

**BC Hydro F2006 Open Call for Power
First Nations and Stakeholder Engagement Plan
Phase 2 Update July 2005**

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

Introduction

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

Since 2000 BC Hydro has completed successive calls to the private sector resulting in the development and purchase of a variety of energy products. With the F2006 Call, BC Hydro is committed to early, broad and productive dialogue. While BC Hydro has determined the approximate quantity and timing of its energy shortfall, other aspects of the Call have been shaped and will continue to be shaped with input from potential bidders, First Nations, regulators, customers and stakeholders. BC Hydro believes this input will improve both the approach to and outcomes of the F2006 Call, and will lead to stronger relationships among the complex and dynamic community of interests related to power procurement.

Engagement Objectives and Approach

For this Call BC Hydro is building on the existing practice of obtaining input on Call elements from potential bidders by expanding the dialogue and opportunity to comment to include First Nations, regulators, customers and stakeholders. Through open meetings, existing relationships and written submissions, BC Hydro will continue to seek input from these parties throughout the Call design process. BC Hydro will weigh and incorporate where appropriate the various perspectives of participants while making the final decision about the Call design and characteristics.

BC Hydro's objectives for First Nations and stakeholder engagement for the F2006 Call are to:

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

In order to meet these objectives BC Hydro will:

- provide regional opportunities for external dialogue and input before issuing the Call;

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

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

Phase 1 Engagement in Call Design (March to June 2005)

To strike a balance between regional accessibility and capturing the efficiency and synergy created through a central workshop, BC Hydro held four Regional Information Sessions (Prince George, Kamloops, Nanaimo and Vancouver) and one supplier-focused technical workshop held in Vancouver. Over 200 participants attended the five sessions and engaged in direct dialogue with BC Hydro's technical Call team. Over 1000 written comments were received through meetings and written submissions on the proposed Call aspects, as well as on the First Nations and stakeholder engagement process itself. Based on comments received and updated supply/demand balance forecasts, BC Hydro has made revisions to the Call documents.

Engagement with First Nations included opportunities to participate in the regional and Vancouver-based sessions, plus potential for separate dialogue to understand the unique interests of First Nations.

As BC Hydro has pre-existing relationships with many parties, in addition to the regional and technical sessions BC Hydro also held additional meetings as requested.

Phase 2 Engagement in Call Design (July 2005 to Call Issue)

The Phase 1 engagement and updated supply/demand forecasts resulted in Call design revisions as documented extensively in the 2005 REAP Supplemental Evidence filed with the BCUC on July 8, 2005. Phase 2 engagement in call design will move forward through a structured regulatory and a standalone public process. The [BCUC REAP](#) process offers a structured process for external parties to comment on BC Hydro's submissions. Following the BCUC process and prior to issue of the F2006 Open Call for Power, Hydro intends to offer a final comment period on the Call preliminary forms, as well as to provide feedback on the First Nations and Stakeholder Engagement process looking ahead to continuous improvement.