

## VANCOUVER ISLAND – CALL FOR TENDERS

### ADDENDUM

**Addendum Number:** 7

**Date of Issue:** 6 January 2004

**Subject:** Fuel Supply Certainty Guidelines and Required Information

1. This Addendum is issued pursuant to the BC Hydro Call for Tenders for Capacity and Associated Energy Supply on Vancouver Island, issued 31 October 2003 as amended (the “CFT”).
2. Words and phrases defined in the CFT and used herein have the meanings given in the CFT, unless otherwise indicated.
3. This Addendum provides guidelines that BC Hydro will use at Phase 2 - Tender to conduct an assessment of the bidder’s Tender in Step 1 for the selection and evaluation process as described in section 11.3 of the CFT. Specifically, this Addendum provides guidelines that BC Hydro will use to determine if the bidder’s Tender meets the Mandatory Criteria for New, Dependable Capacity as it relates to fuel supply certainty.

# VANCOUVER ISLAND CALL FOR TENDERS

## FUEL SUPPLY CERTAINTY GUIDELINES

Issued: 6 January 2004

### GENERAL INSTRUCTIONS

#### 1. Background

Bidders should note that, in Step 1 – Mandatory Criteria, the SEC will re-assess bidders and projects to ensure compliance with the Mandatory Criteria. As indicated in section 9.8 of the CFT, the bidder is required to provide information to confirm that projects (other than gas-fired, tolling projects) have adequate certainty of fuel supply.

#### 2. Information Required from Bidder

At Phase 2 – Tender:

- A bidder tendering a biomass or coal project will be required to:
  - fully describe arrangements that the bidder has made to procure fuel for the project, including the name and location of the suppliers, source of biomass or coal, status of negotiations with suppliers, a description of the market characteristics for the specific biomass or coal, including supply and demand characteristics and any known or expected changes to such characteristics;
  - provide copies of any executed agreements with fuel suppliers ;
  - fully describe viable alternate supply arrangements that the bidder may access if planned or contracted fuel suppliers fail to perform;
  - fully describe arrangements that the bidder has made to deliver the fuel required for the project from identified suppliers to the project, including load-out facilities and trucking or barging companies;
  - provide copies of any executed agreements with fuel transporter(s) including the name of transporter and method of transportation and evidence that required permits, if any, are readily obtainable;
  - fully describe viable alternate transportation arrangements that the bidder may access if planned, including load-out facilities should the contracted fuel transporter(s) fail to perform;
  - fully describe any infrastructure improvements necessary to extract, process, transport, receive and store fuel, including status of the development of such improvements, identification of any permits or approvals required for such improvements, the schedule for completion of such improvements, and any known or expected obstacles for the development and construction of such improvements;

- fully describe the volume of on-site fuel storage that the bidder has included in its project design; and
- demonstrate that the bidder's fuel arrangements are sufficient to satisfy its fuel requirements assuming that the project is operated at Bid Capacity (adjusted for degradation and expected ambient conditions) with a guaranteed availability of at least 97% during the period October to March inclusive.
- A bidder tendering a hydroelectric project will be required to:
  - describe the expected stream flows based on the most recent 20 years of daily historical data. Alternatively, the bidder may estimate the expected stream flows based on at least one recent year of actual stream flow data from the project location and the most recent 20 years of highly correlated representative stream flow data from another location (for a project utilising multiple stream diversions, cumulative data should be provided as well as data for each diversion);
  - address any required water licenses necessary to support the project requirements in accordance with the Development Risk Assessment Guidelines and Required Information (Addendum 4);
  - demonstrate that the project can be operated at Bid Capacity (adjusted for degradation) with a guaranteed availability of at least 97% during the period October to March inclusive based on historical data in no less than 19 of the 20 years.
- A Bidder tendering a natural gas-fired non-tolling project will be required to:
  - fully describe the arrangements that the bidder has made to procure fuel for the project and provide copies of any executed agreements with fuel suppliers;
  - fully describe arrangements that the bidder has made for firm transportation, and any non-firm transportation to deliver the fuel required for the project from identified suppliers or liquid trading hub(s) to the project, and provide copies of any executed agreements with fuel transporter(s) and provide evidence that any required regulatory approvals have been obtained;
  - fully describe arrangements that the bidder has made to procure alternate fuel (if any) for the project and provide copies of any executed agreements with fuel suppliers;
  - fully describe arrangements that the bidder has made to deliver alternate fuel (if any) required for the project from identified suppliers to the project, and provide copies of any executed agreements with fuel transporter(s);
  - fully describe any infrastructure improvements necessary to transport, receive and store fuel, including status of the development of such improvements, identification of any permits or approvals required for such improvements, the schedule for completion of such improvements, and any known or expected obstacles for the development and construction of such improvements;
  - describe on-site alternate fuel storage (including volumes) that the bidder has included in its project design; and

- demonstrate that the bidder's fuel arrangements are sufficient to satisfy its fuel requirements assuming that the bidder's project is operated at Bid Capacity (adjusted for degradation and expected ambient conditions) with a guaranteed availability of at least 97% during the period October to March inclusive.
- A bidder tendering a wind project will be required to:
  - provide the expected wind conditions based on at least one complete recent year of site data (composed of 10 minute averages) correlated to the most recent 20 years of data from a highly-correlated nearby location, and
  - demonstrate that the project can be operated at full Bid Capacity (adjusted for degradation) with a guaranteed availability of at least 97% during the period October to March inclusive based on historical data in no less than 19 of the 20 years.
- Bidders may redact pricing and other commercially sensitive information from third party agreements.

## **2. Assessment of Fuel Supply Certainty**

The SEC will assess whether:

- the bidder has secured, or can secure, sufficient quantities of primary and alternate fuels (if any) for the project consistent with the definition of Dependable Capacity; and
- the bidder has secured, or can secure, sufficient firm and non-firm transportation arrangements and on-site fuel storage capability to deliver and store, as the case may be, primary and alternate fuels (if any) for the project consistent with the definition of Dependable Capacity.

In evaluating Tenders, the SEC may consider the capabilities and creditworthiness of parties with whom the bidder has or will secure fuel and fuel transportation from the fuel source to the project location.