

## VANCOUVER ISLAND – CALL FOR TENDERS

### ADDENDUM

**Addendum Number: 6**

**Date of Issue: 22 December 2003**

**Subject: Quantitative Evaluation Methodology**

1. This Addendum is issued pursuant to the BC Hydro Call for Tenders for Capacity and Associated Energy on Vancouver Island, issued 31 October 2003 (as amended, the “CFT”).
2. Words and phrases defined in the CFT, including the Preliminary Form Agreements, and used herein have the meanings given in the CFT. Refer to Appendix 1 of the CFT and Appendix 1 of the EPA for definitions.
3. Note that in accordance with section 1 of the CFT, if there is any conflict or inconsistency between or among the CFT as originally issued and any Addenda, then the document bearing the latest issue date governs.
4. This Addendum amends and supplements Addendum 1 to the CFT.
5. **Weather Conditions:** The quantitative evaluation methodology (“QEM”) issued with Addendum 1, adjusts the Bid Capacity and the Guaranteed Heat Rate (QEM, sections 4.1.2 and 4.1.3) by the probability weighted average of the Capacity Conversion Factors and the Heat Rate Conversion Factors respectively. Probability weighted average factors are calculated for each month and for both HLH and LLH by taking, for each cell in the conversion table, the product of (i) the probability of occurrence of the particular weather condition for that cell in either HLH or LLH for each month as applicable and (ii) the tendered conversion factor for that cell, and summing all such products for all the cells in the conversion table for each HLH and LLH monthly period. The probability distribution of the ambient conditions is derived using hourly relative humidity and dry bulb temperature for 1983-2002 inclusive, recorded at Victoria International Airport (Source: Climate Services, Environment Canada).
6. **Motor Fuel Tax:** For tolling plants, the QEM will reflect the impact of motor fuel tax in determining the Tender Variable Cost used in calculating the Energy Margin (QEM, section 4.1.3) and the dispatch pattern for the bidder’s plant. The QEM applies a motor fuel tax rate of 7%, which is the rate currently specified under the *Motor Fuel Tax Act*, R.S.B.C. 1996, c. 317, to the cost of the gas commodity for the purpose of calculating the Tender Variable Cost.
7. **Gas Compression Fuel Cost:** For tolling plants, the QEM will reflect the impact of gas compression fuel costs in determining the Tender Variable Cost used in calculating the Energy Margin (QEM, section 4.1.3) and the dispatch pattern for the bidder’s plant. Gas compression fuel costs will be derived from the gas transporter’s tariff, and applied to the cost of the gas commodity for the purpose of calculating the Tender Variable Cost.

8. **Dispatch:** Section 4.1.3 of the QEM states that “If the average of the tendered MSYs (maximum starts per year) for hot, warm and cold starts is less than 130% of the estimated number of starts per year as determined by the table, then the model will assume that the tendered project is a must-run project.” This sentence is deleted and replaced with “If any one of the three tendered MSYs (maximum hot, warm and cold starts per year) is less than 130% of the corresponding estimated number of hot, warm and cold starts per year as determined by the table, then the model will assume that the tendered project can not be dispatched off in any period but can be dispatched to its Minimum Turndown level.”

9. **Start Table:** Section 3.4.6 of the QEM states that “BC Hydro will establish the expected number of starts per year for generic dispatchable plants having different assumed heat rates, for each gas price forecast, and publish the results in a table before the Tender Closing Time”. BC Hydro intends to publish a single table of starts and not a table for each of the five gas and corresponding electricity price forecasts and scenarios.

10. **Portfolio Assembly:** Section 4.1 of the QEM states that “All possible portfolios of Tenders that will deliver not less than 150 MW and not more that 300 MW of capacity are assembled.” This sentence is deleted and replaced with “All possible portfolios of Tenders that will deliver not less than 150 MW and not more that 300 MW of capacity, based on average degraded capacity at AAC, are assembled.”