

# VANCOUVER ISLAND CALL FOR TENDERS

## MANDATORY CRITERIA/DEVELOPMENT RISK INFORMATION

### PART 3 - DEVELOPMENT RISK GUIDELINES

Issued: 20 November 2003

(revised: 30 June 2004)

#### **Background:**

*In Step 2 – Development Risk Assessment of the Tender selection and evaluation process, section 11.3 of the CFT, the SEC will conduct a development risk assessment for each Tender. Development risk assessment will involve consideration of the likelihood that the project or projects described in the Tender can achieve COD by 1 May 2007, having regard to the status of permitting, site acquisition, design, engineering and procurement and other critical project development activities. Tenders determined to have a high development risk will not be considered further and will be rejected.*

#### **Development Risk Information Required from Bidder:**

1. ***Schedule:***

Provide for each project an updated detailed project schedule for each project, identifying the critical path and showing particularly all key dates associated with permitting, design, engineering, procurement, construction and commissioning activities, including all Milestones (as defined in the Final Form EPA) and a scheduled COD not later than 1 May 2007. Clearly address any material changes from the project schedule(s) submitted with the Pre-Qualification Submission. Include a description of the status of basic and detailed engineering, including percentage complete and a description of the status of equipment procurement.

2. ***Site Acquisition:***

Provide for each project:

- (a) Confirmation of the accuracy of all information provided pursuant to Section 1.2 of the Final Form EPA – Appendix 5 – Seller’s Plant Description submitted and approved by BC Hydro in accordance with Addendum 17.
- (b) Confirmation that any liens, charges and encumbrances (“charges”) registered on title, will not prevent or delay construction and operation of the project, or alternatively the bidder’s plan and schedule for the discharge or amendment of such charges.
- (c) If the site on which the project will be located is part of a larger parcel which has not been subdivided, provide details of any planned subdivision, including (i) the status, and schedule for completion, of the subdivision, and (ii) a list, and the status and schedule for, all approvals required to complete the subdivision.

3. ***Permits:***

Provide for each project:

- (a) A complete list of all permits required for construction and operation of the project. For this purpose, “permit” means permit, license, rezoning or zoning variance, and any other approval required of any federal, provincial or local government or governmental agency or authority required for the construction and operation of the project, including without limitation any environmental assessment certificate required under federal or provincial legislation.
- (b) For each permit, provide:
  - i. A copy of the permit, if issued.
  - ii. Details, including status, of any pending or threatened appeal of the issue of any permit.
  - iii. A permitting schedule showing, for each unissued permit, the planned application, sequencing and issue date for each permit, which is consistent with the bidder’s project schedule delivered pursuant to Section 1 above.
  - iv. If the permit is not issued, a copy of any pending permit application and a description of the status of the application and of any known opposition to the issue of the permit and the expected impact thereof on the permitting schedule and any planned measures which the bidder intends to implement to mitigate any anticipated delay in issue of the permit.

4. ***Consultation:***

Provide for each project:

- (a) A description and status report on all community consultations conducted and planned relative to the project, including particulars of issues identified and how each issue has been or will be addressed.
- (b) A description and status report on all First Nations consultations conducted and planned relative to the project, including particulars of issues identified and how each issue has been or will be addressed.

5. ***Site Services:***

Provide for each project:

- (a) A copy of any executed agreement(s) for provision of any required utility or service consistent with the information submitted in the Final Form EPA - Appendix 5 Seller’s Plant Description submitted and approved by BC Hydro in accordance with Addendum 17.
- (b) A description of, and status report on, any steam sales agreement associated with the project (e.g. cogeneration). Prices and other commercially sensitive material may be redacted from the descriptions.

6. ***Other Matters Affecting Project Development:***

Provide for each Project:

- (a) Identification and description of all other known facts or circumstances that could reasonably be expected to have an adverse effect on the ability of the bidder to achieve COD by 1 May 2007, including without limitation:
  - i. Pending or threatened claims or litigation affecting the bidder, the project, or any consultant, supplier, manufacturer or contractor engaged, or to be engaged, for the project,
  - ii. Pending or threatened strikes, lockouts or labour disturbances affecting the bidder or any consultant, supplier, manufacturer or contractor engaged, or to be engaged, for the project,
  - iii. Pending or threatened shortages of materials or labour, whether skilled or unskilled.
- (b) To the extent not otherwise described, outline of the bidder's contingency plans for mitigating the impacts of unforeseen delays in development of the project.

**Development Risk Assessment:**

For each project BC Hydro will assess the project development risk relative to the Guaranteed COD date of 1 May 2007. This assessment will take into account:

1. Whether the bidder's project schedule is realistic and readily achievable. More specifically, BC Hydro will evaluate (i) the ability to reasonably achieve each Milestone by the date identified by bidder in the project Schedule and to achieve the Guaranteed COD Date, and (ii) the ability to reasonably achieve each subsequent Milestone and the Guaranteed COD Date assuming that prior Milestones are achieved on the dates specified by the bidder;
2. Whether the bidder has acquired, or has the unconditional right to acquire, the project site,
3. Whether the site is zoned and otherwise free of legal impediments to construction and operation of the project,
4. Whether the bidder has obtained all necessary permits for construction and operation of the project,
5. To the extent that permits are not obtained, or are under appeal, whether permitting activities are on schedule, and the likelihood that permits can be secured in sufficient time to avoid a delay in COD,
6. Whether permits and agreements obtained, or reasonably expected to be obtained, allow bidder to operate the project such that the bidder can comply with the terms of the Final Form EPA. (For clarity, bidders should also note that, consistent with BC Hydro's need for a reliable resource on Vancouver Island, a project will not be considered capable of achieving a guaranteed availability of 97% during the period October to March inclusive, unless it can generate Bid Capacity (adjusted for degradation and expected ambient conditions) in accordance with the Final Form EPA, without restrictions associated with Fuel or Energy Source availability, permit conditions

or other circumstances or conditions, which do not excuse delivery obligations under the Final Form EPA.)

7. Whether public and First Nations consultations, as may be necessary, are complete or on schedule, and the likelihood that these activities can be completed in sufficient time to avoid a delay in COD,
8. Whether design, engineering and procurement commitments and activities are on schedule, and the adequacy of the bidder's plan to secure performance of these commitments and activities,
9. Potential impediments to timely completion of the project, including completion of interconnection facilities and the adequacy of the bidder's contingency plans relative to potential delays,
10. An evaluation of the development risk associated with new gas transportation facilities,
11. An evaluation of the development risk associated with network upgrades, and
12. Such other matters as BC Hydro, in its sole discretion, deems appropriate to assess development risk.

Tenders determined to have a high development risk will not be considered further and will be rejected.

If a single Tender is submitted in respect of multiple projects, BC Hydro will assess development risk in respect of each project within the Tender. If any such project is assessed to fail the development risk assessment, then the Tender will be assessed to fail that assessment, regardless of the development risk associated with any other projects within the Tender.

If a bidder submits separate Tenders, BC Hydro will assess development risk separately in respect of each Tender. If one Tender fails that assessment, that failure will not affect the assessment of other Tenders submitted by that bidder.