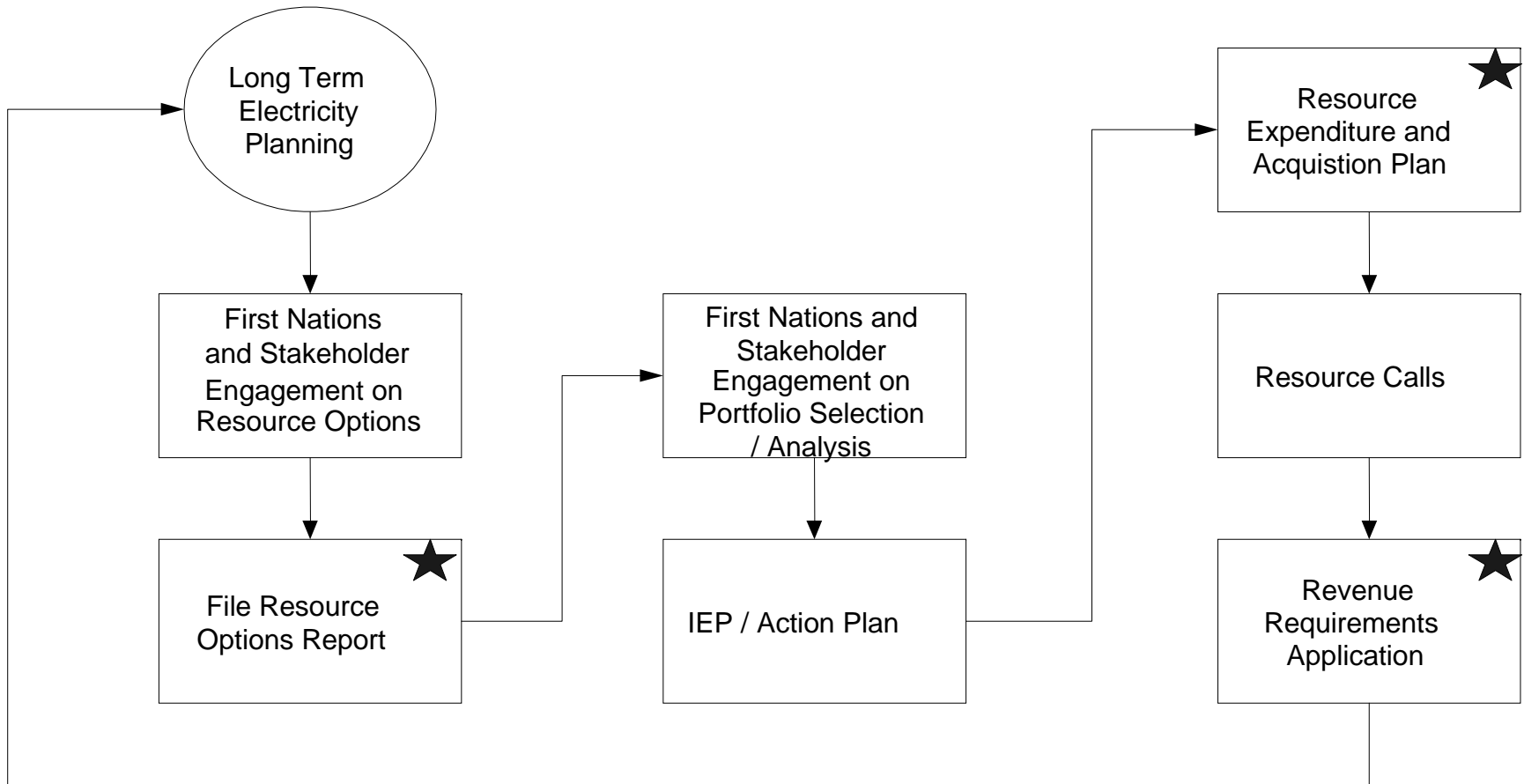
Long Term Goals Related to Planning and Procurement

- Customer
 - Reliability of Supply
- Environment
- Financial
- Enablers
 - Western Opportunities
- Social
 - First Nations
 - Stakeholder Engagement
 - Suppliers

Procurement

- How Does BC Hydro Know How Much Energy to Acquire?
- How is Energy Acquired?
- Why Does BC Hydro Acquire Power from IPPs?
- What process does BC Hydro use to acquire power?

Regulatory Environment

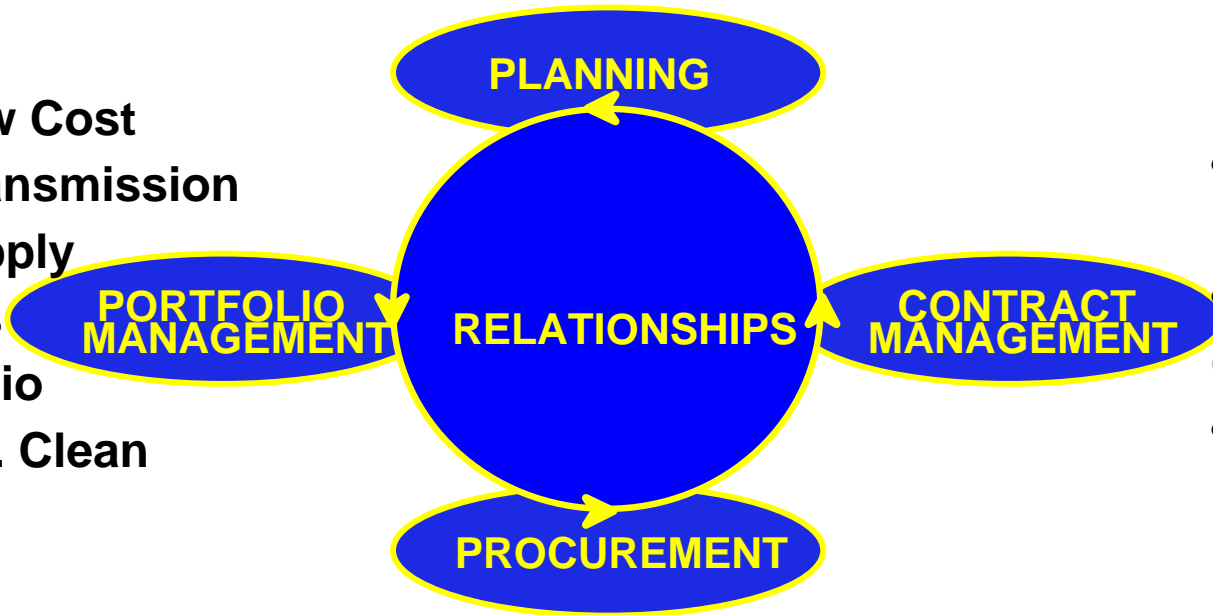


★ Denote a process that is filed with the BCUC for approval.

A Life Cycle Approach to Securing Reliable Long Supply

- Load Forecasting
- Integrated Electricity Planning
- Triple Bottom Line Perspective

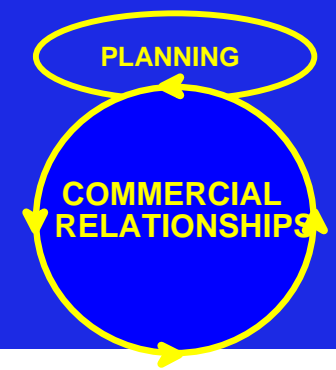
- Reliable Low Cost Supply & Transmission
- Manage Supply & Cost Risks
- Meet Portfolio Targets - e.g. Clean



- Ensure Delivery
- Equitable & Consistent
- Commercial Focus

- Proactive Acquisitions
- Competitive, Cost-effective
- Commercial long term contracts

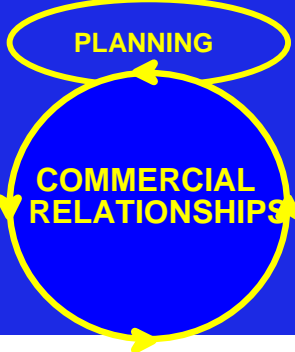
Planning



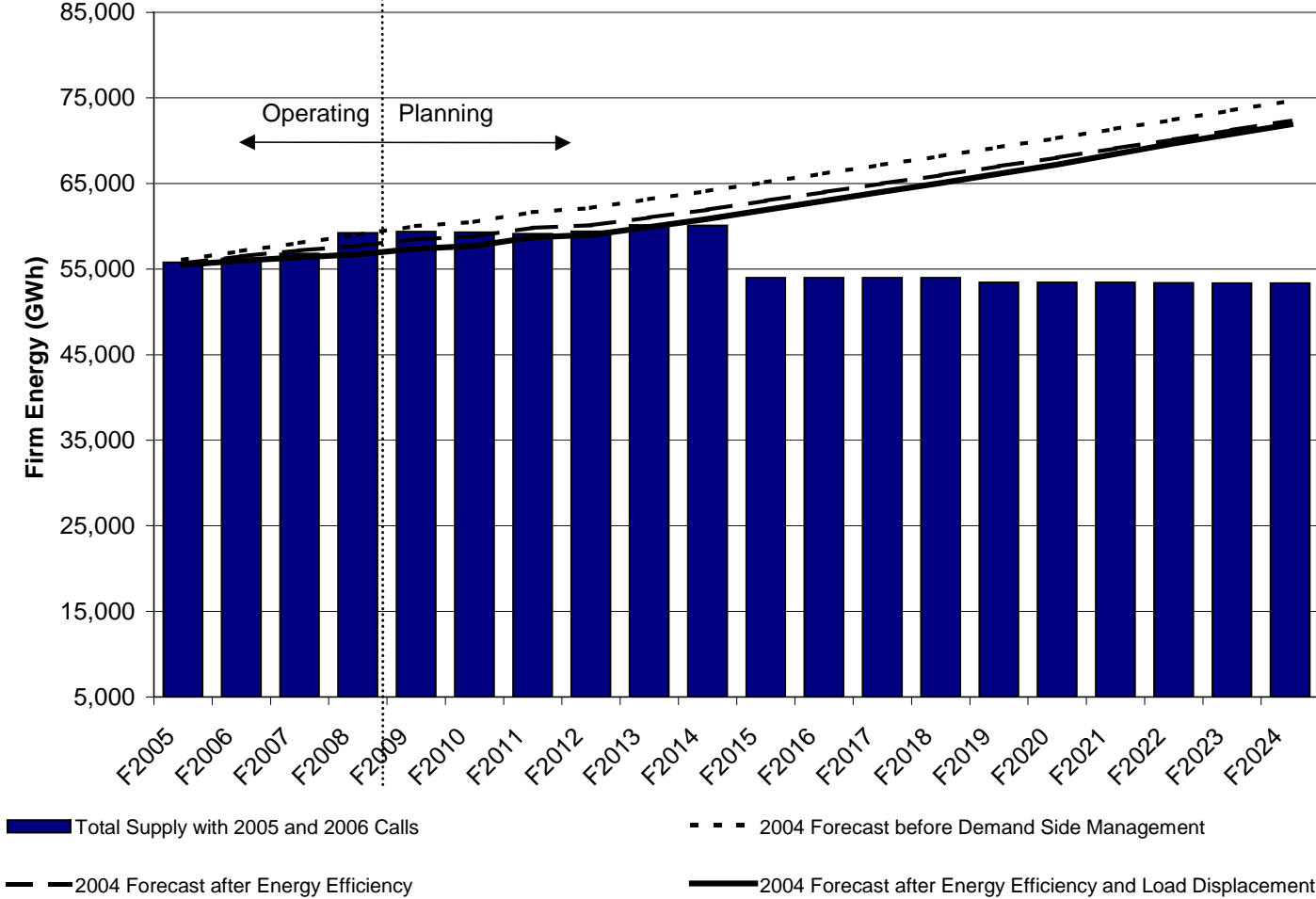
The Updated Supply/Demand Balance

- Load Up/Supply Tighter
 - load forecast increase = 1050 GWh
 - Alcan recall = 1225 GWh
 - Others: e.g. IPP attrition, Burrard
- Energy Requirements - new supply by 2011
- Capacity Requirements - new supply by 2015
- Support for securing new supply on-line by 2010

Planning



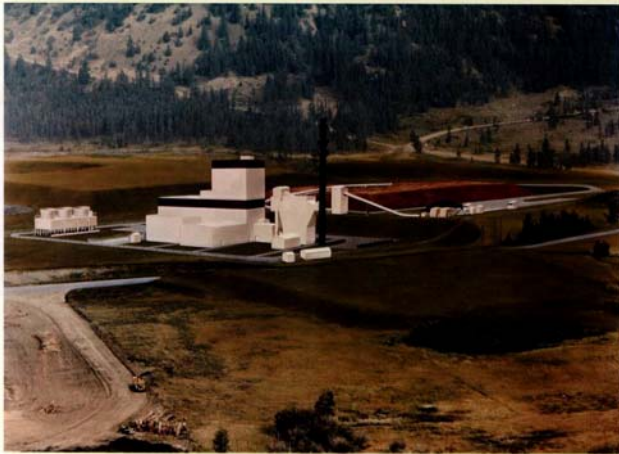
Supply/Demand - Energy Outlook



PORTFOLIO
MANAGEMENT

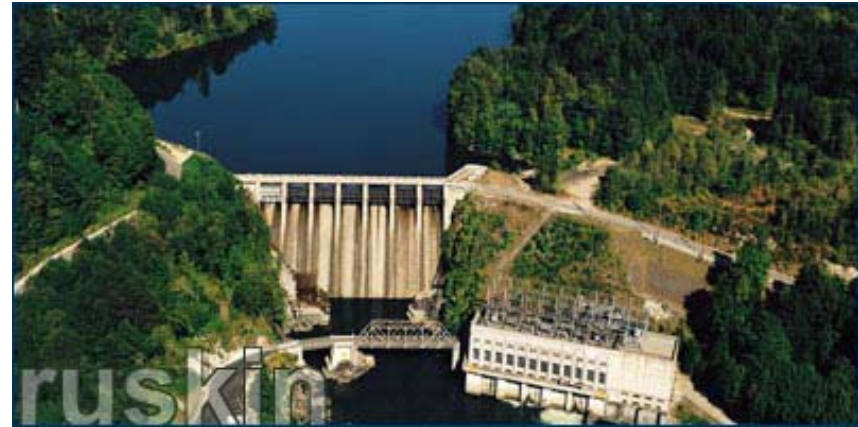
RELATIONSHIPS

Portfolio Management



Williams Lake Generating Station
Williams Lake, British Columbia

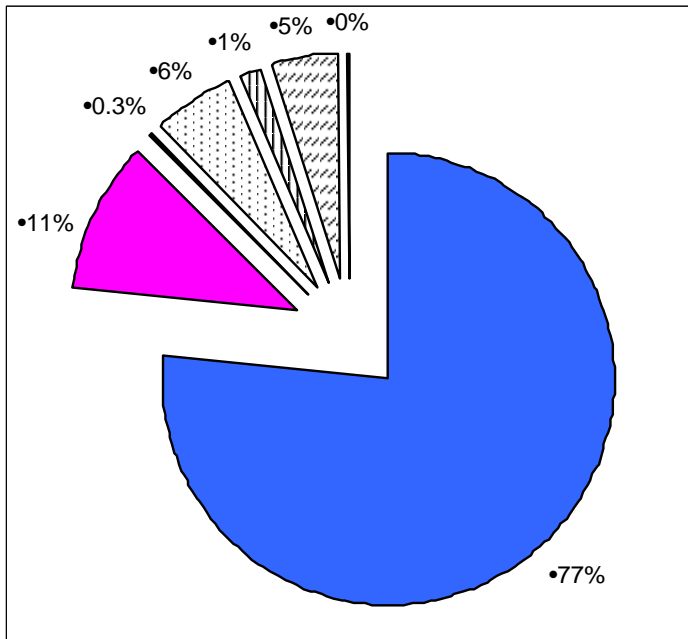
BChydro
**POWER
SMART**



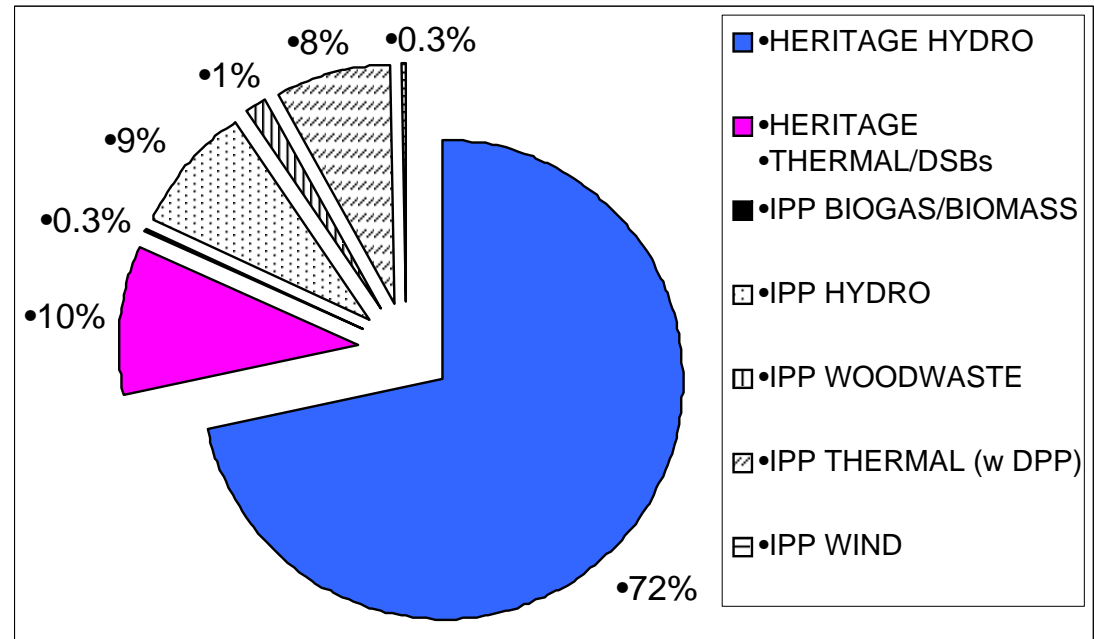
Portfolio Management

Portfolio Management (Energy)

Online Now

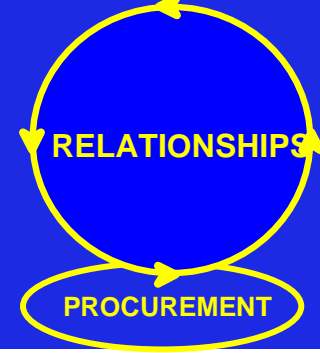


Contracted



- HERITAGE HYDRO
- HERITAGE THERMAL/DSBs
- IPP BIOGAS/BIO MASS
- ▣ IPP HYDRO
- ▤ IPP WOODWASTE
- ▥ IPP THERMAL (w DPP)
- ▧ IPP WIND

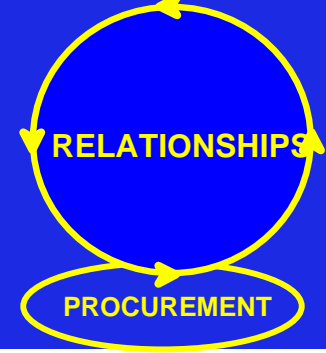
Procurement: 2005 Open Call



2005 Open Call For Power

- Up to 800 GWh of firm energy from transmission and large (>10 MVA) distribution connected IPPs (TLDC)
- Up to 200 GWh of energy for small distribution connected projects (SDC)
- Broader First Nations and Stakeholder Engagement on process, elements and terms

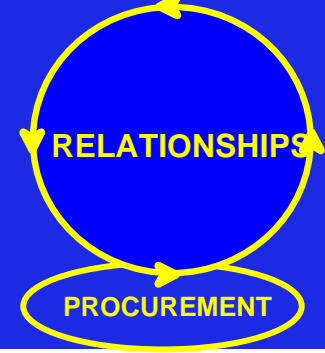
2005 Open Call



Principles

- Clear, Fair and Transparent
- Cost-Effective
 - secure cost-effective, reliable supply that meets BC Hydro's requirements from financially and technically qualified power producers
- Competitive
 - competitive, realistic and disciplined pricing
- Streamlined
 - avoid unnecessary complexity
 - minimize transaction and ongoing administration costs
- First Nations and Stakeholder Engagement
 - input on process and contract design

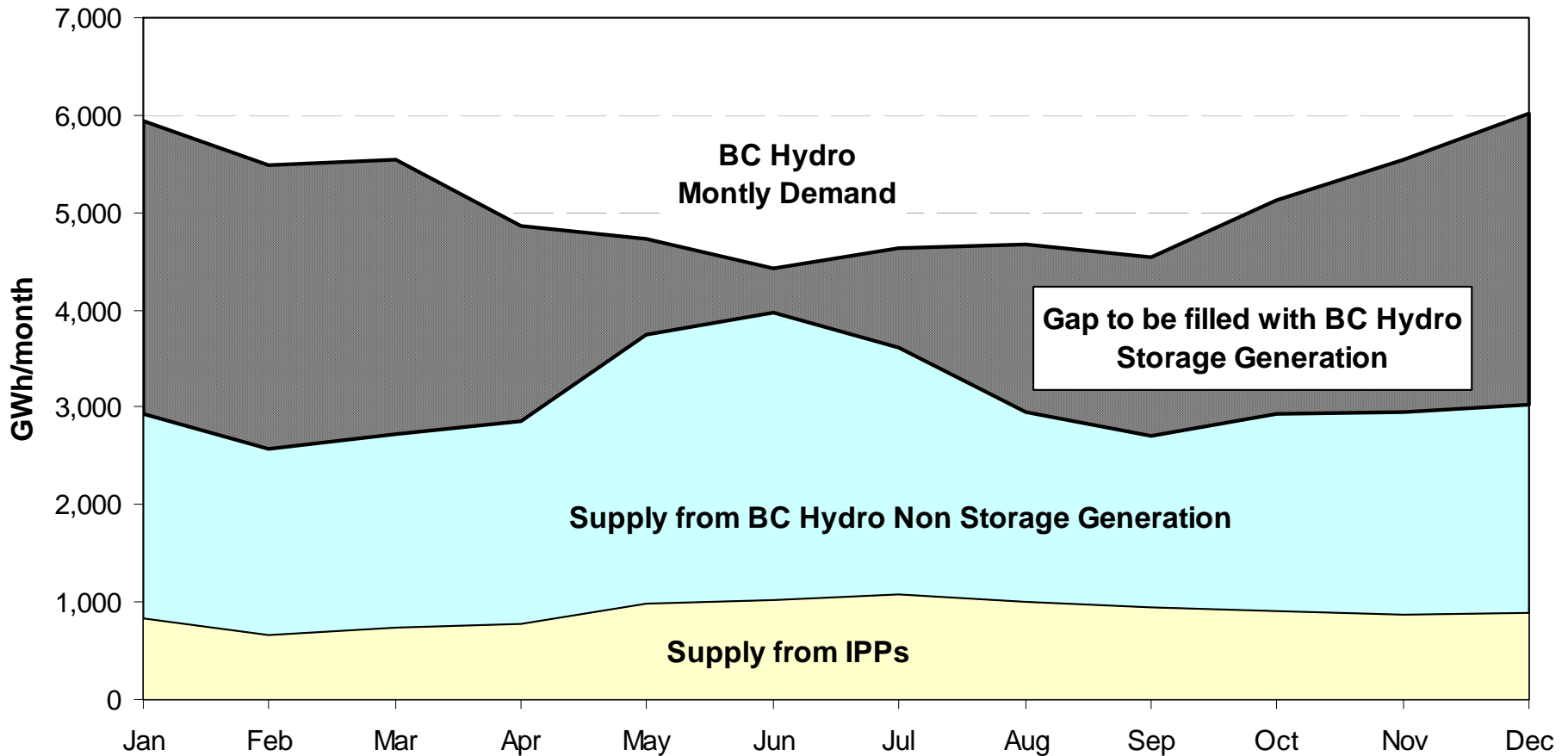
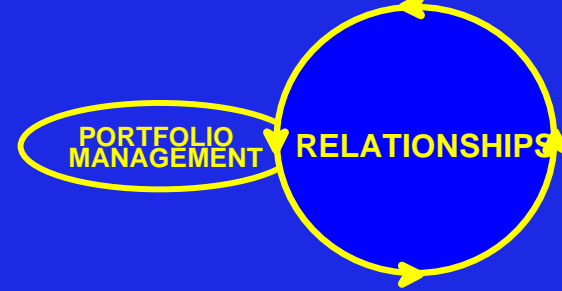
2005 Open Call



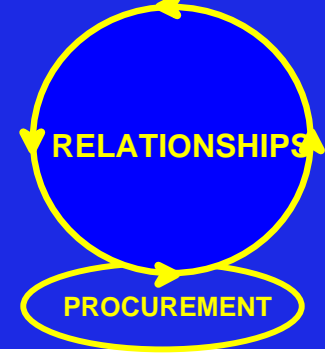
Major Call Elements

- Single stage Call For Tenders
- Two stream with different treatments
- Portfolio approach including at least 50% Clean
- BC Hydro pays Network Upgrades
- Bid price adjusted to reflect project attributes and system impacts
- In-service by October 2009
- All output sold to BC Hydro
- 25-year term plus 2, 5 year renewal options
- Security and Liquidated Damages

Aligning Product to Requirements



2005 Open Call



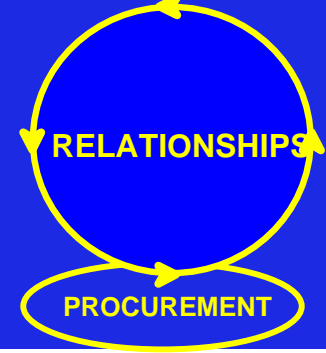
TLDC

- Up to 800 GWh firm and up to 800 GWh associated GWh non-firm
- Project may contract for 25 year term; BCH renewal to 35 years
- Accept non-firm deliveries from projects - with limitations
- Portfolio must be at least 50% Clean
- Pricing adjustments to reflect monthly and HLH/LLH value
- Discounts for non-firm
- [potential GHG offset requirement]
- No tolling or fuel indexing

SDC

- Up to 200 GWh
- Project may contract for 25 year term; BCH renewal to 35 years
- No distinction between firm and non-firm
- Portfolio must be at least 50% Clean
- Pricing adjustments to reflect monthly and HLH/LLH value
- [potential GHG offset requirement]
- No tolling or fuel indexing

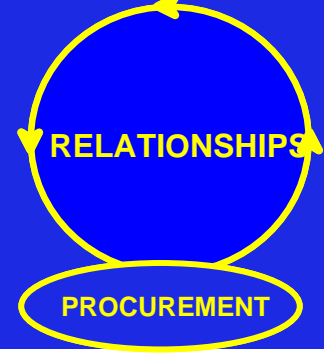
2005 Open Call



Tender Evaluation

- Conformity Review - Pass/Fail
- Mandatory Requirements - Pass/Fail
- Quantitative Evaluation Methodology
 - Adjust bid prices to facilitate a fair comparison between tenders
 - product attributes
 - system Impacts
 - Portfolio of tenders that provides greatest benefit to BC Hydro, subject to certain constraints:
 - upper limit on cumulative portfolio size
 - minimum of 50% BC Clean Electricity

2005 Open Call



Generator Interconnection

- Distribution connected, 35 kV or less
 - Generator Interconnection
 - (604) 623-3755
 - gen.connections@bchydro.com

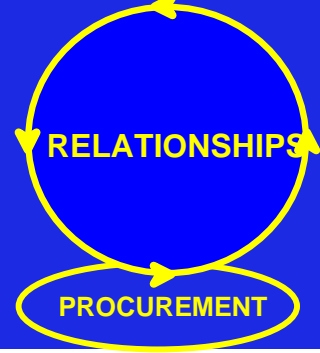


- Transmission connected, 60 kV or higher
 - Market Operations
 - (604) 699-7381
 - bctc.interconnection@bctc.com



British Columbia Transmission
CORPORATION™

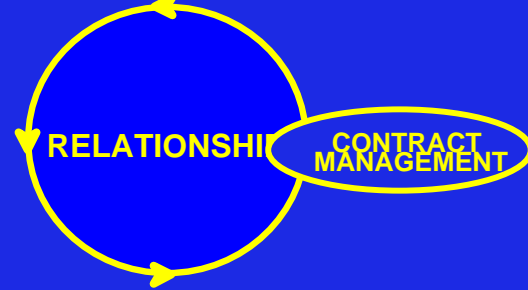
2005 Open Call



Tentative Schedule

- Submit Resource and Acquisition Plan (2005 REAP) to BCUC March 7
- First Nations and Stakeholder Engagement 2005 March-April 15
- IPP focused Technical Workshop March 30, 2005
- Issue draft documents June 05
- BCUC Decisions on 2005 REAP Fall 05
- Issue Call Fall 05
- Execute Contracts Winter 05/06

Contract Management

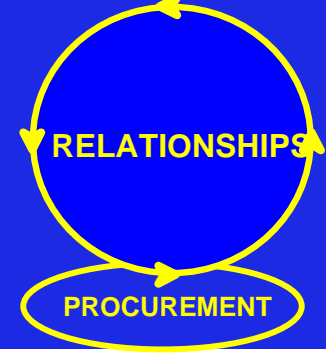


Contract Management

- focus on long term supply delivery
- complete the feedback loop toward informing future contractual terms

No. of contracts signed	61 (11,083 GWh)
No. of projects online	35 (6,987 GWh)
No. of projects in progress	26 (4,096 GWh)
* Integrated Area Only	

2005 Open Call



Feedback and Comments

- We encourage you to provide us with written feedback
- For your comments of draft Call Documents, please fill out the document Comment Form(s) and email it to us
- For up-to-date information, please email and ask to be added to our email update list or visit this site for updates

Email = power.acquisition@bchydro.com

Website = <http://www.bchydro.com/info/ipp/ipp20988.html>

Questions ?