

BC Hydro Customer–Based Generation Question and Answers Part II

PLEASE NOTE – THE FOLLOWING Q&As ARE FOR GENERAL INFORMATION PURPOSES ONLY. IF THERE ARE ANY DISCREPANCIES BETWEEN THESE Q&As AND THE CALL FOR TENDERS AND EPA TO BE ISSUED THIS SEPTEMBER, THEN THE LATTER WILL TAKE PRECEDENCE.

New Question

Q. Will you provide links to the green certification systems identified?

A. BC Hydro has based its criteria on the leading market standards for green energy, as well regional issues and concerns. The North American market for green energy is becoming increasingly defined by two certification systems: EcoLogo by Terra Choice (Canada) and Green-E by the Center for Resource Solutions (U.S). For information on these organizations and their criteria for green energy, please see:

<http://www.environmentalchoice.com/>

<http://www.green-e.org/>

The Pembina Institute for Appropriate Development, while not a certification body, has also developed Green Power Guidelines for Canada that may be of interest for comparison purposes. To read the Guidelines, please see:

<http://www.pembina.org/>

Follow-up Responses to Workshop Questions and Answers

44. Will you be publishing your methodology for determining the ceiling price?

The CBG ceiling price shown on page 8 of the “CBG 2002 Request for Qualifications” (RFQ) package is set equal to a levelized value of electricity forward price curve. This price curve is comprised of three components:

1. **Short Term (Up to 3 Years):** Electricity prices are obtained from published forward market information available through brokers and online systems. Market prices are adjusted with wheeling charges and line losses to estimate the price at the BC – US border.
2. **Medium Term (Years 3 – 8):** Electricity prices at the BC – US border are derived from a computer simulation of the hourly supply-demand balance for the Western Electricity Coordinating Council; which includes the Western US states and BC and Alberta. BC Hydro uses the Henwood Energy Services simulation software. The simulation model accounts for transmission costs and limitations. The price of the marginal resource at the point where supply and demand are in equilibrium determines the price for that hour. Monthly and yearly average prices are obtained by aggregating the computed hourly prices.

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3. **Long Term (Years 9+):** Prices are set equal to the estimated unit cost of an F-series Combined Cycle Gas Turbine (CCGT) delivering energy to the BC – US border.

As stated on page 8 of the 2002 RFQ package, BC Hydro will update the CBG ceiling price in September 2002 with the condition that the updated ceiling price for this CBG call will not be less than \$49/MWh. Please note this methodology applies to this program and may require changes to properly reflect circumstances.

60. *Can you nominate a certain piece of the square footage as being a separate project?*

BC Hydro's position is that facilities - as opposed to kWh - must meet the green criteria. Our research indicates that this approach is consistent with how other organisations apply their criteria. Specifically, for biomass projects, the criterion on use of non-renewable fuels at start-up is clearly outlined in our biomass low impact criteria.

68. *Is CO₂ the only gas that you get credit for under the EPA?*

BC Hydro considers all greenhouse gases in its valuation, including CO₂, CH₄ and N₂O. These GHG emission values are derived from the recommended Global Warming Potential factors from Environment Canada and all emissions have been normalized to CO₂ equivalent (or CO₂e).

71. *Could a developer include the transportation emission savings (from trucks) in GHG calculations?*

GHG emission reductions from transport are not eligible to be included in the customer's GHG intensity calculations. Transport-based emission reductions are also not eligible for consideration as on-site customer GHG emission reductions.

However, emission reductions from transport may be eligible for BC Hydro's GHG Offset program. To qualify, customers will need to demonstrate clear ownership of the emission reductions and meet our other criteria. If interested, please contact Tim Lesiuk at tim.lesiuk@bchydro.com for more information.

- 82a. *In the example of a wood waste project that had to use 5% coke for start up because of wet fuel, can it turn around and bid 95% capacity into this program and keep 5% for itself and thereby say it is still green?*

BC Hydro understands that wet fuel is a legitimate issue for biomass projects. Our research indicates that the current national market standard for green biomass projects is that supplementary non-renewable fuels are used in no more than 1.65% of fuel heat input and our standards are aligned with this criterion. BC Hydro will monitor developments in this area and ensure that our position reflects the current market standard.

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82b. Can I enter split bids for green and non-green from the same project?

BC Hydro's position is that facilities - as opposed to kWh - must meet the green criteria. Our research indicates that this approach is consistent with how other organisations apply their criteria. Specifically, for biomass projects, the criterion on use of non-renewable fuels at start-up is clearly outlined in our biomass low impact criteria.