

**BC HYDRO
F2006 OPEN CALL FOR POWER
CALL FOR TENDERS**

DRAFT

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1. INVITATION:

British Columbia Hydro and Power Authority (“BC Hydro”) invites sealed tenders for electrical energy supply. BC Hydro is targeting to procure in this Call:

- (a) approximately 2,400 GWh/year of firm electrical energy, of which approximately 800 GWh/year is available commencing on or before 1 November 2009, and approximately 1,600 GWh/year is available commencing on or before 1 November 2010, and associated non-firm electrical energy, from Projects, each having a Plant Capacity of 10 MW or more (“Large Projects”), built, owned and operated by independent power producers, and
- (b) approximately 200 GWh/year (based on a portfolio of approximately 50 MW of aggregate Plant Capacity at a 50% capacity factor) of electrical energy from Projects, each having a Plant Capacity of greater than 0.05 MW, but less than 10 MW (“Small Projects”), including Mini-Projects (0.05 MW to less than 1 MW Plant Capacity), to be available on or before 1 November 2010, built, owned and operated by independent power producers.

Energy will be delivered under long-term electricity purchase agreements (“EPAs”), each having a term of 15, 20, 25, 30, 35 or 40 years from the commercial operation date (“COD”), with the term and COD to be tendered by Bidders.

Separate forms of EPA are prescribed for Large Projects and for Small Projects.

This Call for Tenders (“CFT”) sets out a description of the Tender process, including the registration, Bidders’ Workshops, question and answer procedures, tendering options, Tender submission requirements, interconnection matters, Mandatory Requirements, Risk Assessment standards, Tender evaluation criteria, prescribed Tender, Tender Security and EPA forms, and other matters of importance to independent power producers intending to participate in this Call.

Some CFT terms are applicable only to Large Projects or to Small Projects. However, unless specifically noted, CFT terms are applicable to all Bidders and all Projects, whether Large Projects or Small Projects. References to the “EPA” include the EPA forms applicable to Large Projects and to Small Projects, unless one form only is specifically indicated.

Certain capitalized words and phrases used in the CFT are defined in the CFT Glossary posted to the CFT Website. Bidders should ensure that they are familiar with those definitions.

Except as otherwise expressly stipulated herein, this CFT creates no agreement, or other legal right, obligation or liability between, in favour of, or binding upon, BC Hydro or any Bidder or other person, unless and until, with respect to each Bidder, that Bidder submits a Conforming Tender under this CFT.

2. BC HYDRO AND BCTC – BACKGROUND:

BC Hydro is an electrical generation and distribution public utility constituted as a Crown corporation under the *Hydro and Power Authority Act (British Columbia)*. BC Hydro is owned by the Province of British Columbia. It is regulated by the British Columbia Utilities Commission (“BCUC”) under the *Utilities Commission Act (British Columbia)*.

The principal electricity transmission system in British Columbia is operated by British Columbia Transmission Corporation (“BCTC”), a Crown corporation owned by the Province of British Columbia and managed and operated independently of BC Hydro.

Further information is available about:

- BC Hydro at its corporate website, www.bchydro.com ;
- BCTC at its corporate website, www.bctc.com ; and
- BCUC and the regulation of British Columbia utilities, including BC Hydro and BCTC, at BCUC’s website, www.bcuc.com .

3. CFT CONTENTS:

This CFT consists of, and all references to the CFT mean, (i) this BC Hydro F2006 Open Call for Power - Call for Tenders document, and the latest version of the following (ii) CFT Forms, and (iii) CFT Reference Documents, posted to the CFT Website, and all Addenda issued and posted to the CFT Website, from time to time.

CFT FORMS AND REFERENCE DOCUMENTS:

<u>CFT Form #</u>	<u>Document</u>
1	Bidder Registration Form
2	Seller’s Plant Description Form
3	Large Project Tender Form
4	Small Project Tender Form
5	Large Project Bid Price/Options Form
6	Small Project Bid Price/Options Form

CFT Reference Documents:

- CFT Glossary
- CFT Schedule
- Project Submission Instructions
- Form of Tender Security
- Large Project EPA
- Small Project EPA
- GHG Adjustment Table
- Form of TerraChoice Letter – Green
- BC Hydro Code of Conduct Guidelines Applicable to BC Hydro Contracts

The latest version of all or any part of the CFT posted to the CFT Website cancels and supersedes all material published by BC Hydro in connection with stakeholder engagement relative to this Call, and all prior versions, if any, of the CFT. The latest version posted from time to time to the CFT Website is the governing version. CFT Forms and CFT Reference Documents will be identified by issue date. References to a section of the CFT mean the applicable section of this document, unless otherwise stated. All references to all or any part of the CFT mean the latest version posted to the CFT Website.

Addenda govern over all other documents. If there is any conflict or inconsistency among Addenda, the latest Addendum issued and posted to the CFT Website governs.

For further information on the CFT Website, see section 5 – CFT Website.

4. ADDENDA:

The CFT may be amended and supplemented only by (i) Addenda, which may be issued by BC Hydro from time to time, or (ii) issue and posting of revised CFT Forms or CFT Reference Documents.

Addenda, if any, issued before the Tender Closing Time, will be issued and posted to the CFT Website not later than 7 days before the Tender Closing Time.

Each Addendum will be dated and numbered sequentially.

5. CFT WEBSITE:

This CFT including Addenda, if any, CFT Forms and CFT Reference Documents, together with notices to Bidders and other information relevant to the CFT, may be viewed and downloaded at the following CFT Website, which is devoted exclusively to this Call: www.bchydro.com/opencall.

The CFT Website is public and access is available to Bidders and other persons.

This CFT and/or the CFT Website may include third party website addresses and/or links to other websites of interest to Bidders. BC Hydro is not responsible for the accuracy or completeness of any information on a website created or maintained by any third person.

It is the sole responsibility of each Bidder to check the CFT Website on a regular basis and to identify new postings, including Addenda and revised versions of the CFT Forms and the CFT Reference Documents. BC Hydro assumes no liability or obligation to Bidders who are unaware for any reason of the CFT Website content.

6. COMMUNICATIONS:

All communications from a Bidder to BC Hydro should come from the Bidder's Contact Person designated in its Bidder Registration Form, or as changed by subsequent notice to BC Hydro.

Except only as otherwise indicated in section 12 – Interconnection Matters, Bidders should direct all communications to BC Hydro on any matter pertaining to the CFT **only** as follows:

**BC Hydro
10th Floor, 333 Dunsmuir Street**

**Vancouver, BC
V6B 5R3
Attention: CFT Records Manager**

email: [to be provided at Call issuance]

Bidders should **not** contact any BC Hydro director, officer, or other employee on any matter pertaining to the CFT, except only as permitted in section 12 – Interconnection Matters. See also section 17.18.

Except as otherwise specifically stated in the CFT, all communications to BC Hydro should be by personal or courier delivery (not by regular or registered mail), or by email, which may include electronic attachments. Fax transmission is not permitted, unless specifically authorized in advance by BC Hydro in respect of a particular communication.

Bidders are strongly encouraged to maximize the use of email communications, including electronic attachments where necessary, except where personal or courier delivery is specifically required under the CFT.

In particular, Bidders should note that certain submissions (e.g. Tenders, including Tender Security) must be delivered by personal or courier delivery. Delivery of such submissions by email, fax or other means of delivery is not acceptable.

Submissions or communications will be considered delivered **only** at the time and date shown on receipts, or if no receipt is given, then when actually delivered according to BC Hydro's records. BC Hydro is not responsible for considering any submission if it has gone astray.

If it is necessary for BC Hydro to communicate directly with a registered Bidder, it will do so by personal or courier delivery, email or telephone, directed to the Contact Person and using the addresses or telephone number designated by the Bidder in its Bidder Registration Form. Bidders may change their Contact Person, delivery and/or email addresses and telephone number by notifying BC Hydro in writing (by email or letter).

7. BIDDER REGISTRATION:

Each person who wishes to submit a Tender must first register as a Bidder.

A registration fee in the amount of \$5,000 is payable by cheque made payable to "British Columbia Hydro and Power Authority" or "BC Hydro" at the time of registration.

The registration fee is not refundable, unless BC Hydro terminates the CFT before the Tender Closing Time as to either or both of Large Projects and Small Projects, in which case all registration fees will be refunded to Bidders in the applicable category. Registration fee refunds do not bear interest.

If a Bidder intends to submit Tenders in respect of two or more Projects, the Bidder should complete and deliver a separate Bidder Registration Form for each Project. However, only one registration fee per Bidder is payable, regardless of the number of Tenders the Bidder submits, or intends to submit.

Project information called for in the Bidder Registration Form is for BC Hydro's general information at the time of registration only. Bidders are not required to submit a Tender reflecting that information, and may change that information in their Tenders as they see fit.

Registrations may be assigned by a Bidder only to an Affiliate of the Bidder. See CFT Glossary for the definition of Affiliate. To assign a registration, a Bidder must notify BC Hydro of the assignment, and provide a Bidder Registration Form completed for the assignee and evidence satisfactory to BC Hydro that the assignee is an Affiliate of the Bidder, not later than the Tender Closing Time. Assignment information should be sent by personal or courier delivery or by email to the address indicated below in this section. No additional fee is payable on an assignment. Upon submission of compliant assignment information, the assignee becomes a registered Bidder and is eligible to submit a Tender, and the assignor ceases to be a registered Bidder and is not eligible to submit a Tender. All submissions and communications from the assignor to BC Hydro before the assignment are deemed to have been made by the assignee, who is responsible for the accuracy and completeness of such submissions and communications. Also, all communications from BC Hydro to the assignor before the effective date of the assignment will be deemed to have been given to, and received by, the assignee.

To register, complete and sign the Bidder Registration Form (*CFT Form # 1*). The form may be downloaded from the CFT Website in Word format and completed by tabbing through and completing information in the form fields. Then deliver the signed form, together with a cheque in payment of the registration fee, **by personal or courier delivery** to:

BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager

Bidder Registration Forms must be submitted on or before the date shown in the CFT Schedule. Late registration will not be accepted. Persons who have not completed timely registration will not be eligible to submit a Tender. Any Tenders submitted by unregistered Bidders will be rejected and returned unopened.

BC Hydro encourages early registration. Persons who are not registered will not be eligible to submit questions under the Q&A process or receive any other communications to Bidders from BC Hydro regarding the Call.

A registered Bidder may withdraw from the Call at any time before the Tender Closing Time by notifying BC Hydro of its withdrawal and confirming that it will not submit a Tender. Bidders are requested to notify BC Hydro if they have decided not to submit a Tender.

8. BIDDERS' WORKSHOPS:

BC Hydro will convene Bidders' Workshops for the purpose of reviewing tendering options, interconnection matters, Tender submission forms and requirements, Mandatory Requirements, Risk Assessment standards, Project Submission requirements, Tender evaluation criteria, prescribed forms of EPA, and other matters of importance to Bidders.

A person must be a registered Bidder or its representative in order to attend the workshop. Bidders may have up to 5 persons attend and represent them at the Bidders' Workshops, including consultants and professional advisors, as well as employees.

Two workshops will be convened, one for Bidders intending to tender a Large Project, and one for Bidders intending to tender a Small Project.

The Large Project Bidders' Workshop will be held at the following time and place:

DATE: 20 January 2006
TIME: 8:30 a.m. to noon, PPT
PLACE: [to be announced]

The Small Project Bidders' Workshop will be held at the following time and place:

DATE: 20 January 2006
TIME: 1:00 p.m. to 4:30 p.m., PPT
PLACE: [to be announced]

Bidders should register their intent to attend the Bidders' Workshop by completing the applicable portion of the Bidder Registration Form (CFT Form # 1).

Bidders are encouraged to attend the Bidders' Workshops, but attendance is not mandatory.

BC Hydro assumes no obligation to deliver to Bidders not in attendance at a Bidders' Workshop, or to post to the CFT Website, any information, whether oral, written or in any other form, that may be made available to those in attendance at a Bidders' Workshop.

Bidders' Workshops are not public meetings. BC Hydro may decline admittance to a Bidders' Workshop of any person who does not represent BC Hydro or a registered Bidder or is not an invitee of BC Hydro.

BC Hydro may convene one or more additional Bidders' Workshops as it considers necessary.

9. Q&As:

A registered Bidder may submit written questions to BC Hydro for clarification of any instruction, term or condition contained in the CFT.

Questions must be submitted only by a Bidder's Contact Person and must be received not later than 14 days before the Tender Closing Time.

Questions should be in writing (by email or letter) and identify the Bidder and its Project by name. Bidders are encouraged to use email for submission of questions.

Written questions should be sent by email or by personal or courier delivery to the CFT Records Manager as follows:

BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager

email: [to be provided at Call issuance]

BC Hydro will post Bidders' questions and BC Hydro's answers on the CFT Website.

The identity of the Bidder submitting a question will not be posted on the CFT Website. BC Hydro may decline to post questions and answers, which pertain to Project-specific matters that would disclose the Bidder's identity. Bidders should take care in framing questions to avoid any disclosure of information, which they consider confidential. BC Hydro assumes no obligation to decline to post, or to modify, questions that may disclose information that is confidential.

BC Hydro may alter questions for posting to render the question and answer of general application and benefit to all Bidders. BC Hydro may also edit questions for clarity and may consolidate multiple, but similar, questions in the interests of efficiency and clarity in communicating with Bidders.

The purpose of Q&As is to assist Bidders to obtain clarification of CFT requirements so that they can prepare and submit competitive, Conforming Tenders. Bidders' questions should be direct, clear and concise and in the form of a question. Questions concerning interconnection applications and studies and related technical matters should be directed to BCTC in respect of the Transmission System or to BC Hydro – Distribution Generator Interconnections in respect of the Distribution System, as indicated in section 12 – Interconnection Matters. Questions concerning federal, provincial or local permitting or other matters concerning legal, regulatory or policy issues pertaining to Project development should be submitted to the relevant governmental agency and not to BC Hydro. BC Hydro may decline to post or respond to submissions, which constitute opinions or complaints or which seek changes in the CFT to serve the interests of a particular Bidder or class of Bidders, or which BC Hydro otherwise considers will not provide assistance to Bidders in understanding the requirements of the CFT and in the preparation and submission of competitive, Conforming Tenders.

BC Hydro's answers to Bidders' questions are for general information only and do not amend, or form part of, the CFT, unless confirmed by Addendum or revised CFT Forms or CFT Reference Documents.

10. CFT SCHEDULE:

The schedule for completing the Call from issue of the CFT to award and regulatory filing of Awarded EPAs is set out in the CFT Schedule.

The CFT Schedule may be modified by BC Hydro from time to time. All modifications will be made by posting a revised CFT Schedule to the CFT Website.

Unless otherwise specified, any submission or other act that is required to be made or done under this CFT on or before a particular day must be made or done on or before 4:00 p.m., PPT on that day.

Where the CFT requires any submission or other act on the part of a Bidder to be made or done on a certain day or within or in relation to a specified number of days, as a result of which the submission or other act would be due on a day that is not a Business Day, then the submission or other act is due on the next following Business Day.

11. TENDERED INFORMATION AND OPTIONS:

Bidders have a number of options in preparing their Tenders. In addition to the Bid Price, the following issues are addressed in the Bid Price/Options Form (*CFT Form #5 or 6*) forming part of the Tender, or elsewhere in the Tender.

- **Special Purpose or Other Legal Entities:** A Bidder may consist of one or more legal entities. Each entity may be an individual, corporation, joint venture, general partnership, limited partnership or other legal entity. A Bidder may be a special purpose entity formed exclusively for the purpose of submitting a Tender and, if successful, entering into an Awarded EPA and building, owning and operating a Project.

Entities, which are formed outside British Columbia, should be registered to carry on business in British Columbia, as required by applicable British Columbia law, before submitting a Tender.

If the Bidder is a joint venture or general partnership, Appendix 10, Part J of the Large Project EPA, or Appendix 9, Part I of the Small Project EPA, as applicable, will be included in any Awarded EPA.

If the Bidder is a limited partnership, Appendix 10, Part K of the Large Project EPA or Appendix 9, Part J of the Small Project EPA, as applicable, will be included in any Awarded EPA.

- **Multiple Tenders:** A Bidder may submit only one Tender for any particular Project. However, a Bidder, or its Affiliates, may submit separate Tenders for two or more different Projects. A Bidder, or its Affiliates, may also participate as a direct or indirect co-owner of, or lender to, or otherwise support a Tender submitted by, another Bidder, provided that participation is clearly disclosed in its Tender.
- **Multiple Generating Units:** A Bidder may tender output from multiple generating units, which need not necessarily be on the same site, provided however that all such units have a common point of interconnection and delivery, so that the output may be contracted under a single Awarded EPA. All such units will be considered a single Project under the CFT and any Awarded EPA.
- **Interconnection:** Bidders may be eligible for connection to the Transmission System, or to the Distribution System, depending on the Project size and location.

If a Large Project is connected to the Distribution System, then Appendix 10, Part F of the Large Project EPA will be included in any Awarded EPA.

If a Small Project is connected to the Transmission System, then Appendix 9, Part F of the Small Project EPA will be included in any Awarded EPA.

- **Indirect Interconnection:** Projects may be connected directly to the Integrated System, or may be connected indirectly through (i) a configuration involving generating equipment connected through an industrial facility, or (ii) a public utility transmission/distribution system owned and/or operated by a third party, other than BCTC, such as the Fortis system, or (iii) a private transmission or distribution line owned by a third party, such as an existing independent power producer, provided in either case that the applicable Mandatory Requirements are met. See section 15.2 – Mandatory Requirements.

If a Large Project will have an indirect connection as described in (i) above, Appendix 10, Part E of the Large Project EPA will be included in any Awarded EPA.

If a Large Project will have an indirect connection as described in (ii) above, Appendix 10, Part H of the Large Project EPA will be included in any Awarded EPA.

If a Large Project will have an indirect connection as described in (iii) above, Appendix 10, Part G of the Large Project EPA will be included in any Awarded EPA.

If a Small Project will have an indirect connection as described (i) above, Appendix 9, Part D of the Small Project EPA will be included in any Awarded EPA.

If a Small Project will have an indirect connection as described (ii) above, Appendix 9, Part H of the Small Project EPA will be included in any Awarded EPA.

If a Small Project will have an indirect connection as described (iii) above, Appendix 9, Part G of the Small Project EPA will be included in any Awarded EPA.

Any Bidder intending to connect its Project to the Integrated System indirectly as described above is solely responsible for making all necessary transmission and other arrangements with third parties to enable it to satisfy the relevant Mandatory Requirements.

- **Guaranteed COD: This option applies only to Large Project Bidders.** Large Project Bidders must tender a Guaranteed COD. The Guaranteed COD must be the first day of any month from 1 October 2007 to 1 November 2010. The EPA permits the Bidder to advance COD by up to 12 months, but not earlier than 1 October 2007, subject to certain conditions set out in the EPA. The tendered Guaranteed COD is a non-price factor to be considered in Tender evaluation and may impact award decisions. See section 15.5 for further information on Tender evaluation and award impacts.
- **Target COD: This option applies only to Small Project Bidders.** Small Project Bidders must tender a Target COD. The Target COD must be the first day of any month from 1 October 2007 to 1 November 2010. The EPA permits the Bidder to advance COD by up to 12 months, but not earlier than 1 October 2007, subject to certain conditions set out in the EPA.
- **EPA Term:** A Bidder must select the EPA Term it tenders. The Term may be 15, 20, 25, 30, 35, or 40 years, in each case commencing on COD. There are no renewal provisions in the EPA. If a Term longer than 15 years is selected, a Bidder may also elect the “Two-Part Term Pricing” option described below.
- **Two-Part Term Pricing:** A Bidder that selects a Term in excess of 15 years may elect to tender two Bid Prices – one applicable to the initial portion of the Term of not less than 15 years, and one applicable to the balance of the Term. This option, called “Two-Part Term Pricing”, is **not** available to Bidders tendering a Mini-Project.
- **Escalation:** A Bidder may tender a percentage (between 0% and 50%) of its Bid Price to be subject to escalation under the EPA to reflect annual changes in the CPI from that prevailing as of 1 January 2006. Bidders that elect the Two-Part Term Pricing option above must tender only one percentage for this purpose, and that percentage will apply to both Bid Prices.
- **Split Bid: This option applies only to Large Project Bidders.** Except as noted below, a Large Project Bidder has the option to tender, all or just a part of, the Project output to BC Hydro. A tender consisting of part of a Project’s output is called a “Split Bid”.

A Bidder that tenders a Project, which is connected indirectly to the Integrated System (i.e. through a host facility, private transmission or distribution line, or a public utility transmission/distribution system, such as the Fortis system) may **not** tender a Split Bid.

Bidders that tender a Split Bid and an Hourly Firm Energy Profile are required to tender a Split Bid Threshold Level (HLH and LLH MWh/h) for each month at or above their tendered Hourly Firm energy amount. Energy produced in excess of the Split Bid Threshold Level will not be sold to, or purchased by, BC Hydro under the Large Project EPA.

Bidders that tender a Split Bid and a Monthly Firm Energy Profile must tender a Split Bid Threshold Level (MWh/h) for each month at or above the Monthly Firm energy amount divided by the number of hours for that month. Energy produced in excess of this Split Bid Threshold Level will not be sold to, or purchased by, BC Hydro under the Large Project EPA.

A Bidder may submit a Tender reflecting both a Split Bid and a non-Split Bid as alternates, with separate pricing and other tendered data and terms for each of them.

Where a Split Bid is tendered, under the EPA, energy contracted to BC Hydro must be fully delivered in priority to all other energy contracted to others. For further information on the contractual effects of the Split Bid option, see the Large Project EPA.

All Large Project Bidders that do not tender a Split Bid, and all Small Project Bidders, must sell their entire Project output to BC Hydro under the EPA. However, under the EPA, BC Hydro is not obliged to accept or pay for any quantity of energy that at any time exceeds 120% of the Plant Capacity.

If a Bidder tenders a Split Bid, Appendix 10, Part I of the Large Project EPA will be included in any Awarded EPA.

- **Energy Profile: This option applies only to Large Project Bidders.** A Large Project Bidder must tender a Firm Energy Profile. This profile determines the amount of electrical energy the Bidder will be required to deliver under the EPA from its Project, failing which liquidated damages may apply. The profile may be monthly (a “Monthly Firm Energy Profile”) or hourly (an “Hourly Firm Energy Profile”). For further information on Hourly Firm Energy Profiles, see “Hourly Firm Credit” below. The annual profile tendered, whether monthly or hourly, will be applicable under the EPA in each year of the EPA Term commencing on COD. Bidders may tender whatever Firm Energy Profile they wish, except only that, whether the Firm Energy Profile is monthly or hourly, the total firm energy tendered for the period April to July inclusive may not exceed 1/3 of the total annual firm energy tendered.
- **Hourly Firm Credit: This option applies only to Large Project Bidders.** A Large Project Bidder may elect to tender an Hourly Firm Energy Profile. This profile determines the hourly firm energy delivery that must be delivered during each heavy load hour (HLH) and each light load hour (LLH). If a Bidder makes this election in its Tender, then its Bid Price will be adjusted for Tender evaluation purposes only to reflect the value to BC Hydro of additional firmness associated with this option. See section 15.4 – Quantitative Bid Price Adjustments, for further information on the Bid Price adjustment.

If a Bidder tenders an Hourly Firm Energy Profile, Appendix 10, Part A of the Large Project EPA will be included in any Awarded EPA.

- **BC Clean Electricity Projects:** A qualifying Project may elect to be treated as a BC Clean Electricity Project, which will impact Tender evaluation and award decisions. See section 15.5 – Determination of Optimal Portfolios for further information on evaluation and award impacts.

For further information regarding BC Clean Electricity, see the BC Clean Electricity Guidelines, revised 15 September 2005 and issued by the British Columbia Ministry of Energy, Mines and Petroleum Resources, which is available at http://www.em.gov.bc.ca/AlternativeEnergy/Clean_Energy_2005.pdf.

For the purpose of this Call, a Project will be considered to consist of BC Clean Electricity if either (i) it qualifies as “Green” under the CFT (see “Green Projects” below), or (ii) the Bidder obtains and files with its Tender a letter, in a form satisfactory to BC Hydro, from the Minister of Energy, Mines and Petroleum Resources of British Columbia confirming that the Project satisfies the provincial requirements for designation as BC Clean Electricity. In respect of (i) above, see the Form of TerraChoice Letter – Green on the CFT Website.

If the required letter is not submitted with a Tender, then the Tender will not be disqualified for that omission, but will not be considered BC Clean Electricity for Tender evaluation purposes, and for the purpose of any Awarded EPA.

- **Green Projects:** A Bidder tendering output from a Project that is eligible for EcoLogo^M Certification (criteria for EcoLogo^M Certification are available at www.environmentalchoice.com) may select one of the following options:
 - *Transfer Green Attributes:* tender Green Attributes to BC Hydro, in which case a Bid Price adjustment will be applied for Tender evaluation purposes only (see section 15.4 – Quantitative Bid Price Adjustments for further information on the adjustment), or
 - *Retain Green Attributes:* retain Green Attributes for sale to third parties or other use at the discretion of the Bidder, in which case no Bid Price adjustment will be applied in Tender evaluation, but the Project may still realize an advantage in Tender evaluation if the output satisfies the requirements of BC Clean Electricity as outlined above.

A Bidder tendering Green Attributes to BC Hydro must obtain at its expense and file with its Tender a letter from TerraChoice Environmental Marketing in substantially the form posted on the CFT Website regarding eligibility for EcoLogo^M Certification. See the Form of TerraChoice Letter – Green on the CFT Website. For information on requirements for obtaining the letter, contact:

Susan Herbert,
Director, Technical Services
TerraChoice Environmental Marketing
Toll free telephone: 1-800-478-0399 (ext. 224)
Fax: 613-247-2228
email: sherbert@terrachoice.ca

or visit the TerraChoice website at www.terrachoice.ca.

If a Bidder tenders Green Attributes to BC Hydro, then under the EPA, BC Hydro will pay certain certification costs to obtain and maintain EcoLogo^M Certification as set out in the EPA.

Under the EPA, Bidders that tender Green Attributes to BC Hydro retain the right to apply for government programs such as the federal Renewable Power Production Incentive (“RPPI”) or the Wind Power Production Incentive (“WPPI”). If participation in the government program requires government ownership of all or any Green Attributes and the Bidder gives BC Hydro

due notice thereof in accordance with the EPA, then in order to enable the Bidder to participate in the program, BC Hydro will forfeit its rights under the EPA to those attributes and the Bidder must reimburse any EcoLogo^M Certification costs borne by BC Hydro. In that event, the price payable to the Bidder for electrical energy under the EPA will be reduced by an amount equal to the credit applied in Tender evaluation, escalated for inflation, all as set out in further detail in the EPA.

If a Bidder tenders a Green Large Project, Appendix 10, Part B of the Large Project EPA will be included in any Awarded EPA.

If a Bidder tenders a Green Small Project, Appendix 9, Part A of the Small Project EPA will be included in any Awarded EPA.

If the required letter from TerraChoice Environmental Marketing is not submitted with a Tender, then the Tender will not be disqualified for that omission, but will not be considered Green for Tender evaluation purposes, and for the purpose of any Awarded EPA.

- **GHG Emission Offset Obligations:** Except as noted below, Bidders may either:
 - *Transfer GHG Emission Offset Obligations:* transfer to BC Hydro responsibility for any regulatory obligation to purchase GHG-related Compliance Units attributable to the Project up to the Guaranteed GHG Intensity tendered by the Bidder, with the Bidder retaining all other GHG-related regulatory and legal liabilities and obligations, including the obligation to purchase any GHG-related Compliance Units attributable to the Project GHG intensity exceeding that tendered. If this option is selected, a Bid Price adjustment will be applied in Tender evaluation to reflect the burden of this transfer on BC Hydro. See section 15.4 – Quantitative Bid Price Adjustments for further details on the adjustment amount; or
 - *Retain all GHG-related Obligations:* retain all GHG-related regulatory and legal liabilities and obligations, including responsibility to purchase all GHG-related Compliance Units attributable to the Project. Bidders that elect to retain all GHG offset obligations may also elect to commit to optional GHG mitigation measures beyond those required by all applicable laws and regulations by tendering a GHG Compliance Commitment. In that event under the EPA the Bidder will be required to meet the most stringent of its commitment and the standard required by applicable laws and regulations.

Bidders tendering output from a Mini-Project must retain all GHG-related obligations and this option is not applicable to those Bidders.

If a Bidder tenders a Large Project and elects to transfer to BC Hydro obligations to purchase GHG-related Compliance Units, Appendix 10, Part C of the Large Project EPA will be included in any Awarded EPA.

If a Bidder tenders a Small Project and elects to transfer to BC Hydro obligations to purchase GHG-related Compliance Units, Appendix 9, Part B of the Small Project EPA will be included in any Awarded EPA.

12. INTERCONNECTION MATTERS:

12.1 Projects Connected to the Transmission System:

12.1.1 Mandatory Requirements: A Bidder tendering a Project to be connected to the Transmission System **must**:

- have submitted to BCTC a F2006 CFT Preliminary Interconnection Study Application on or before 4:00 p.m., PPT, 1 December 2005, and
- have received a completed F2006 CFT Preliminary Interconnection Study Report from BCTC on or before the Tender Closing Time.

The foregoing are Mandatory Requirements. See section 15.2 - Mandatory Requirements. **Tenders submitted by Bidders who have failed to comply with these requirements will be rejected.**

12.1.2 Study Applications: Time and resources available to BCTC for study work are limited. Bidders should note that timely completion of a F2006 CFT Preliminary Interconnection Study Report is dependent on Bidders (i) signing the required F2006 CFT Study Agreement and paying the associated deposit not later than 23 December 2005, and (ii) providing complete and accurate Project information with their application and responding promptly to any further enquiries made by BCTC during the study period. **Bidders that fail to meet these conditions are unlikely to receive a completed F2006 CFT Preliminary Interconnection Study Report before the Tender Closing Time, and accordingly will be unable to submit a Conforming Tender.**

For purposes of this Call, F2006 CFT Preliminary Interconnection Studies for all Bidders will be conducted on the basis of a common F2006 CFT Preliminary Interconnection Study Application time, which is 4:00 p.m., PPT, 1 December 2005 (“Application Time”). In order to recognize this, the following rules apply, as set out in the notice posted to the CFT Website on 31 October 2005 (the “Notice Date”):

- *Preliminary Interconnection Study Application:* The BCTC form of F2006 CFT Preliminary Interconnection Study Application specifies that notwithstanding its receipt by BCTC in advance of the Application Time, it is not to be treated by BCTC as delivered until the Application Time;
- *Pending Applications:* A Bidder that has filed a non-F2006 CFT Preliminary Interconnection Study Application for a Project before the Notice Date, in respect of which no Preliminary Study Agreement has been executed or completed study report has been issued, (i) must on or before 1 December 2005 submit a F2006 CFT Preliminary Interconnection Study Application in the manner set out above, and (ii) should on or before 23 December 2005 initiate a F2006 CFT Preliminary Interconnection Study by signing a F2006 CFT Preliminary Interconnection Study Agreement, or abandon its existing study in favour of a F2006 CFT Preliminary Interconnection Study, by signing a F2006 CFT Amended and Restated Preliminary Interconnection Study Agreement, and in either case paying the associated deposit; and
- *Completed Studies:* A Bidder to whom a completed non-F2006 CFT Preliminary Interconnection Study Report has been issued by BCTC before the Notice Date (i) must on or before 1 December 2005 submit a F2006 CFT Preliminary Interconnection Study Application in the manner set out above, and (ii) should on or before 23 December 2005 initiate a F2006 CFT Preliminary Interconnection Study by signing a F2006 CFT Preliminary Interconnection Study Restudy Agreement and paying the associated deposit.

The forms of the F2006 CFT Preliminary Interconnection Study Application and the F2006 CFT Study Agreements referred to above for use in each of the foregoing circumstances were posted to the BCTC website on the Notice Date or shortly thereafter.

12.1.3 Access to Facilities: By submitting a Bidder Registration Form, Bidders agree to use the Application Time as the time for their F2006 CFT Preliminary Interconnection Study Applications. Bidders will not be permitted to use F2006 CFT Preliminary Interconnection Study Reports for purposes of the Call unless they are based on a F2006 CFT Preliminary Interconnection Study Application submitted or deemed to have been submitted at the Application Time. The Application Time will determine the configuration of the Transmission System to be used in all of the F2006 CFT Preliminary Interconnection Studies. Each F2006 CFT Preliminary Interconnection Study will assume a Transmission System configuration consistent with BCTC's base case – the current and expected future configuration of the Transmission System used by BCTC for planning and study purposes – as at the Application Time. Facilities in the base case that are not fully utilized and can be used to accommodate a Project's interconnection will be taken into account in the F2006 CFT Preliminary Interconnection Study for that Project.

Following its selection, a successful Bidder may proceed with the detailed studies of its Project's interconnection to the Transmission System necessary to obtain an interconnection agreement with BCTC, without having to submit another interconnection request for its Project, **only** by executing a Combined Study Agreement, in prescribed form, with BCTC and paying the associated deposit, within 60 days of BC Hydro selecting the Bidder as a successful Bidder.

Successful Bidders that fail to execute a Combined Study Agreement as provided for above and unsuccessful Bidders that wish to pursue the interconnection of their Projects to the Transmission System may **only** do so by submitting a new Preliminary Interconnection Study Application (or interconnection request once BCTC's Open Access Transmission Tariff comes into force). A registered Bidder may not submit a new application or request, or any application for point-to-point transmission service (except for any portion of Plant Capacity pertaining to a split bid third party sale), in respect of its Project until the earlier of (i) the Bidder notifying BC Hydro that it is withdrawing from the Call and will not submit a Tender, (ii) the Bidder being notified by BC Hydro that its Tender has not been accepted, and (iii) 180 days after the issuance of the F2006 CFT Preliminary Interconnection Study.

12.1.4 Study Reports: BCTC will release all F2006 CFT Preliminary Interconnection Study Reports to Bidders and to BC Hydro on the same day, currently scheduled for approximately two weeks before the Tender Closing Time. The F2006 CFT Preliminary Interconnection Study Report should be appended to the Project Submission submitted as part of the Tender. See the Project Submission Instructions for further information.

A F2006 CFT Preliminary Interconnection Study Report will provide:

- an estimate of the costs to design, engineer, procure, construct, install and commission Direct Assignment Facilities;
- an estimate of the costs to design, engineer, procure, construct, install and commission Network Upgrades;
- whether the Direct Assignment Facilities and Network Upgrades are unlikely to be commissioned not later than 90 days before the COD for the Project as specified by the Bidder in its F2006 CFT Preliminary Interconnection Study Application; and

- an estimate of any incremental net system transmission peak losses (in MW) incurred by the Transmission System resulting from the interconnection of the Project to the Transmission System.

With regard to the F2006 CFT Preliminary Interconnection Study Report, Bidders should note that:

- The study will be done on a “stand alone” basis – that is ignoring the impact, if any, on Direct Assignment Costs and/or Network Upgrade Costs and/or losses of the interconnection of one or more other Projects that are tendered in this Call, for which one or more EPAs may be awarded;
- Direct Assignment Costs are distinguished from Network Upgrade Costs based on a “sole benefit” test. Interconnection costs incurred for the sole benefit of a particular Project will be considered Direct Assignment Costs. The decision of BCTC as to whether costs are Direct Assignment Costs or Network Upgrade Costs will be final for purposes of the CFT;
- Estimates are not guaranteed by BCTC or by BC Hydro. Actual costs may vary from estimates. Also, estimates are based on the accuracy and completeness of all information furnished by the Bidder to BCTC, and further subject to all assumptions, conditions and limitations set out in the F2006 CFT Preliminary Interconnection Study Agreement and the F2006 CFT Preliminary Interconnection Study Report;
- A Bidder is solely responsible for the payment of all actual Direct Assignment Costs associated with its tendered Project, including any such incremental costs which may result from the interconnection of one or more other Projects tendered in this Call, for which EPAs are awarded. As indicated above, such incremental costs or cost savings, as applicable, will not be reflected in the estimate contained in the F2006 CFT Preliminary Interconnection Study Report, nor can a Bidder assume that any Project tendered by another Bidder will, or will not, be awarded an EPA, which could increase or decrease actual Direct Assignment Costs; and
- Bidders should note that under the EPA, a successful Bidder must apply to BCTC for an interconnection impact study, sign a Combined Study Agreement and pay the associated deposit within 60 days after BC Hydro selects the Bidder as a successful Bidder. Failure to do so constitutes a default under the EPA. See the EPA for further details.

12.1.5 Portfolio Studies: BC Hydro will engage BCTC to study and report on the further economic impact, if any, on BC Hydro’s transmission costs and net system energy peak losses of the interconnection of, and transmission from, multiple Projects comprised in one or more portfolios then under consideration for award of EPAs. The results of these portfolio studies will be taken in to account by BC Hydro when selecting the optimal portfolio. See section 15.4 – Quantitative Bid Price Adjustments and section 15.5 – Determination of Optimal Portfolios for further information.

The portfolio studies will also include BCTC’s identification of any portfolios in which Network Upgrades for any of the Projects in a portfolio are unlikely to be commissioned 90 days before the COD for the Project, as specified by the Bidder in its F2006 CFT Preliminary Interconnection Study Application. Portfolios so identified may result in further consideration of the Risk Assessment associated with Projects within the applicable portfolio. See section 15.3 – Risk Assessment for further information.

12.1.6 Communications: For further information, contact:

British Columbia Transmission Corporation

Market Operations: Interconnections
Suite 1100, Four Bentall Centre
1055 Dunsmuir
P.O. Box 49260
Vancouver, BC, V7X 1V5
Phone: 604.699.7381
E-mail: bctc.interconnection@bctc.com
Fax: 604.699.7539
Attention: Interconnections Manager

12.1.7 Call-specific Process/Rules: The process and rules described in this section apply **only** to Projects to be tendered in this Call and connected to the Transmission System. This process and these rules differ from those applicable under BCTC's new Open Access Transmission Tariff, which is applicable to all other interconnection and transmission applications and studies once in force. In particular, Bidders should note that for the purposes of this CFT, the terms "Direct Assignment Costs" and "Network Upgrade Costs" have the meanings given in the CFT Glossary, and any such definitions appearing in the aforesaid tariff are not applicable to this Call.

12.2 Projects Connected to the Distribution System:

12.2.1 Mandatory Requirements: A Bidder tendering a Project to be connected to the Distribution System **must**:

- have submitted to BC Hydro – Distribution Generator Interconnections a F2006 CFT Preliminary Interconnection Study Application and paid the associated study fee on or before 4:00 p.m., PPT, 24 November 2005, and
- have received a completed F2006 CFT Preliminary Interconnection Study Report from BC Hydro – Distribution Generator Interconnections on or before the Tender Closing Time.

The foregoing are Mandatory Requirements. See section 15.2 - Mandatory Requirements. **Tenders submitted by Bidders who have failed to comply with these requirements will be rejected.**

12.2.2 Study Applications: Time and resources available to BC Hydro – Distribution Generator Interconnections for study work are limited. Bidders should note that timely completion of a F2006 CFT Preliminary Interconnection Study Report is dependent on Bidders providing complete and accurate Project information with their application and responding promptly to any further inquiries made by BC Hydro – Distribution Generator Interconnections during the study period. **Bidders that fail to meet these conditions are unlikely to receive completed studies before the Tender Closing Time, and accordingly will be unable to submit a Conforming Tender.**

For purposes of this Call, F2006 CFT Preliminary Interconnection Study Reports for all Bidders will be conducted on the basis of a common F2006 CFT Preliminary Interconnection Study Application time, which is 4:00 p.m., PPT, 24 November 2005 ("Application Time"). In order to recognize this, the following rules apply, as set out in the notices posted to the CFT Website on 31 October 2005 (the "Notice Date"):

- *Preliminary Interconnection Study Application:* The BC Hydro - Distribution Generator Interconnections form of F2006 CFT Preliminary Interconnection Study Application specifies that notwithstanding its receipt by BC Hydro in advance of 4:00 p.m., PPT, 24 November 2005, it is not to be treated by BC Hydro as delivered until 4:00 p.m., PPT, 24 November 2005;

- *Pending Applications:* A Bidder that has filed a non-F2006 CFT Preliminary Interconnection Study Application for a Project before the Notice Date, in respect of which no completed study report has been issued, must on or before 4:00 p.m., PPT, 24 November 2005 submit a F2006 CFT Preliminary Interconnection Study Application in the manner set out above, and pay any associated study fee; and
- *Completed Studies:* A Bidder to whom a completed F2006 CFT Preliminary Interconnection Study Report has been issued by BC Hydro - Distribution Generator Interconnections before the Notice Date must on or before 4:00 p.m., PPT, 24 November 2005 submit a F2006 CFT Preliminary Interconnection Study Application in the manner set out above, and pay any associated study fee.

The form of the F2006 CFT Preliminary Interconnection Study Application referred to above for use in each of the foregoing circumstances were posted to the BC Hydro web site on the Notice Date.

12.2.3 Access to Facilities: By submitting a Bidder Registration Form, Bidders agree to use 4:00 p.m., PPT, 24 November 2005 as the time for their F2006 CFT Preliminary Interconnection Study Applications. Bidders will not be permitted to use F2006 CFT Preliminary Interconnection Study Reports for purposes of the Call unless they are based on a F2006 CFT Preliminary Interconnection Study Application submitted or deemed to have been submitted at 4:00 p.m., PPT, 24 November 2005. The Application Time will determine the configuration of the Distribution System and the Transmission System to be used in all of the F2006 CFT Preliminary Interconnection Studies. In the case of Projects having impacts on the Transmission system, each F2006 CFT Preliminary Interconnection Study will assume a Transmission System configuration consistent with BCTC's base case – the current and expected future configuration of the Transmission System used by BCTC for planning and study purposes – as at the Application Time. Facilities in the base case that are not fully utilized and can be used to accommodate a Project's interconnection will be taken into account in the F2006 CFT Preliminary Interconnection Study for that Project.

Following its selection, a successful Bidder may proceed with the detailed studies of its Project's interconnection to the Distribution System necessary to obtain an interconnection agreement with BC Hydro - Distribution Generator Interconnections, without having to submit another interconnection request for its Project, **only** by initiating a Design Study, in prescribed form, with BC Hydro – Distribution Generator Interconnections and paying the associated study fee, within 60 days of BC Hydro selecting the Bidder as a successful Bidder.

Successful Bidders that fail to initiate a Design Study as provided for above and unsuccessful Bidders that wish to pursue the interconnection of their Projects to the Distribution System may **only** do so by submitting a new Preliminary Interconnection Study Application. A registered Bidder may not submit a new application or request, or any application for point-to-point transmission service or distribution wheeling service (except for any portion of Plant Capacity pertaining to a split bid third party sale), in respect of its Project until the earlier of (i) the Bidder notifying BC Hydro that it is withdrawing from the Call and will not submit a Tender, (ii) the Bidder being notified by BC Hydro that its Tender has not been accepted, and (iii) 180 days after the issuance of the F2006 CFT Preliminary Interconnection Study.

12.2.4 Study Reports: BC Hydro – Distribution Generator Interconnections will release all F2006 CFT Preliminary Interconnection Study Reports to Bidders on the same day, currently scheduled for approximately two weeks before the Tender Closing Time. The F2006 CFT Preliminary Interconnection Study Report should be appended to the Project Submission submitted as part of the Tender. See the Project Submission Instructions for further information.

A F2006 CFT Preliminary Interconnection Study Report will provide:

- an estimate of the costs to design, engineer, procure, construct, install and commission Direct Assignment Facilities;
- an estimate of the costs to design, engineer, procure, construct, install and commission Network Upgrades;
- whether the Direct Assignment Facilities and Network Upgrades are unlikely to be commissioned not later than 90 days before the COD for the Project as specified by the Bidder in its F2006 CFT Preliminary Interconnection Study Application; and
- an estimate of any incremental net system distribution/transmission losses incurred by the Distribution/Transmission System resulting from the interconnection of the Project to the Distribution System.

With regard to the F2006 CFT Preliminary Interconnection Study Report, Bidders should note that:

- The study will be done on a “stand alone” basis – that is ignoring the impact, if any, on Direct Assignment Costs and/or Network Upgrade Costs of the interconnection of one or more other Projects that are tendered in this Call, for which one or more EPAs may be awarded;
- Direct Assignment Costs are distinguished from Network Upgrade Costs based on a “sole benefit” test. Interconnection and distribution/transmission-related costs incurred for the sole benefit of a particular Project will be considered Direct Assignment Costs. The decision of BC Hydro – Distribution Generator Interconnections as to whether costs are Direct Assignment Costs or Network Upgrade Costs will be final for purposes of the CFT;
- Estimates are not guaranteed by BC Hydro. Actual costs may vary from estimates. Also, estimates are based on an assumption as to the accuracy and completeness of all information furnished by the Bidder to BC Hydro – Distribution Generator Interconnections, and further subject to all assumptions, conditions and limitations set out in the F2006 CFT Preliminary Interconnection Study Report;
- A Bidder is solely responsible for the payment of all actual Direct Assignment Costs associated with its tendered Project, including any such incremental costs which may result from the interconnection of one or more other Projects tendered in this Call, for which EPAs are awarded. As indicated above, such incremental costs or cost savings, as applicable, will not be reflected in the estimate contained in the F2006 CFT Preliminary Interconnection Study Report, nor can a Bidder assume that any Project tendered by another Bidder will, or will not, be awarded an EPA, which could increase or decrease actual Direct Assignment Costs; and
- Bidders should note that under the EPA, a successful Bidder must apply to BC Hydro – Distribution Generator Interconnections for a Design Study and pay the associated study fee within 60 days after BC Hydro selects the Bidder as a successful Bidder. Failure to do so constitutes a default under the EPA. See the EPAs for further detail.

12.2.5 Portfolio Studies: The interconnection of, and transmission of energy from, one or more Projects connected to the Distribution System may have impacts on the Transmission System, including Network Upgrade Costs and/or net system energy losses. BC Hydro will engage BCTC to study and report on the impact, if any, of multiple Projects comprised in one or more portfolios then under consideration for

award of EPAs. The results of these portfolio studies will be taken in to account by BC Hydro when selecting the optimal portfolio. See section 15.4 – Quantitative Bid Price Adjustments and section 15.5 – Determination of Optimal Portfolios for further information.

The portfolio studies will also include BCTC's identification of any portfolios in which Network Upgrades for any of the Projects in a portfolio are unlikely to be commissioned 90 days before the COD for the Project, as specified by the Bidder in its F2006 CFT Preliminary Interconnection Study Application. Portfolios so identified may result in further consideration of the Risk Assessment associated with Projects within the applicable portfolio. See section 15.3 – Risk Assessment for further information.

12.2.6 Communications: For further information, contact:

BC Hydro – Distribution Generator Interconnections
333 Dunsmuir Street, 10th floor
Vancouver, BC V6B 5R3

Telephone: 604-623-4138 or 604-623-4138
Fax: 604-623-4335
e-mail: gen.connections@bchydro.com

12.3 Special Cases:

12.3.1 Split Bids: A Bidder intending to submit a Tender in respect of a Large Project consisting of a Split Bid should ensure that its F2006 CFT Preliminary Interconnection Study Application reflects the total Plant Capacity. Such Bidders are solely responsible for arranging whatever take-away transmission and distribution services that may be required in respect of that portion of the Project output not tendered to BC Hydro under this CFT, including timely application for all point-to-point transmission services, and distribution wheeling services if applicable.

12.3.2 Indirect Connections: Bidders intending to submit a Tender, in respect of a Project that will be indirectly connected to the Distribution System or to the Transmission System through the existing interconnection facilities of a third party, are solely responsible for ensuring that the third party submits to BC Hydro or to BCTC, in accordance with the timeframes discussed above, all necessary requests for any necessary modifications to existing interconnection facilities and any existing Interconnection Agreement and/or Facilities Agreement. See section 11 – Tendered Information and Options, Indirect Interconnection for a description of indirect connections.

12.3.3 Projects with Interconnection/Facilities Agreements: If a Bidder intends to tender a Project for which an Interconnection Agreement and/or Facilities Agreement with BCTC or with BC Hydro is in place, BC Hydro will require further Project and/or portfolio study work to be undertaken to ensure that estimates of any additional Network Upgrade Costs and net system distribution/transmission losses are available to consider when determining optimal portfolios. Accordingly, such Bidders are still required to follow the procedures for *Completed Studies* outlined in section 12.1.2, or in section 12.2.2, as the case may be.

13. ELECTRICITY PURCHASE AGREEMENTS:

13.1 Prescribed EPA Form:

Prescribed forms of the Large Project EPA and Small Project EPA are posted to the CFT Website. The risk profile and terms and conditions of these two forms of EPA are materially different. Bidders should ensure that before submitting a Tender they have carefully reviewed, taken any necessary professional advice upon, and fully understand the prescribed form of EPA that is applicable to their tendered Project.

A successful Bidder that is awarded an EPA under this CFT is required to execute and deliver an electricity purchase agreement in a prescribed form. This form consists of:

- (i) the Large Project EPA or the Small Project EPA, as applicable, including the applicable Parts of Appendix 10 (Large Project EPA) or Appendix 9 (Small Project EPA) to that form as indicated in section 11 – Tendered Information and Options, modified only by,
- (ii) Project-specific changes, if any, approved or prescribed by BC Hydro as outlined below, and
- (iii) completed with the Bid Price and other Project-specific information designated in the Tender for inclusion in the EPA,

together with the Performance Security required under the Awarded EPA, both within 15 days after BC Hydro has delivered a notice of award and the executable Awarded EPA to the Bidder.

The Awarded EPA is not negotiable.

13.2 Seller's Plant Description – Pre-Tender Submission:

The prescribed form of EPA requires the completion of an Appendix, being the Seller's Plant Description, which consists of a Project technical description (*CFT Form # 2*).

Bidders must complete *CFT Form # 2 - Seller's Plant Description Form* and submit the completed form to BC Hydro not later than 45 days before the Tender Closing Time.

CFT Form # 2 – Seller's Plant Description Form is a form field document and may be downloaded from the CFT Website in Word format. Follow the instructions on the form. Tab through the fields to complete the information required.

The completed form should be delivered personally or by courier or by email to the CFT Records Manager as follows:

**BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager**

email: [to be provided at Call issuance]

13.3 Project-specific Changes to EPA – Pre-Tender Submission:

A Bidder may request Project-specific changes to the prescribed form of EPA to accommodate its technology and operating scenarios. Changes will be included in an Awarded EPA only if approved in writing by BC Hydro before the Tender Closing Time.

Requests may be made from time to time, but **all requests must be made not later than 45 days before the Tender Closing Time.**

Approved changes will be limited to those which, in BC Hydro's opinion, do not alter materially the benefit to, or burden upon, BC Hydro under the EPA or give the Bidder an unfair preference over other Bidders. BC Hydro may decline to give reasons for approving or not approving a requested change. BC Hydro is not obliged to disclose to all Bidders before filing of executed Awarded EPAs with the BCUC change requests made by any Bidder, or BC Hydro's decision on any requested change. BC Hydro's decision to approve or not to approve a requested change is final.

Whether or not a Bidder exercises its right to request changes to the prescribed form of EPA, BC Hydro may prescribe Project-specific modifications to the EPA to accommodate Project-specific technology and operating scenarios. Such changes will be notified to the affected Bidder not later than 30 days before the Tender Closing Time. Project-specific changes prescribed by BC Hydro and notified to a Bidder before the Tender Closing Time will be included in any Awarded EPA with that Bidder.

BC Hydro will advise Bidders as soon as practicable after receiving a change request whether the request is approved by BC Hydro and will confirm approved changes in writing to the Bidder.

Each Project-specific change request must be in writing, identifying the Bidder and Project by name, and setting out (i) the specific contractual wording change requested (which may be in the form of a black lined copy of the EPA or relevant portion thereof or in such other form as the Bidder considers appropriate), and (ii) a brief statement of the reason for the change. Multiple change requests can be combined in one submission.

Change requests should be delivered personally or by courier or by email to:

**BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager**

email: [to be provided at Call issuance]

14. TENDER SUBMISSION:

14.1 Tender Instructions:

This section 14 summarizes important information regarding the preparation and submission of Tenders. For further detailed instructions, Bidders should refer to the particular CFT Forms referenced below.

14.2 Required Tender Submissions:

A complete Tender consists of the following, properly completed and signed:

- **One** originally signed and properly completed Tender Form (*CFT Form # 3 or 4*, as applicable), in a sealed envelope,
- **One** originally signed Bid Price/Options Form (*CFT Form # 5 or 6*, as applicable), in a separate sealed envelope,
- **One** originally signed and **Two** photocopies of a Project Submission, each in a 3 ring binder,
- **One** CD containing one electronic copy of the Bid Price/Options Form only, in Word format, and
- **One** originally signed Tender Security in the prescribed or approved form.

The complete Tender should be delivered personally or by courier to BC Hydro in a single sealed envelope or box, labeled as indicated in the applicable Tender instructions.

Bidders should not make deletions, additions or other modifications to the prescribed Tender forms, except where the form instructions specifically permit. Bidders should not add to the prescribed Tender forms or otherwise incorporate in their Tender any qualification, condition or other term not specifically permitted by the CFT or the form instructions. **Failure to comply with the foregoing may render the Tender a Non-Conforming Tender, with the result that it will be rejected.**

14.3 Tender Form:

The prescribed Tender Form on the CFT Website must be used. Tenders for Large Projects must use the Large Project Tender Form (*CFT Form # 3*). Tenders for Small Projects must use the Small Project Tender Form (*CFT Form # 4*).

The applicable Tender Form is a form field document and may be downloaded in Word format. Complete the form by tabbing through and completing the form fields.

14.4 Bid Price/Options Form:

The prescribed Bid Price/Options Form on the CFT Website must be used. Tenders for Large Projects must use the Large Project Bid Price/Options Form (*CFT Form # 5*). Tenders for Small Projects must use the Small Project Bid Price/Options Form (*CFT Form # 6*).

The Bid Price/Options Form is a form field document and may be downloaded in Word format. Complete the form by tabbing through and completing the form fields.

These forms should be complete with the Bidder's Bid Price and elections regarding various tendered options as set out on the form.

14.5 Project Submission:

Each Bidder should prepare a Project Submission to provide the information regarding the Bidder, its team and the Project, which will be considered by BC Hydro in Tender assessment and evaluation, including particularly verifying compliance with Mandatory Requirements set out in section 15.2 – Mandatory Requirements, and carrying out a Risk Assessment as outlined in section 15.3 – Risk Assessment.

In preparing the Project Submission, Bidders should review carefully and follow the Project Submission Instructions on the CFT Website. These instructions contain important information on the proper preparation of this part of the Tender.

14.6 Tender Signing:

The Tender Form, the Bid Price/Options Form, and the Project Submission must be signed on behalf of the Bidder by a person or persons authorized to legally bind the Bidder.

If the Bidder is a corporation, the forms must be signed by one or more directors or officers of the corporation, and if the corporation has, or is required by law to have a corporate seal, then the corporate seal should be affixed.

If the Bidder is a joint venture, the forms must be signed by each joint venturer. The signature requirements of each joint venturer will depend on the legal nature of the entity, whether a corporation or otherwise, as set out in this section.

If the Bidder is a general partnership, the forms must be signed by each partner. The signature requirements of each partner will depend on the legal nature of the entity, whether a corporation or otherwise, as set out in this section.

If the Bidder is a limited partnership, the forms must be signed by the general partner as representing the partnership. The signature requirements of the general partner will depend on the legal nature of the entity, whether a corporation or otherwise, as set out in this section.

If the Bidder is a legal entity, other than a corporation, joint venture, general partnership or limited partnership, it should submit a question to BC Hydro under the Q&A process to clarify signing formalities for that entity.

One of the persons signing the Tender Form and the Bid Price/Options Form should also initial each page of the forms where indicated on the form for identification.

14.7 Tender Security:

Each Tender must be accompanied by a Tender Security delivered to BC Hydro on or before the Tender Closing Time.

Tender Securities must be originals, executed by the issuing bank or financial institution, and where applicable advising bank or financial institution. Electronic, fax or photocopy deliveries will not be accepted, and any Tender for which an original, executed Tender Security is not delivered to BC Hydro on or before the Tender Closing Time will be rejected.

A Tender Security must meet the following requirements:

- A clean, irrevocable and unconditional letter of credit in favour of “British Columbia Hydro and Power Authority” in substantially the form of the Form of Tender Security on the CFT Website , or such other clean, irrevocable and unconditional letter of credit form as BC Hydro may approve in writing before the Tender Closing Time on request of the Bidder as outlined below,
- The Tender Security must be issued or advised by a branch in Vancouver, Canada of a bank or financial institution where the issuing bank or financial institution has a credit rating not less than Standard & Poor’s A-, Moody’s A3 or Dominion Bond Rating Service A (low) and if such credit rating agencies publish differing credit ratings for the same bank or financial institution, the lowest credit rating of any of the credit rating agencies shall apply for purposes of this section,

- The Tender Security must have an expiry date not earlier than the day which is 60 days after the scheduled EPA Award Date shown on the CFT Schedule, and
- The Tender Security must be in a principal amount determined as follows:
 - For Large Projects, \$10,000/MW (based on annual firm tendered energy in MWh, divided by 8760), or
 - For Small Projects, the greater of (i) \$5,000/MW of Plant Capacity, or (ii) \$5,000.

Bidders may request that BC Hydro approve an alternate form of clean, irrevocable and unconditional letter of credit by submitting a written request, sent by personal or courier delivery or by email to BC Hydro not later than 30 days before the Tender Closing Time, as follows:

BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager

email: [to be provided at Call issuance]

All fees and costs in connection with the issue, advisement, confirmation and maintenance of the Tender Security are for the account of, and must be paid by, the Bidder.

The Tender Security secures the obligation of a Bidder, if awarded an EPA under the CFT, to execute and deliver the Awarded EPA in the prescribed form and to deliver the Performance Security required thereunder, all within 15 days after BC Hydro has delivered to the Bidder a notice of award and an Awarded EPA in executable form. If a Bidder fails to execute and deliver the Awarded EPA or to deliver the Performance Security therewith, both within the time stipulated above, BC Hydro may draw upon the Tender Security and retain the proceeds thereof as liquidated damages, and not as a penalty. Bidders are not liable to BC Hydro for any such failure for any amount in excess of the amount of the Tender Security.

If a Bidder is awarded an EPA and executes and delivers the Awarded EPA and delivers the Performance Security within the time stipulated above, then BC Hydro will promptly return the Tender Security to that Bidder.

Tenders Securities will be returned to unsuccessful Bidders promptly after their Tenders expire.

14.8 Tender Conformity:

Tenders that do not conform to the CFT requirements in any material respect will be considered Non-Conforming Tenders and will be rejected and given no further consideration. BC Hydro may waive non-conformities, which it considers to be non-material, and may define materiality for that purpose. Tenders that meet the CFT requirements, or in respect of which BC Hydro has waived all non-conformities, will be considered Conforming Tenders and given further consideration. BC Hydro's decisions on materiality and Tender conformity are final.

Bidders who are in any doubt whatsoever as to the CFT requirements for Tender submission or conformity are strongly urged to submit questions to BC Hydro under the Q&A process well before the

Tender Closing Time, and in any event not later than the latest date for submitting questions in the Q&A process, to ensure that they clearly understand and can comply with all CFT requirements.

14.9 Timely Submission of Tenders:

Tenders, including the required Tender Security, must be submitted by delivery to BC Hydro personally or by courier delivery on or before the Tender Closing Time on or before 4:00 p.m., PPT on the day on which the Tender Closing Time occurs.

To determine the Tender Closing Time, consult the latest version of the CFT Schedule posted to the CFT Website.

If all or any part of a Tender, including the required Tender Security, is submitted after the Tender Closing Time, regardless of the reason for late submission, that Tender will be rejected without further consideration.

14.10 Place and Format for Submission of Tenders:

Tenders must be submitted in a sealed envelope or box, addressed and delivered on or before the Tender Closing Time, on a Business Day and between the hours of 9:00 a.m., PPT to 4:00 p.m., PPT, personally or by courier delivery to:

**BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: CFT Records Manager**

The sealed envelope or box should be addressed as indicated above and also bear the Bidder's name and address.

Electronic, fax, or photocopy delivery of Tenders, including the Tender Security, in lieu of originally signed delivery, will not be accepted, and any Tender so delivered will be rejected.

14.11 Tenders Binding and Irrevocable:

A Tender constitutes a legally binding offer to enter into an electricity purchase agreement in the form of the Awarded EPA described in section 13 above and to deliver the Performance Security required under the Awarded EPA, both within the time stipulated in section 13.

Tenders are irrevocable, may not be amended or revoked, and are open for acceptance by BC Hydro from and after the Tender Closing Time until 4:00 p.m., PPT on the 180th day following the Tender Closing Time, or if that day is not a Business Day, then at that time on the next following Business Day.

15. TENDER ASSESSMENT, EVALUATION AND AWARD:

15.1 Overview:

Tenders will not be opened publicly. Following receipt of Tenders and completion of a conformity review, BC Hydro will conduct the Tender assessment and evaluation of Conforming Tenders and award as follows:

- *Initial Assessment:*
 - Mandatory Requirements Review,
 - Risk Assessment,
- *Quantitative Bid Price Adjustments:*
 - Determine Levelized Bid Prices,
 - Apply Bid Price Adjustments,
- *Determination of Optimal Portfolios.*

The foregoing steps will be carried out separately for Large Projects and for Small Projects.

Depending upon the number of Tenders submitted and the distribution of Bid Prices, in order to utilize its evaluation resources efficiently and effectively, BC Hydro may establish, after Tenders are submitted and opened, a maximum Bid Price for evaluation purposes, or another mechanism, for either or both of Large Projects and Small Projects in order to eliminate from further consideration any Tenders that are clearly non-competitive. The maximum price or other mechanism for Large Projects will not necessarily be the same as the maximum price or other mechanism for Small Projects. Tenders determined by BC Hydro as being clearly non-competitive, will not necessarily be considered further.

15.2 Mandatory Requirements:

Conforming Tenders will be reviewed to determine on a “pass/fail” basis whether they meet Mandatory Requirements.

BC Hydro will determine compliance with Mandatory Requirements using information contained in the Project Submission. BC Hydro may seek clarifications from the Bidder and/or undertake further investigation concerning a Project or a Bidder, but BC Hydro is not obliged to do so. While BC Hydro may seek further Project or Bidder information, Bidders will not be permitted to amend or re-tender data tendered in the Bid Price/Options Form. Therefore, each Bidder should review carefully the Project Submission Instructions and ensure that all information called for by those instructions is included in the Project Submission to be submitted as part of its Tender.

The Mandatory Requirements are:

- *Project Location:* Projects must be located in British Columbia, which includes Canadian and British Columbia territorial waters;
- *Project Size:* The minimum size of qualifying Projects is greater than 0.05 MW of Plant Capacity for Small Projects and 10 MW for Large Projects;
- *Generation Technology:* All “proven” generation technologies (except for nuclear technology) are eligible. For this purpose “proven” technologies are generation technologies, which are readily available in commercial markets and in commercial use (not demonstration use only), as evidenced by at least 3 generation plants (which need not be owned or operated by the Bidder) generating electrical energy for a period of not less than 3 years, to a standard of reliability generally required by Good Utility Practice and the terms of the EPA. Prototype and near commercial technologies do not qualify;

- *Project Type:* Projects may be new, refurbished, incremental or existing generation, except as noted below. Incremental generation from existing, connected and synchronized generators is not eligible. However, incremental generation from additional generator units to be installed in existing connected and synchronized facilities is eligible, provided that the incremental portion of the facility generation is separately metered at the new generator unit. Generation projects, which have received, or are entitled to receive, funding through a load displacement or demand side management contract with BC Hydro are not eligible. Existing generation from facilities inside a BC Hydro customer's fence that did not receive funding through a contract with BC Hydro is not eligible, unless those Projects ceased to be synchronized with the Integrated System before 1 January 2004;
- *Interconnection:* Projects that are located within the Integrated System Area must:
 - be metered separately, and
 - have an interconnection to the Integrated System, and for this purpose an interconnection includes a direct interconnection to the system, or an indirect interconnection through (i) a host facility, (ii) a private transmission or distribution line, or (iii) a transmission system owned and/or operated by a third party, other than BCTC, such as the Fortis system.

See the definition of Integrated System Area in the CFT Glossary and note that certain areas, such as the Fort Nelson service area, are excluded from the Integrated System Area for purposes of this CFT.

Projects, other than Projects within the Fort Nelson service area, which are not located within the Integrated System Area, will be eligible, but the point of delivery under the EPA must be at a specified interconnection point on the Integrated System, and the Bidder must bear all costs of transmission and energy losses to that point. Also, the Project must be metered separately at the generator and calibrated for energy losses to the point of delivery. Losses between the meter and the point of delivery will be deducted from generation metered at the generator for payment purposes under the EPA;

- *Interconnection Study Application and Agreement:* All Bidders must have submitted a F2006 CFT Preliminary Interconnection Study Application, including in the case of a Project to be connected to the Distribution System, payment of the required study fee by the deadline specified in section 12 – Interconnection Matters, and have a completed F2006 CFT Preliminary Interconnection Study Report, to be submitted with their Tender. The Bidder's Interconnection Study Application, any additional information furnished by the Bidder to support the study and the F2006 CFT Preliminary Interconnection Study Report must be based upon information that is consistent in all material respects with the Bidder's Tender.
- *No Current Contracts:* Except as noted below, a Project, whether or not currently in operation, in respect of which output is under contract to BC Hydro or any other person (including any right of first refusal or similar entitlement) providing for energy delivery from or at any time after the tendered COD and during all or any part of the tendered Term is not eligible for tendering under this CFT. An exception applies in cases where the other contract or entitlement may be lawfully terminated at the option of the Bidder or to the extent that such other contract or entitlement can be accommodated by a Split Bid on a Large Project. However, an existing contract with BC Hydro that is subject to termination by Bidder must be terminated and any termination payment due must be paid on or before 20 December 2005.

BC Hydro will determine on a “pass/fail” basis whether a Tender meets the Mandatory Requirements. BC Hydro’s decisions on compliance with Mandatory Requirements are final.

Bidders who are in any doubt whatsoever as to whether their Project meets the Mandatory Requirements are strongly urged to submit questions to BC Hydro under the Q&A process well before the Tender Closing Time, and in any event not later than the deadline for submitting questions in the Q&A process, to ensure that they clearly understand whether and how their Project can meet those requirements.

15.3 Risk Assessment:

Conforming Tenders that pass the Mandatory Requirements review will undergo a Risk Assessment on a “pass/fail” basis. In the Risk Assessment, BC Hydro will assess each Tender in respect of (i) *Development Risk*, and (ii) *Performance Risk*.

BC Hydro will carry out the Risk Assessment using information contained in the Project Submission. BC Hydro may seek clarifications from the Bidder and/or undertake further investigation concerning a Project, but BC Hydro is not obliged to do so. Therefore, Bidders should review carefully the Project Submission Instructions and ensure that all information called for by those instructions is included in the Bidder’s Project Submission to be submitted as part of its Tender.

Development Risk involves an assessment of the likelihood that the Project can achieve COD, and any required Network Upgrades can be in service, by the tendered COD.

Performance Risk involves an assessment of the likelihood that the Project will be technically capable to perform substantially in accordance with the EPA.

The Risk Assessment will take into account the impact of the following on *Development Risk* and *Performance Risk*, as applicable, and having regard to the tendered Project data (other than pricing data), including particularly the Guaranteed COD or Target COD, and Firm Energy Profile, if applicable:

- *Experience*: The development and operating experience of the Bidder and/or its Project team;
- *Financial Strength*: The financial capacity and creditworthiness of the Bidder and/or persons who Control the Bidder; and
- *Project Status*: The status, including where applicable any pending or threatened delays in completing, of:
 - Project scheduling,
 - Debt and equity financing,
 - Site acquisition,
 - Site servicing planning, strategy and contracting,
 - The availability and useful life of key Project equipment,
 - Permitting, including any rezoning issues,
 - GHG mitigation planning and strategy, if applicable,

- Community and any First Nations consultation,
- Design and engineering,
- Procurement and construction planning and strategy,
- Operating plan and strategy,
- Fuel or energy source supply and transportation planning and strategy, including status of water licensing as applicable,
- Unresolved interconnection issues, if any,
- Pending or threatened litigation or other legal disputes,
- Pending or threatened labour disputes,
- Contingency planning and strategy to deal with COD delay and performance risks, and
- Such other matters pertaining to the Bidder or the Project as may, in BC Hydro's opinion, impact the *Development Risk* or the *Performance Risk*.

Tenders that in BC Hydro's opinion pose a *Development Risk* and/or *Performance Risk*, which is unacceptable to BC Hydro, having regard to its obligation to serve its customers, will fail the Risk Assessment, be rejected and given no further consideration. Tenders that in BC Hydro's opinion do not pose unacceptable risks will pass the Risk Assessment and will be further considered as outlined below. BC Hydro's pass/fail determinations in respect of the Risk Assessment are final.

15.4 Quantitative Bid Price Adjustments:

Conforming Tenders that pass the Mandatory Requirements review and the Risk Assessment will undergo price levelization and Bid Price adjustment to determine the Adjusted Bid Price, as follows:

- *Price Levelization:* In order to compare pricing of Tenders reflecting different EPA CODs and/or Terms, and/or Two-Part Term pricing and different tendered escalation rates, Bid Prices will be levelized, for Tender evaluation purposes only, to 1 January 2006 constant dollars;
- *Large Projects:* Bid Prices for Large Projects will be adjusted, **for Tender evaluation purposes only**, as follows:
 - Green Credit: For Large Projects that can achieve EcoLogo^M Certification and have elected to transfer Green Attributes to BC Hydro (see section 11 – Tendered Information and Options above), the levelized Bid Price will be reduced by \$3.00/MWh. (Note that under the EPA, if such a Project subsequently fails to obtain or maintain such certification or transfers Green Attributes to a government under a government incentive program, the price paid to the Bidder under the EPA will be reduced by a like amount, adjusted for escalation from 1 January 2006. See the Large Project EPA for further information on that price adjustment.);
 - Hourly Firm Adjustment: For Large Projects for which the Bidder elects to tender the Hourly Firm Energy Profile (see section 11 – Tendered Information and Options above), the levelized Bid Price will be reduced by \$3.00/MWh;

- Interconnection and Transmission Adjustment: Levelized Bid Prices for Large Projects will be adjusted to take into account any interconnection/transmission-related costs and losses, the burden of which will fall, directly or indirectly, on BC Hydro, as a result of the Project being interconnected to the Integrated System and energy being transmitted from the Project to the load centre. Initially these adjustments will be assessed on a Project stand-alone basis, using information from the F2006 CFT Preliminary Interconnection Study (i.e. Network Upgrade Costs to the nearest cut-plane, and net system energy losses), as well as information posted on the BCTC website (i.e. cut plane costs to the nearest bulk system, and the cost of incremental firm transmission along the bulk system to the Lower Mainland). BC Hydro may identify “clusters” of two or more Projects where (i) further cut-plane costs result from the cluster, as opposed to individual Projects considered on a stand-alone basis, and/or (ii) the allocation of cut-plane costs may be different from the allocation that would apply if the Projects were considered on a stand-alone basis. The financial impact on BC Hydro of these cluster effects may result in further adjustments to the levelized Bid Prices of those Projects within such clusters. BC Hydro may also identify portfolios of Tenders for further assessment by BCTC, to further refine the interconnection and transmission adjustment, taking into account the impact of any interconnection/transmission interdependencies between Projects in a given portfolio.
- GHG Adjustment: For a Large Project for which the Bidder has elected to transfer to BC Hydro the obligation to purchase GHG-related Compliance Units based on a tendered GHG intensity, levelized Bid Prices will be increased by an amount determined from the GHG Adjustment Table.
- *Small Projects:* Bid Prices for Small Projects will be adjusted, **for Tender evaluation purposes only**, as follows:
 - Green Credit: For Small Projects that can achieve EcoLogo^M Certification and have elected to transfer Green Attributes to BC Hydro (see section 11 – Tendered Information and Options above), the levelized Bid Price will be reduced by \$3.00/MWh. (Note that under the EPA, if such a Project subsequently fails to obtain or maintain such certification or transfers Green Attributes to a government under a government incentive program, the price paid to the Bidder under the EPA will be reduced by a like amount, adjusted for escalation from 1 January 2006. See the Small Project EPA for further information on that price adjustment.);
 - Interconnection and Transmission Adjustment: Levelized Bid Prices for Small Projects will be adjusted to take into account any interconnection/transmission-related costs and losses, the burden of which will fall, directly or indirectly, on BC Hydro, as a result of the Project being interconnected to the Integrated System and energy being transmitted from the Project to the load centre. Initially these adjustments will be assessed on a Project stand-alone basis, using information from the F2006 CFT Preliminary Interconnection Study (i.e. Network Upgrade Costs to the nearest cut-plane, and net system energy losses), as well as information posted on the BCTC website (i.e. cut plane costs to the nearest bulk system, and the cost of incremental firm transmission along the bulk system to the Lower Mainland). BC Hydro may identify “clusters” of two or more Projects where (i) further cut-plane costs result from the cluster, as opposed to individual Projects considered on a stand-alone basis, and/or (ii) the allocation of cut-plane costs may be different from the allocation that would apply if the Projects were considered on a stand-alone basis. The financial impact on BC Hydro of these cluster effects may result in further adjustments to the levelized Bid Prices of those Projects within such clusters. BC

Hydro may also identify portfolios of Tenders for further assessment by BCTC, to further refine the interconnection and transmission adjustment, taking into account the impact of any interconnection/transmission interdependencies between Projects in a given portfolio.

- **GHG Adjustment:** For a Small Project for which the Bidder has elected to transfer to BC Hydro the obligation to purchase GHG-related Compliance Units based on a tendered GHG intensity, levelized Bid Prices will be increased by an amount determined from the GHG Adjustment Table. Note that this adjustment does not apply to Mini-Projects, which may not transfer GHG obligations to BC Hydro.

All levelization and Bid Price adjustments described above are made only for Tender evaluation purposes. Payments to Bidders under EPAs will be based on the tendered Bid Price, however the Adjusted Bid Price will be used to quantify any liquidated damages associated with any delivery shortfalls as determined under the Large Project EPA.

15.5 Determination of Optimal Portfolios:

BC Hydro will determine the optimal Large Project portfolio and the optimal Small Project portfolio by applying first price, using the Adjusted Bid Prices, and then certain non-price criteria.

The determination of the optimal portfolios will take into account BC Hydro's commitment to acquiring an electricity supply that is low cost in quantities sufficient to meet its planned needs, and particularly its target procurement quantities of firm energy of 800 GWh/year for COD on or before 1 November 2009 and 1,600 GWh/year for COD on or before 1 November 2010.

BC Hydro is targeting (i) a Large Project portfolio consisting of 50% BC Clean Electricity, based on aggregate firm energy under Awarded EPAs, and (ii) a Small Project portfolio consisting of 50% BC Clean Electricity, based on aggregate Plant Capacity of Projects under Awarded EPAs. Consequently, a Project that meets the definition of BC Clean Electricity may have an advantage in the Tender evaluation.

A portfolio may consist of one or more Tenders.

In determining the optimal portfolios, BC Hydro may consider and apply, in addition to Adjusted Bid Prices and other factors indicated above, non-price criteria, including:

- The appropriate quantity of energy to be purchased and optimal COD, having regard to the most current information then available on quantities and timing of BC Hydro system needs,
- Portfolio interconnection and transmission costs and related impacts, if and to the extent not otherwise fully addressed by Bid Price adjustments,
- The benefits of firm energy, including hourly firm energy,
- The benefits of Green energy and BC Clean Electricity,
- The extent, if any, to which a Bidder elects to commit to optional GHG mitigation measures beyond those required by all applicable laws and regulations,
- The extent, if any, to which the exercise by a Bidder of the Two-Part Term Pricing option unduly accelerates payment for energy to be delivered over the entire Term,
- Opportunities to minimize or avoid adverse environmental impacts,

- Overall portfolio Development Risk and Performance Risk, having regard to the need for timely and reliable supply, including benefits of regional diversity of supply, and
- Any other public interest criteria that BC Hydro considers has not been adequately addressed by the quantitative Bid Price adjustments and consideration of other non-price criteria noted above.

While the determination of optimal portfolios will recognize a strong preference for electrical supply that is low cost, price and non-price criteria will be applied at the discretion of BC Hydro and not necessarily according to any pre-determined weighting or methodology. All criteria will be applied with a view to determining the portfolios that best serve the interests, and meet the needs, of BC Hydro and persons to whom it provides or may provide services, while respecting the regulatory need for prudence and consideration of the public interest.

The Large Project and Small Project portfolios determined by BC Hydro's evaluation team to be optimal will be recommended to BC Hydro's executive management and/or board of directors for a decision on the award of EPAs. The board of directors and senior executive management retain full and final discretion on the award of any EPAs, and the decision of BC Hydro's board of directors or senior management is final.

A report on the assessment and evaluation of Tenders, including information on pricing and the application of any non-price criteria, will be published after EPA awards are made.

Unsuccessful Bidders to whom no EPAs are awarded will be advised of the rejection of their Tenders on or after successful Bidders have been advised of the award of EPAs. BC Hydro assumes no obligation to advise unsuccessful Bidders of rejection of their Tenders before that time, regardless of the reason(s) for rejection, save and except only that BC Hydro will promptly advise Bidders who submit Tenders after the Tender Closing Time that the Tender is rejected and will promptly return such Tenders and Tender Security.

BC Hydro assumes no obligation to advise individual unsuccessful Bidders of the reason(s) for rejection of their Tenders.

The Tender(s) having the lowest Bid Price(s) or Adjusted Bid Price(s) or the lowest cost to BC Hydro, or any Tender, will not necessarily be accepted. The portfolios having the lowest cost to BC Hydro, based on Bid Prices or Adjusted Bid Prices, will not necessarily be determined to be the optimal portfolios or result in EPA awards.

BC Hydro may terminate the CFT process, as to either or both of Large Projects or Small Projects, at any time before or after the submission of Tenders, in which case no Tenders will be accepted and no EPAs will be awarded under the CFT in respect of either or both of Large Projects or Small Projects, as the case may be.

16. REGULATORY MATTERS:

EPAs awarded under this CFT are "energy supply contracts" under the *Utilities Commission Act (British Columbia)*. Accordingly, 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. The foregoing is a very brief and general summary of the

applicable regulatory framework. Bidders should seek their own legal advice on all regulatory issues associated with the CFT and any EPAs awarded under it.

By submitting a Bidder Registration Form, a Bidder agrees on behalf of itself and its Affiliates that it will not oppose, and that its Affiliates will not oppose, the filing, or unconditional acceptance for filing, of any EPA awarded under this CFT as an “energy supply contract” under section 71 of the *Utilities Commission Act* (British Columbia) or take or support any other action or proceeding to oppose such filing or acceptance. The foregoing commitment takes effect upon a Bidder Registration Form being submitted and binds a Bidder, whether or not the Bidder subsequently submits a Tender and whether or not such Tender is a Conforming Tender or is accepted.

17. GENERAL TERMS AND CONDITIONS:

17.1 Acceptance of Terms:

By submitting a Tender, whether or not a Conforming Tender and whether or not the Tender is accepted, a Bidder represents, warrants and agrees that it has read carefully this CFT and that it accepts, is bound by, and has complied and will comply, with all the terms and conditions of this CFT.

17.2 Investigation:

Bidders should fully investigate and inform themselves of all aspects of the opportunity associated with this CFT and all matters impacting their quoted price(s) and other conditions of their Tender. Bidders should review carefully all information available from time to time on the CFT Website, including all CFT Forms and CFT Reference Documents and all Addenda that may be issued, and obtain such legal and other professional advice as is necessary for the Bidder to have a complete understanding of the CFT, including all such agreements and related risks. If a Bidder discovers any error, omission, conflict, inconsistency or ambiguity in this CFT or any document referenced herein, it should seek clarification from BC Hydro before submitting a Tender. BC Hydro is not liable for any claim, whether for reimbursement of costs or otherwise, arising from any failure of a Bidder to investigate and inform itself, or seek clarification, as required.

17.3 Code of Conduct:

Each Bidder, by submitting a Tender, represents and warrants that it has read carefully, and it has complied, and will comply, with the BC Hydro Code of Conduct Guidelines Applicable to BC Hydro Contracts.

17.4 Costs:

Bidders are responsible for all costs incurred by them in connection with this CFT, including the preparation of any Tender and any other submission and the execution and delivery of any agreements arising therefrom.

17.5 Limitation of Liability:

BC Hydro (which in this section includes BC Hydro, its Affiliates, and their respective directors, officers, employees and agents) incurs no liability whatsoever to any person that is not registered as a Bidder or that fails to submit a Conforming Tender.

BC Hydro is not liable to any Bidder that files a Conforming Tender for:

- (a) any loss of profits, loss of opportunity, or indirect, consequential, punitive or exemplary losses or damages, whether or not a Tender is submitted or whether or

not an EPA is awarded as a result thereof, and each Bidder waives any claim for any such loss or damage, or

- (b) any loss, damage, cost or expense in excess of the Bidder's actual, direct costs associated with the preparation and submission of a Tender, and

resulting directly or indirectly from any breach by BC Hydro of any term, condition, duty or obligation under, or with respect to, this CFT or the CFT process or any act or omission by BC Hydro of any nature or kind whatsoever, whether or not negligent, relating to this CFT or the CFT process. BC Hydro is not liable for any statement or other act or omission of BCTC or any other third person in relation to this CFT.

By submitting a Bidder Registration Form, a Bidder agrees to be bound by the foregoing exclusion and limitation of liability. The foregoing take effect upon a Bidder Registration Form being submitted and binds a Bidder, whether or not the Bidder subsequently submits a Tender and whether or not such Tender is a Conforming Tender or is accepted.

17.6 Non-Compliant Communications:

BC Hydro is not responsible for any information, whether oral or written or in any other form, given to, or relied upon, by a Bidder, which is not posted to the CFT Website or provided in writing by the CFT Records Manager.

17.7 BC Hydro Request for Further Information/Meetings:

BC Hydro may, but is not required to, request that a Bidder provide further information, clarification, or verification concerning a Tender or other communication received from a Bidder after submission of the relevant document. All requests and responses will be in writing. BC Hydro reserves the right to meet separately at any time with one or more Bidders where BC Hydro, in its discretion, considers such a meeting necessary. A Bidder will attend a meeting, if any, requested by BC Hydro. BC Hydro is not obliged to meet with any or all Bidders, whether or not it meets with one or more Bidders.

17.8 Unsolicited Information not Considered:

BC Hydro is not bound to accept or consider any information concerning a Tender that is not contained in: (i) the Tender, (ii) any amendment to the Tender delivered before the Tender Closing Time, or (iii) any written response to a written request from BC Hydro for further information, clarification or verification. Notwithstanding the foregoing, BC Hydro may undertake such further or other investigation concerning a Bidder and/or a Project as it considers necessary in connection with the consideration of a Tender, including contacting governmental and regulatory agencies and authorities, but BC Hydro is not obliged to do so.

17.9 Tender Withdrawal or Amendment:

A Bidder may withdraw or amend its Tender only by delivering a written withdrawal notice or an amended form to BC Hydro on or before the Tender Closing Time, at the location and in the manner designated herein for delivery of Tenders. Submitted Tenders may not be withdrawn or amended after the Tender Closing Time.

17.10 Ownership of Documents:

All Tenders, all documents submitted therewith, and all other Bidder submissions under or in relation to this CFT, will be retained by, and become the property of, BC Hydro, provided however that BC Hydro does not thereby acquire any ownership interest in intellectual property embodied therein.

17.11 BC Hydro Discretion:

Bidders acknowledge that they will have no claim whatsoever against BC Hydro, its directors, officers, employees, agents, consultants or advisors as a result of, or in any way related to, the exercise of any discretion exercisable by BC Hydro under or in relation to this CFT, including without limitation any discretion exercisable in relation to Tender evaluation and award of EPAs. Any such discretion is exercisable by BC Hydro in its sole and unfettered discretion, whether or not so stated.

17.12 BC Hydro Advisors:

Bidders acknowledge that they will have no claim whatsoever against any consultant or advisor to BC Hydro, or the respective directors, officers, employees, partners and shareholders of any such advisor, as a result of any act or omission, whether or not negligent, by any of them.

17.13 No Implied Terms:

Bidders acknowledge that there are no terms, conditions, representations or warranties with respect to, or forming part of, this CFT, except as expressly set out herein.

17.14 Confidentiality:

BC Hydro may disclose with or without attribution to a particular Bidder to (i) BC Hydro's consultants and advisors, (ii) the Government of British Columbia, (iii) any regulatory proceeding, or (iv) as it may otherwise consider necessary or desirable to provide an adequate public report of the outcome of the CFT, all or any part of a Tender, including price and non price data, or any other information provided by a Bidder to BC Hydro in connection with the CFT, save and except only financial statements of a Bidder or any provider of equity funding or guarantee support in respect of debt, which may be contained in a Tender, and which are not otherwise in the public domain.

17.15 General Partnerships and Joint Ventures:

If there are co-Bidders in respect of a Tender or if the Bidder is a general partnership or joint venture, each co-Bidder, each partner or each joint venturer, as the case may be, is jointly and severally liable, and not severally liable only, to BC Hydro under and in relation to that Tender and any agreement arising therefrom.

17.16 Proceedings:

BC Hydro may in its sole and unfettered discretion reject any Tender or rescind an award of an EPA (prior to execution and delivery of the EPA by both BC Hydro and the Bidder) without any liability to BC Hydro, other than the obligation to return the Tender Security and/or Performance Security, if at any time prior to full execution of the EPA there is any order or judgment, or pending or threatened proceeding, against the Bidder and/or BC Hydro commenced by any third person(s) in any court or before any regulatory body or any arbitrator, which may prevent or delay the execution or performance by either or both parties under the EPA.

17.17 No Collusion:

Each Bidder that submits a Tender represents and warrants to BC Hydro that its Tender has been fairly prepared without collusion or fraud and in particular and without limitation: (i) the price(s) in its Tender has been arrived at independently from that of any other Bidder, (ii) no attempt has been made, nor will be made, to induce any other person not to submit a Tender or take any other act or omission for the purpose of restricting competition; and (iii) the Bidder has required its consultants, advisors and contractors to comply with the foregoing provisions. The foregoing does not preclude a Bidder holding a

financial interest, whether by way of ownership, in whole or in part and directly or indirectly, or otherwise, in another Bidder.

17.18 No Lobbying:

Each Bidder will direct all communications to BC Hydro strictly to the person and in accordance with the communications instructions set out in section 6, and will not engage in lobbying, or otherwise communicating directly to, any other director, officer, employee or agent of BC Hydro, any consultant or advisor to BC Hydro, or any member of the Government of British Columbia.

17.19 Unavailable Service-Providers:

BC Hydro has retained the service-providers listed below in relation to the preparation and/or execution of this CFT and related matters. Accordingly, in order to avoid any actual or perceived conflict of interest, Bidders should not retain such service providers, or their Affiliates, to advise or assist them in connection with their participation in the CFT, including preparation of any submission hereunder:

Borden Ladner Gervais LLP
Lawson Lundell LLP

17.20 Prior Tenders:

Except as BC Hydro, in its discretion, determines otherwise with respect to a particular person or persons, a person may not register as a Bidder under this CFT or otherwise participate in the process outlined herein in respect of any project which is currently the subject of a tender or proposal, pending or accepted, that has been submitted to BC Hydro under any other power procurement program, which tender or proposal has not expired or been rejected by BC Hydro, or which project was subject to any electricity purchase agreement with BC Hydro where that electricity purchase agreement was terminated by the seller within 24 months prior to submitting a Tender under this CFT.

17.21 Legal Counsel:

Lawson Lundell LLP and Borden Ladner Gervais LLP have provided and continue to provide legal advice to BC Hydro in respect of this CFT and all matters referred to in this CFT. By submitting a Bidder Registration Form, the Bidder expressly consents to Lawson Lundell LLP and Borden Ladner Gervais LLP continuing to represent and advise BC Hydro in respect of this CFT and all matters referred to in this CFT, notwithstanding that either of such law firms may have non-confidential information of the Bidder and notwithstanding any unrelated solicitor-client relationship that the Bidder may have or previously has had with Lawson Lundell LLP or Borden Ladner Gervais LLP.

17.22 Violation of CFT Conditions:

Bidders acknowledge that BC Hydro may in its discretion disqualify any Tender or rescind any award of an EPA if a Bidder violates any term or condition set out in this CFT, whether before or after the submission of a Tender.