

VANCOUVER ISLAND CALL FOR TENDERS

MANDATORY CRITERIA/DEVELOPMENT RISK INFORMATION

PART 4 – FUEL SUPPLY CERTAINTY GUIDELINES

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(revised 30 June 2004)

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, full tolling projects) have adequate certainty of fuel supply.

Fuel Supply Certainty Information Required from Bidder:

1. A bidder tendering a biomass project will be required to:
 - (a) fully describe arrangements or strategies that the bidder has made to procure fuel for the project, including the name and location of the suppliers, source of biomass, status of negotiations with suppliers, a description of the market characteristics for the specific biomass, including supply and demand characteristics and any known or expected changes to such characteristics;
 - (b) provide copies of any executed agreements with fuel suppliers;
 - (c) fully describe viable alternate supply arrangements that the bidder may access if planned or contracted fuel suppliers fail to perform;
 - (d) fully describe arrangements or strategies 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;
 - (e) 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;
 - (f) 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;
 - (g) 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;
 - (h) fully describe the volume of on-site fuel storage that the bidder has included in its project design; and

- (i) demonstrate that the bidder's fuel arrangements or strategies 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.
2. A bidder tendering a hydro-electric project will be required to:
- (a) 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);
 - (b) address any required water licenses necessary to support the project requirements in accordance with the Development Risk Assessment Guidelines and Required Information;
 - (c) demonstrate that the project can be 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 based on historical data in no less than 19 of the 20 years.
3. A bidder tendering a natural gas-fired project in respect of which "Option #1 – No Tolling", as described in section 6.2(a) of the CFT, has been elected, or deemed to have been elected, will be required to:
- (a) 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;
 - (b) 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 burner tip, and provide copies of any executed agreements with fuel transporter(s) and provide evidence that any required regulatory approvals have been obtained;
 - (c) fully describe arrangements or strategies that the bidder has made to procure alternate fuel (if any) for the project and provide copies of any executed agreements with fuel suppliers;
 - (d) fully describe arrangements or strategies that the bidder has made to deliver alternate fuel (if any) required for the project from identified suppliers to the burner tip, and provide copies of any executed agreements with fuel transporter(s);
 - (e) 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;

- (f) describe any on-site alternate fuel storage (including volumes) that the bidder has included in its project design; and
 - (g) 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.
4. Bidders may redact pricing and other commercially sensitive information from third party agreements.

Assessment of New Dependable Capacity for Fuel Supply Certainty

In addition to the requirements at the Pre-Qualification Stage, projects must be New and constitute Dependable Capacity considering fuel supply (other than in respect of full tolling natural gas-fired projects). Tenders, other than full-tolling projects, will be assessed to determine whether:

1. the bidder has secured, or can secure, sufficient quantities of primary and alternate fuels (if any) 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;
2. 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 and the terms of the EPA; and
3. for clarity, bidders should also note that, consistent with BC Hydro's need for a reliable resource on Vancouver Island, for purposes of applying the Mandatory Criterion associated with Dependable Capacity to Tenders, 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 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.