

Vancouver Island Call for Tenders

VI CFT Bidder Pre-Qualification Workshop 21 November 2003

- Responses to Questions from Registered Bidders -

At the Pre-Qualification Workshop held by BC Hydro on 21 November 2003 registered bidders were provided an opportunity to ask questions. This document is a record of BC Hydro's responses to those questions.

In this regard, please note:

1. All capitalised terms used in these questions and answers shall have the meaning given to them in the BC Hydro Call for Tenders for Capacity and Associated Energy Supply on Vancouver Island, issued 31 October 2003 (the "CFT").
2. All questions and answers, including both those included in this document and those previously posted to the website identified in the CFT, are numbered sequentially. For this reason, questions listed in this document commence at number 21.
3. BC Hydro has consolidated multiple questions on similar issues and, in some cases, has edited questions for clarity.
4. Bidders are reminded of the provisions of section 15.5 of the CFT which provide for the posting of any further questions and answers on <http://www.bchydro.com/vicft>.
5. Bidders are also reminded of the opportunity to submit comments on the CFT, including the Preliminary Form Agreements, on a Document Comment Form in accordance with section 9.5 of the CFT and Addendum Number 2.
6. Questions about schedule and deadlines have been answered according to the CFT Schedule in effect at 26 November 2003. If the CFT Schedule is changed in the future, the revised dates will supersede those given in this document.
7. The material provided in these questions and answers is intended only as a summary description of certain provisions of the CFT, and is not intended as legal advice. Where there is any conflict between the material herein and the CFT, the latter shall govern and bidders should carefully review those documents. These materials shall in no way be deemed to amend or supplement the CFT.

VI CFT PROCESS OVERVIEW

21.

Question:

What is expected in the financial envelope of the Pre-Qualification Submission?

Answer:

The information to be included in the financial envelope is described in Section 1.1.1 of Mandatory Criteria Guidelines and Information Requirements found in Addendum Number 3, Issued 14 November 2003.

22.

Question:

Please clarify the term “must run” and from whose perspective?

Answer:

Must-Run Capacity is defined in Appendix 1 of the CFT, as follows: “New electrical generating capacity and associated energy that is capable of being delivered to the Transmission System and which is not subject to Dispatch.” The bidder declares whether its project is supplying Must-Run Capacity or Dispatchable Capacity (also defined in the CFT). The main body of the Preliminary Form EPA is written for a Dispatchable Capacity project; however a portion of Appendix 16 deals with how the text of the Preliminary Form EPA would be adjusted for a non-dispatchable project, thereby reflecting the provisions applicable to a Must-Run Capacity project.

23.

Question:

On your interconnection cost diagram, please explain where the bidder’s costs end and where BC Hydro’s costs start? Is it after the substation at your 138 kV lines or is it somewhere else on the system?

Answer:

Direct Assignment costs are paid for by the bidder. In general they are the costs of all the new facilities required for the sole benefit of the bidder’s project. Network Upgrade Costs are the costs of the new facilities that are not for the sole benefit of the bidder’s project at the time the assessment is made. Network Upgrade Costs are borne by BC Hydro and reflected in the quantitative evaluation.

24.

Question:

Why are bidders precluded from communicating with the Independent Reviewer?

Answer:

Bidders may not communicate directly with the Independent Reviewer. Bidders may provide their comments and questions on the CFT process and/or the Preliminary Form Agreements in two ways, both of which will be disclosed to the Independent Reviewer:

- a) submitting questions to the VI CFT website; and
- b) submitting written comments on the CFT process and/or the Preliminary Form Agreements by 1 December 2003 using the Document Comment Form provided in Addendum Number 2.

As noted in the Independent Reviewer's Terms of Reference (Appendix 9 of the CFT), the role of the Independent Reviewer is to review, monitor and report on the fairness of the CFT and its execution and to review and report on the impartiality of the evaluation. In doing so, the Independent Reviewer will have full access to all information submitted by bidders to BC Hydro as part of the CFT process as well as access to all phases of the CFT.

25.

Question:

Is it possible for a bidder tendering gas-fired generation to provide their own gas transportation; i.e. receive gas from BC Hydro at Sumas? Some people may have their own rights of transportation and they want to exercise that.

Answer:

No.

26.

Question:

Are the bidders expected to pay for the Interconnection Studies?

Answer:

Yes.

27.

Question:

When will bidders know the amount of Network Upgrade Costs associated with their project that will be used in the evaluation? In other words, you are using these costs to evaluate and compare, but bidders want to know whether they are in the running or out of the running.

Answer:

The Network Upgrade Costs related to their interconnection will be provided to bidders. As per the CFT Schedule and subject to bidders making timely application and providing required information, bidders will be notified of the results of their Interconnection Studies on or before 21 May 2004.

28.

Question:

Document comments are required by 1 December 2003. Will you accept those comments via the Internet or do you require hard copy?

Answer:

Comments on the documents which are made pursuant to section 9.5 of the CFT must be provided on the Document Comment Form that was issued on 14 November 2003 by Addendum Number 2. Document Comment Forms may not be submitted by e-mail.

29.**Question:**

Is the Independent Reviewer going to review the reasonableness of BCTC's Network Upgrade Cost estimates? Who is going to do that?

Answer:

The role of the Independent Reviewer does not include reviewing and commenting on individual cost estimates. As part of its mandate to oversee the entire CFT process, the Independent Reviewer will monitor interactions between BC Hydro and BCTC from a fairness perspective. There will be no other review of Network Upgrade Cost estimates.

30.**Question:**

If capacity-only solutions, meaning management of customer load, can be shown to be more effective or have better economics than pure energy, would they be considered in the response to the CFT?

Answer:

Tenders for demand side management and load curtailment of customer load will not be considered under this CFT.

31.**Question:**

Will the 1 December 2003 deadline for comments be the only opportunity to review and comment on the EPA?

Answer:

The CFT allows several opportunities to comment on the EPA:

1. Section 9.5 provides for comments on the Preliminary Form EPA by 1 December 2003 using the Document Comment Form;
 2. Section 10.2 provides for further comments on the Preliminary Form EPA, on or before 9 April 2004;
 3. Section 10.3 provides that bidders may submit proposed project-specific changes to the EPA, Final Form EPA on or before 21 May 2004.
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PRE-QUALIFICATION FORM AND MANDATORY CRITERIA**32.****Question:**

I have a question on slide 34 and the pre-qualification process. If a bidder submits material that he believes meets the Mandatory Criteria and BC Hydro disagrees, is that an automatic fail, or will BC Hydro come back to the bidder and ask for further information?

Answer:

Section 18.7 of the CFT states that “BC Hydro may, but is not required to, request further information, clarification, or verification concerning a Pre-Qualification Form ...”. Hence, depending on the circumstances, BC Hydro may in its sole discretion decide to seek further information concerning a Pre-Qualification Submission.

33.**Question:**

To what extent is the Independent Reviewer involved in the pre-qualification process in terms of looking at some of the more subjective issues involved in the process?

Answer:

Under its Terms of Reference (Appendix 9 of the CFT), the role of the Independent Reviewer is to review, monitor and report on the fairness of the CFT and its execution and to review and report on the impartiality of the evaluation. This includes Phase 1, in which the Independent Reviewer will issue a Pre-Qualification Report.

34.**Question:**

Do you anticipate the EPC and operating parties will be identified and contracted at the time of pre-qualification?

Answer:

Not necessarily. Instruction 8 of the Mandatory Criteria Guidelines and Information Requirements states that “If information, including copies of supporting contracts, commitments and other documents, called for by the Mandatory Criteria Guidelines and Information Requirements is not currently developed or available, so state in the Mandatory Criteria Information document and provide a brief explanation of the bidder’s plan and schedule for developing or completing that information.” If such a plan and schedule is all that a bidder is able to supply at the pre-qualification stage, it will be required to submit more complete information with its Tender, and bidders will be re-assessed for continued compliance with the Mandatory Criteria.

35.

Question:

Even though an EPC or operating contractor is contracted and identified in the Pre-Qualification Submission, could that party change at Tender?

Answer:

Yes, but the bidder and the project, if pre-qualified, must still meet the Mandatory Criteria in Phase 2 – Tender.

36.

Question:

In the Pre-Qualification Submission, are bidders which are utilising special purpose entities required to submit documentation reflecting the legal formation of those entities?

Answer:

No.

37.

Question:

In this CFT BC Hydro is seeking portfolios between 150 MW and 300 MW of capacity. If BC Hydro receives reasonable bids for capacity beyond 300 MW in aggregate capacity, will it exceed the 300 MW upper threshold?

Answer:

No, BC Hydro does not intend to award any Tender or portfolio of Tenders with an aggregate capacity in excess of 300 MW. BC Hydro will not evaluate any portfolios with an aggregate capacity in excess of 300 MW.

38.

Question:

At this point, the CFT says on-island generation. What consideration has been given to adapting the CFT to include delivering power on-island as opposed to generating on-island? If a proponent's plan were to deliver power to the island using their own transmission line or different routing, would that be considered?

Answer:

After due consideration, BC Hydro determined that only generation projects located on Vancouver Island will be considered in the CFT. This is consistent with the VIGP BCUC decision concerning VIGP.

39.

Question:

If a successful bidder determines at a later date to modify its plant to increase capacity, can that incremental capacity and associated generation be sold to third parties?

Answer:

Section 6.2 of the Preliminary Form EPA states the Seller shall not make, without the Buyer's prior consent, any modification or addition, or series of modifications or additions, to the Seller's Plant which are likely to have an adverse effect on the Seller's ability to observe and perform its obligations under the EPA. Section 8.6 stipulates that the Seller shall not at any time, during the Term commit, sell or deliver any capacity or energy to any person other than the Buyer. The Preliminary Form EPA limits BC Hydro's right and obligation to take and pay for excess capacity and energy.

40.

Question:

How firm is the timeline associated with the bidding process?

Answer:

The CFT Schedule is attached to the CFT as Appendix 2. While BC Hydro has reserved the right to make changes to the CFT generally, including to the CFT Schedule, no changes to the CFT Schedule are currently being considered.

41.

Question:

Do you consider water a fuel?

Answer:

See answer to question 90.

VIGP ASSET SALE

42.

Question:

Does the CFT process include an option for BC Hydro to proceed with VIGP on a "self-build" basis? If so, what criteria would be used in making that decision?

Answer:

No, the CFT does not include an option for BC Hydro to proceed with VIGP.

43.

Question:

You mentioned that you expect Material Permits for VGIP to be obtained by May 2004. Will those permits be appealable or non-appealable?

Answer:

Bidders should consult their own legal advisors concerning rights of appeal and/or judicial review relative to any required permits and approvals.

44.**Question:**

Will bidders making the VIGP Election have access to permitting agencies relative to VIGP issues in the course of their due diligence?

Answer:

Bidders making the VIGP Election are responsible for their own due diligence. BC Hydro will consider ways in which it may facilitate access to permitting agencies for those bidders.

45.**Question:**

You referred to the agreement with the Snuneymuxw First Nation. Will that be a publicly available document for the bidders?

Answer:

Bidders who have made the VIGP Election and signed the Confidentiality and Restricted Use Agreement will be permitted to review the First Nations Benefit Agreement in the VIGP data room. The First Nations Benefit Agreement will not be made publicly available.

46.**Question:**

What due diligence did BC Hydro do in terms of pre-existing conditions on the VIGP site, for PCB's or other environmental liabilities?

Answer:

A phase 1 level environmental site assessment was completed by Levelton Engineering for BC Hydro and is available for review in the data room.

47.**Question:**

Can a bidder making the VIGP Election exclude certain VIGP Development Assets from its purchase obligation?

Answer:

No.

48.

Question:

Did Pope & Talbot give BC Hydro an environmental indemnity on the VIGP project site?

Answer:

No.

Interconnection

49.

Question:

If a bidder has made the VIGP Election and proposes no project modifications which necessitate a new or amended Interconnection Study, is there any reason for the bidder to work with BCTC regarding that study?

Answer:

No.

50.

Question:

What steps are required of bidders making the VIGP Election to complete the Facilities Agreement and the Interconnection Agreement?

Answer:

The steps required to complete the Facilities Agreement and Interconnection Agreement are outlined in slide 76 and the BCTC website accessible through www.bchydro.com/vicft. The required steps to complete these agreements are the same for bidders making the VIGP Election as for those who are not.

51.

Question:

Do bidders have to contract with BCTC to do the interconnection construction work or can bidders contract with a third party?

Answer:

Post Tender, BCTC may consider requests from bidders to perform some parts of the construction.

52.

Question:

Is it considered more than one study if a bidder is looking at alternative sizes of projects for a given site, or are there cost efficiencies associated with studies in such scenarios?

Answer:

The application for the preliminary study is structured to capture one project configuration. So if you have a 30 MW configuration and a 50 MW configuration on the same site, you should file two applications with BCTC.

53.

Question:

Is the \$30,000 study fee refundable, based on whether the project goes forward, or is it just a fee for the Interconnection Study?

Answer:

Bidders are required to pay for the actual cost of the Interconnection Studies. The bidder will pay a deposit which is non-refundable based on the estimated cost of the study. In cases where such an estimate is unavailable, the deposit shall be \$30,000.

54.

Question:

If there are two applications for identical projects at the same site are the costs of the study split equally?

Answer:

Study costs are assessed for each application received.

55.

Question:

Given the time frame of 25 March 2004, the announcement date of who pre-qualifies and the cost of getting the preliminary study done of \$30,000 is there anything in place to get an indication of meeting pre-qualification criteria in advance of initiating the BCTC study?

Answer:

Unless the bidder applies for the preliminary study in advance of the pre-qualification determination, no deposit is required until the bidder and their project is pre-qualified.

56.

Question:

Will there be enough detail in the preliminary study for the bidders to determine the scope of required work and the capital costs associated with interconnection? Will there be an opportunity to have some discussions with BCTC on the scope of the required work and the capital costs associated with interconnection?

Answer:

The preliminary study provides a preliminary indication on how a generation project can be connected to the transmission system. It will also provide cost estimates for the interconnection. There will be an opportunity to have some discussions with BCTC on the scope of the required work and the capital costs associated with the interconnection. However, the study details and the extent of the discussions are limited by the time frame the CFT Schedule allows BCTC to complete preliminary studies.

Contract Documents

57.

Question:

Is BC Hydro required to provide security to the Sellers?

Answer:

No.

58.

Question:

After two consecutive Quarterly Demonstration Tests leading to a reduction in Nominal Capacity, is a project permanently de-rated or is there a chance to make that up at another test?

Answer:

There is a chance to increase the Nominal Capacity. Section 6.7 of the Preliminary Form EPA describes the Quarterly Demonstration Test to determine Demonstrated Capacity, and the implications for adjustments to Nominal Capacity. Nominal Capacity is reduced if two consecutive test results show a Demonstrated Capacity which is less than 95% of Nominal Capacity. However, the Preliminary Form EPA does provide for a subsequent upward adjustment of Nominal Capacity. This can occur if a subsequent Quarterly Demonstration Test establishes Demonstrated Capacity in excess of the Nominal Capacity then applicable. Two conditions to such an upward adjustment apply: (a) the test which indicates an increased Demonstrated Capacity must occur within 180 days of the second of the two tests that lead to the prior reduction in Nominal Capacity; and (b) the Nominal Capacity cannot be adjusted to a level that exceeds what the level was immediately prior to the most recent reduction.

59.

Question:

Is tolling only envisioned for natural gas projects?

Answer:

Yes.

60.

Question:

Can a given plant switch from providing Must-Run Capacity to Dispatchable Capacity, depending on the time of year?

Answer:

No.

61.

Question:

If a Seller posted Milestone Security on some missed Milestones, and if the Seller then missed the Guaranteed COD Date and paid the COD Delay LDs, would the Milestone Security be returned if the Seller then achieved COD within 6 months of the Guaranteed COD Date?

Answer:

No.

62.

Question:

Who supplies the gas for start-up and testing of gas-fired tolling plants?

Answer:

The supply of gas for start-up and testing is addressed in Appendix 8 of the EPA under the provisions applicable to gas-fired tolled facilities. Section 3 of those provisions requires the Seller, at its sole cost and expense, to arrange, procure, supply, nominate, balance, transport and deliver such fuel as it may require for the start-up and commissioning of the Seller's Plant, and for the operation of the Seller's Plant prior to COD. The Seller may request the Buyer to perform this role (at the expense of the Seller) provided that the Seller makes such request no later than 30 days in advance of the date on which testing is scheduled to occur.

63.

Question:

How will BC Hydro guarantee the pressure and the quality of the gas for gas fired tolling plants?

Answer:

The quality and pressure of gas supply is addressed in Appendix 8 of the Preliminary Form EPA under the provisions applicable to gas-fired tolled facilities. Section 8 of those provisions sets out BC Hydro's obligations to provide fuel meeting specified quality requirements, including quality and pressure specifications (i.e. the Fuel Quality Specifications – which are the Gas Transporter's quality and pressure specifications). In the event that the gas supplied by BC Hydro to the plant via the Gas Transporter does not meet these specifications, the Seller may reject the fuel by providing notice to BC Hydro. Bidders are referred to Appendix 8 of the Preliminary Form EPA for details on this point.

64.

Question:

Will BC Hydro buy Scheduled Energy in excess of the Nominal Capacity? For example can a Seller's Scheduled Energy be 150% of the Nominal Capacity? Will BC Hydro pay for energy over and above 105% of what the proponent says is firm power?

Answer:

No. This is a capacity call not an energy call. BC Hydro will only purchase energy that is associated with the Capacity made available to BC Hydro. The Preliminary Form EPA provides that BC Hydro may not schedule more energy than the then-applicable Demonstrated Capacity (Section 9.2(a)). The Seller is obligated to deliver the Scheduled Energy (Section 8.4) and the Buyer is obligated to pay for Eligible Energy (Section 8.9(a)). Eligible Energy is Metered Energy subject to a cap of 105% of Scheduled Energy.

65.

Question:

How does the Operating Security decline during the Term of the EPA? What is the relationship to the LD Factor?

Answer:

The Operating Security will decrease at the end of each five year period in the Term by a percentage determined by dividing 5 by the number of years in the Term and multiplying by 100. The same approach is taken to reduce the LD Factor. Otherwise there is no relationship between the LD Factor and the decline in the Operating Security.

66.

Question:

The heat rate adjustments are a good idea in theory, but how do you monitor it in real life, because the heat content of gas changes all the time? Are both Buyer and Seller going to have analysers on-line

continuously and compare each one against the other or do we assign an average number for the month or the year?

Answer:

Adjustment for heat content of natural gas is currently not contemplated for the purpose of Heat Rate Bonus/Penalty calculation.

67.

Question:

What are the published indices for natural gas that you are going to use for the purpose of calculating the Heat Rate Bonus/Penalty for gas-fired tolling plants?

Answer:

As per Appendix 8 of the CFT, the published index for natural gas commodity will be the monthly index price expressed in Canadian dollars for the Sumas spot market delivery.

68.

Question:

Will the Quarterly Demonstration Tests follow a standard or accepted tested procedure, such as ASME, and will they be done by an independent third party?

Answer:

The result of the Quarterly Demonstration Test will be based on the generation profile as recorded by the revenue meter during a continuous 24 hour period (Section 6.7 of the Preliminary Form EPA). There is no reference in the Preliminary Form EPA to a standard or accepted tested procedure, such as ASME, or for the involvement of an independent third party in the testing.

69.

Question:

When do you anticipate releasing the evaluation spreadsheet?

Answer:

In order to benefit from bidder's comments, BC Hydro anticipates releasing a prototype of the evaluation spreadsheets approximately two weeks following BCUC approval of the CFT.

70.

Question:

If the Demonstrated Capacity is below 95% of Nominal Capacity for two consecutive quarters, LDs are triggered. If Demonstrated Capacity is above 95% for the subsequent two consecutive quarters will the LD liability be refunded?

Answer:

No.

AFTERNOON RECAP SESSION

71.

Question:

What would BC Hydro say if the BCUC says off-island generation with on-island delivery should be accepted?

Answer:

BC Hydro's requirement is for on-island generation.

EVALUATION METHODOLOGY

72.

Question:

Would less than 130 starts per year be considered a Must-Run project?

Answer:

The issue of start-up cost treatment in the CFT evaluation methodology is covered in section 4.1.3 of Addendum 1, issued 14 November 2003.

Quoting the document: "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."

If the tendered project is deemed a Must-Run project, then the evaluation assumes that the plant is dispatched-on in all periods.

BC Hydro will establish the expected number of starts per year for generic dispatchable plants having different assumed heat rates and publish the results in a table before the Tender Closing Time. The evaluation will assume a fixed number of starts per year, based on the table, using the information provided in the Tender.

73.

Question:

Are you going to normalise net portfolio NPV's based on levelised megawatt hours or are you just going to look at the net NPV costs of the different portfolios? Will the cheapest average energy cost over the term be a consideration? In slide 161, your lowest cost portfolio averages \$2.40 a MW an hour, and the next one is at \$1.93. If you opt for portfolio C, you are paying more for the energy than you would for A. Can you please clarify?

Answer:

The Net Tender Cost considers the NPV of the Energy Margin as well as the Capital Charge Payments. The NPV of the Capital Charge for Portfolio C is lower than the NPV of the Capital Charge Payments for Portfolio A and more than offsets the comparatively lower energy costs in Portfolio A.

74.**Question:**

Some of the things that you have been telling us about the evaluation process require looking at the evaluation. You said that wouldn't be available until after the BCUC approves the process which will make it very hard for us in some cases to say whether we think it's a fair process or not. Is there any reason that the evaluation spreadsheets cannot be made available before the BCUC process so that the BCUC knows what it is endorsing also?

Answer:

See answer to question 69.

75.**Question:**

In the quantitative evaluation methodology, to what extent is capacity in peak months valued more highly than off peak months?

Answer:

The quantitative evaluation methodology does not recognize a difference in capacity value between peak and off-peak months. Transmission and generation can be constrained in off-peak months due to scheduled maintenance and transmission failures. BC Hydro will not pay any more for peak months than for off-peak months.

76.**Question:**

What is the discount rate for the NPV calculation?

Answer:

The discount rate used in the CFT evaluation is 8% nominal. The evaluation is performed in nominal (current) dollars.

77.**Question:**

In the portfolio evaluation (slide 170), you are going to take your net portfolio costs across the five gas price and electricity market scenarios and back on slide 162 you are using the Henwood/LRMC runs for

their estimates out in the future. I don't quite understand how you blend in the NEB cost and the cost for gas and so on. Can you explain that slide a little bit more?

Answer:

BC Hydro will use 5 matched pairs of gas and electricity price forecasts in its portfolio evaluations. Each electricity price forecast is derived from a matching gas price forecast. Henwood software is used to generate the forecast of electricity market prices over the timeframe 2007-2012. For the remaining years in the evaluation, market prices are set equal to the estimated unit cost of a natural gas-fired combined cycle gas turbine. Capital and operating costs are based primarily on third party sources.

Further details regarding the gas and electricity price forecasts in the CFT evaluation methodology can be found in Addendum 1 of the CFT (Section 3.4.2).

Q&A PANEL SESSION

78.

Question:

BC Hydro publicly committed in the VIGP CPCN process to offset 50% of the greenhouse gases from VIGP. Will BC Hydro pay those offset costs for any VIGP bidder who wins this process? Or will it expect the VIGP bidder to honour their 50% commitment and acquire the offsets elsewhere? Furthermore, are green credits or GHG offsets included in your evaluation, particularly given that BCUC indicated that there had to be an imputed cost on the VIGP benchmark of \$3.50/MWh?

Answer:

The commitment to offset 50% of the incremental GHG emissions was a risk mitigation if BC Hydro developed and owned VIGP. VIGP bidders will be assuming this risk and should reflect any cost associated with such risk mitigation in their bids.

The CFT is a call for capacity, not for green energy. Consequently, green attributes are not factored into the quantitative evaluation. In terms of GHG offsets, it is important to distinguish between onsite and Off-site Emission Reduction Rights. Section 8.10 of the Preliminary Form EPA states that "... the Buyer is entitled to any and all Off-Site Emission Reduction Rights", and that "The Seller retains title to all Green Rights" which includes any on-site Emission Reduction Rights.

79.

Question:

Does your evaluation methodology ascribe gas transportation or commodity costs to non-gas fired projects? Will portfolios where there is no natural gas requirements have gas transportation costs assigned to the portfolio?

Answer:

Section 4.3.1 of Addendum Number 1 to the CFT stipulates an adjustment for gas transportation and commodity costs associated with gas tolling plants on a portfolio basis. For those portfolios that do not contain gas-fired tolling plants, neither gas transportation costs will not be applied.

80.

Question:

Bidders that have gas-fired projects are given the choice of a tolling arrangement whereby the gas would be delivered to the plant meter or the plant gate. Is BC Hydro willing to provide gas commodity at a location other than the bidder's plant gate, with the bidder providing its own transportation from that location? If so, will BC Hydro deliver gas at a location other than Huntingdon-Sumas?

Answer:

The only tolling option permitted by the CFT involves BC Hydro providing gas commodity and transportation to the bidder's plant gate.

81.

Question:

When are you going to be looking for renewable energy?

Answer:

BC Hydro has recently concluded three successful calls for green power. BC Hydro is planning a call to the private sector in the fall of 2004 that will be open to all technologies.

82.

Question:

Under the tolling options for VIGP, where BC Hydro will be responsible for delivering the gas for COD, if that gas is late, who will pick up the cost of the EPC contractor and the bidder for lost revenue, if it's say, 6 months late? Are there any LD payments being considered?

Answer:

This is addressed in the special terms and conditions of Appendix 8 (Fuel Supply) of the Preliminary Form EPA that apply to gas-fired tolled facilities. Section 16 of those provisions explains that where the Seller was otherwise able to achieve COD but for the fact that the gas was not there in order to fuel its plant, COD will be deemed to have occurred. That Seller will be relieved of its obligation to deliver but BC Hydro will not be relieved of its obligation to pay, which obligation will be based upon the Bid Capacity, adjusted for each hour in accordance with Appendix 11 of the Preliminary Form EPA. Once gas is made available, the COD tests described in Section 5.2 of the Preliminary Form EPA will be performed to determine if the Seller was in fact otherwise capable of achieving COD. If these tests are not met, certain adjustments to the payments made by BC Hydro will be required as described in section 16 of the portion of Appendix 8 applicable to gas-fired tolled facilities.

83.

Question:

The CFT states that BC Hydro will not pay for energy before May 2007. If a bidder completes its plant in October 2006 because of the construction season requirements, can it sell that energy to a third party?

Also, if the bidder is producing more than 105% of its rated capacity, can it sell that excess energy to a third party?

Answer:

The Preliminary Form EPA allows for COD of a non-tolling facility to be declared up to 90 days early, but not more. Earlier COD of the project with sales going to a third party (or to BC Hydro) under another agreement is not permitted in the Preliminary Form EPA. In response to the second part of the question, this is a call for capacity so BC Hydro is first and foremost looking for capacity, with an agreement to purchase the associated energy. The CFT states that there are to be no “split bids” meaning that the full capacity and associated energy of the project must be committed to BC Hydro under the Preliminary Form EPA. Also, Section 9.1 of the Preliminary Form EPA gives BC Hydro and only BC Hydro the right to dispatch energy from the Seller’s Plant. Section 8.6 of the Preliminary Form EPA provides that the Seller may not sell or deliver any capacity or energy from the Seller’s Plant to anyone other than the Buyer.

84.

Question:

How will BC Hydro accommodate pricing for duct firing in gas-fired plants like VIGP?

Answer:

Appendix 3 of the Preliminary Form EPA, scheduled to be released approximately two weeks after BCUC approval, will outline the pricing mechanism that deals with duct firing.

85.

Question:

If BC Hydro’s goal is to make sure the ratepayers have the lowest possible price, why is replacing a line or having another line from the Mainland excluded?

Answer:

See answer to question 38.

86.

Question:

Will BC Hydro do anything to fast track or assist with the permitting approval processes for non-VIGP projects?

Answer:

No.

87.

Question:

Please describe payment provisions for Pre-COD Energy, including the treatment of fuel costs?

Answer:

BC Hydro's agreement to pay for energy resulting from testing is covered in Section 2.2 of Appendix 3 of the Preliminary Form EPA. During COD testing, and provided that the COD requirements are satisfied, BC Hydro's obligation pay \$25/MWh for Pre-COD Energy generated during the 72 hour test period specified in subsection 5.2(c) of the Preliminary Form EPA. Pre-COD Energy is limited to the Metered Energy up to 105% of Bid Capacity. Reference should also be made to section 3 of the part of Appendix 8 applicable to gas-fired tolled plants. The Seller shall bear the cost of all fuel required for start up, commissioning and operation of the plant prior to COD.

88.

Question:

Can you change your evaluation methodology, so that you actually value least cost capacity alone rather than least cost capacity plus speculative energy?

Answer:

No, but the CFT evaluation spreadsheets to be issued by BC Hydro will include the capability for bidders to examine both the calculated Energy Margin and Capacity Charges in their Tender.

89.

Question:

What is the purpose of section 17.2 of the CFT?

Answer:

Section 17.2 is a privative clause, which is a standard right in calls for tender.

90.

Question:

Your current definition of fuel is the woodwaste/natural gas/coal consumed by the Seller's Plant to produce the Nominal Capacity and Scheduled Energy. Will you be amending that to include water and wind projects that evidently is being asked for but is not currently written into your script?

Answer:

Dependable Capacity as defined in the CFT means " ... Capacity that is net of parasitic load and is capable of achieving a guaranteed availability of 97% during the period of October to March inclusive, and for purposes of Tender evaluation availability will be assessed having regard to fuel supply certainty ...". For example, in the case of a hydro-electric project, hydrology will be considered for purposes of establishing the Dependable Capacity of the project for this CFT. The bidder will be required to submit hydrological and storage information to support its position that the project meets the definition of

Dependable Capacity. BC Hydro will consider project specific changes to the Preliminary Form EPA which may be necessary to accommodate hydro and wind projects.

91.

Question:

Is there a difference between the level of capacity required on Vancouver Island for heavy load hours compared to light load hours? It would seem that if somebody can produce on-Island generation for BC Hydro's peak times and give you 97% availability during that time, then that is the focus of needs rather than all the 24 hours for 7 days a week.

Answer:

The CFT does not permit variances in availability between high load hours and low load hours.

92.

Question:

Could bidders who have not made the VIGP Election but are willing to sign the Confidentiality and Restricted Use Agreement get access to the VIGP data room.

Answer:

No.

93.

Question:

To what extent can a pre-qualified project be changed before Tender?

Answer:

A tendered project must continue to meet Mandatory Criteria. BC Hydro will provide further guidance by way of Addenda on permissible project changes.

94.

Question:

The methodology provides that all projects will be normalised to 25 years. Please provide a description of how that normalisation is carried out?

Answer:

The CFT allows bidders to offer a minimum EPA Term of 10 years and a maximum Term of 25 years. Tenders are compared on a portfolio basis. All Tenders are normalized to 25 years in the evaluation methodology and the NPV's of the normalized Tenders are compared on a portfolio basis. The Tender(s) included in the lowest net cost portfolio are recommended for award of EPA(s).

The normalization is done as part of calculating the Net Tender Cost in Step 3 of the evaluation. The evaluation methodology calculates the sum of the Tender costs that are in effect over the term of the EPA. At the end of the term, the evaluation methodology assumes that additional electricity is purchased at the prevailing market price to reflect the electricity that would otherwise have been provided to BC Hydro had the Tender term been for the full 25 years that is permitted in the CFT. The existence of an active electricity market constrains the Seller from charging prices in excess of the market. The ability of the Seller to sell to that same market constrains the Buyer from extracting a price below that of the market. Therefore, the market price is a reasonable assumption for determining the cost of replacement electricity from the expiry of the EPA term to the end of the 25 year evaluation period. The evaluation methodology values the electricity that BC Hydro would be acquiring at the same prevailing market price.

95.

Question:

Why is only one gas transportation cost shown in the portfolio evaluation (slide 168), considering that different portfolios may have quite different requirements for gas and potentially different costs for transporting that gas?

Answer:

Gas transportation costs will be determined separately for each portfolio that includes gas-fired tolling plants and will depend on the gas requirements for each portfolio as transportation costs applied to the portfolio may differ from that applied to another portfolio depending on the requirements.

96.

Question:

Under the Mandatory Criteria Dependable Capacity is a pass/fail criteria. Can you amplify what that criteria might mean to bidders that are non-gas fired facilities? Will you require firm fuel delivery contracts for gas-fired tolling facilities during the Term of the EPA?

Answer:

BC Hydro committed in the CFT to provide further guidance as to the requirements for certainty of fuel supply in order to meet the criteria for Dependable Capacity.

97.

Question:

Regarding your web site, the Q&A part of it is going to get a bit cumbersome. Have you got any thoughts about organising this? One thought might be an email sign-up list and when a new question and answer comes out, it could be emailed to the list. Or perhaps there is some better way to organise it, because I see that, today alone, we are probably going to have a couple hundred questions.

Answer:

BC Hydro has been posting questions and answers on the VI CFT website. Registered bidders are encouraged to visit the site frequently to obtain the most up-to-date information. If the site does become

cumbersome that BC Hydro will review options, in addition to the current process of dating and categorising, to improve the site. In response to your second point, answers to all questions asked during this and future workshops will be provided as stand-alone PDF documents separate from other questions and answers submitted outside of the workshops.

98.

Question:

BC Hydro is using a number of service providers for this CFT process. Can bidders use the same service providers?

Answer:

Section 18.21 of the CFT, provides a list of service providers that bidders should not retain in connection with the CFT process. Also, section 18.23 of the CFT, states that any bidder submitting a Bidder Registration Form, a Pre-Qualification Form, or a Tender consents to BC Hydro's use of Borden Ladner Gervais (and Lawson Lundell), notwithstanding any unrelated solicitor-client relationship that the bidder may have, or previously has had, with such firm.

99.

Question:

In my understanding is that, on 9 April 2004 there will be no further comments on the EPA. Bidders may have financiers wanting to comment on the EPA; for example, there may be a conditional financing going into the deal and how do bidders cover off the risk when they submit their tender security, we don't have a break fee of \$80,000 a megawatt? Can there be further negotiations?

Answer:

See answer for question 31. Also, the EPA does not contain a condition subsequent for financing. Tenders that are subject to a financing condition will not be accepted.

100.

Question:

Will the Tender Security be lost if a bidder fails to get its final permits?

Answer:

The Tender Security is unrelated to permitting. It secures the bidder's obligation, if selected, to sign the Final Form EPA and deliver the Development Security and any other required securities. However, if a bidder submits a Tender in respect of a project for which permits remain outstanding, the bidder does bear the risk that the permits are not issued when required. The first Milestone is the receipt of Material Permits. Failure to achieve that Milestone will attract LDs or Milestone Security obligations under the Preliminary Form EPA. As with all Milestone LDs (and related security), the obligation is waived if the Seller achieves COD by the Guaranteed COD Date (plus Extension Days), despite failing to receive Material Permits by the applicable Guaranteed Milestone Date (plus Extension Days). However, if the Seller does not receive the Material Permits by the Guaranteed Milestone Date plus the cure period, the

Buyer may terminate the EPA in which case a termination payment in the amount of the Development Security will be payable by the Seller. Finally, having all Permits in place is a requirement of COD.

101.

Question:

On the tolling option for gas transportation, if you have a project that uses half the fuel that VIGP does, can you expect to be allocated twice the transportation cost per unit on GSX? If GSX is the cheaper option compared to Terasen, and there is a fixed cost from GSX, and would not that have to be allocated over the half the number of units?

Answer:

The selected gas transportation alternative will be the one which results in the lowest cost having regard to the gas transportation requirements of the gas projects in the selected portfolio.

102.

Question:

Bidders only have physical access to the VIGP data room, which seems a bit cumbersome, inefficient and expensive for out-of-town bidders. Is there any consideration of making it a virtual data room?

Answer:

No. BC Hydro has not made provisions for creating a virtual data room. Most of the documents in the data room have been copied to CD's which are available to bidders who have made the VIGP Election.

103.

Question:

You said we would have access to the VIGP data room and site visits for "some time". What's the definition of "some time"? Would you give us warning on that deadline?

Answer:

Site visits and access to the data room will be made available to bidders who have made the VIGP Election until shortly before the date for delivery of Pre-Qualification Submissions. Pre-Qualified bidders will have access to the data room and site visits until shortly before the Tender Closing Time. In both cases BC Hydro will provide reasonable notice prior to closing of the data room. All bidders are asked to call ahead to book dates and times to avoid possible scheduling conflicts.

104.

Question:

You have defined Force Majeure in the Preliminary Form EPA, but you also entered into an agreement for supply of services, water and effluent with a third party. The definition of Force Majeure is markedly

different from that in the Preliminary Form EPA, so you have created a mismatch for the VIGP bidders. How do you intend to deal with that?

Answer:

The EPA uses a relatively generic definition of Force Majeure, and is general enough to dovetail with other definitions if the basic principles in the definition are met. That said, there is no legal imperative that Force Majeure provisions in related contracts are uniform.

105.

Question:

For those of us who have not yet visited the VIGP data room, could you make available a list of the documents that are in the data room, as well as a list of documents that are going to be available on the CD?

Answer:

Yes. The lists will be made to those bidders that have made the VIGP Election.

106.

Question:

Will the evaluation spreadsheets include the different series of assumptions for gas prices and for electricity prices?

Answer:

Natural gas and electricity price forecasts used by BC Hydro in the evaluation are included in the evaluation spreadsheets.

107.

Question:

Is BC Hydro going to provide its entire VIGP file in the VIGP data room, or just specific information? In other words is there some information, specifically agreements, that will not be in the data room, and that will not be available to bidders who have made the VIGP Election?

Answer:

The data room contains all information regarding VIGP currently available which BC Hydro considers necessary for bidders to assess the opportunity afforded by the VIGP Election, including all agreements and commitments which a successful bidder will be required to assume. It does not contain BC Hydro's entire file on VIGP. The data room may be supplemented during the CFT process with further information, in which case bidders making the VIGP Election will be informed.

108.

Question:

What are the “regulatory outs” under the Preliminary Form EPA?

Answer:

The concept of a “regulatory out” is addressed in two ways in the Preliminary Form EPA. First, under Section 71 of the *Utilities Commission Act (British Columbia)* there is a requirement to file the Final Form EPA with the BCUC. Under Section 3.1 of the Preliminary Form EPA, the EPA may be terminated if 60 days after execution, the BCUC has not approved the EPA, there are outstanding proceedings pursuant to Section 71 with respect to the EPA, or the BCUC has made an order under Section 71 that contains terms that could reasonably be expected to have an adverse effect on the Buyer or the Seller. Second, the Seller is required to be exempt from regulation under the *Utilities Commission Act (British Columbia)*, which means being exempt from the definition of “public utility” in that Act. Under Article 17 of the Preliminary Form EPA, if the Seller ceases to be so exempt, it becomes a justification for either party to terminate the agreement. Third, the definition of Force Majeure includes acts or omissions of regulators. A party will not be liable for breach of the EPA where it cannot perform its obligations under the EPA due to an event of Force Majeure.

109.

Question:

Are there any credit default triggers in the Preliminary Form EPA applicable to BC Hydro?

Answer:

No.

110.

Question:

Given the Term of the contract, how does the Preliminary Form EPA provide for any future requirement on BC Hydro to divest these contracts at some future date?

Answer:

Article 18 of the Preliminary Form EPA describes certain conditions on when, how and to whom the EPA may be assigned. Bidders should review these provisions.

111.

Question:

Please provide a short update on GSX and the schedule and the NEB approval conditions? Have all appeals of regulatory approvals been exhausted?

Answer:

Bidders are referred to the GSX website through a link on the BC Hydro website: <http://www.bchydro.com/vicft>.

112.

Question:

What transmission line bottlenecks are there on Vancouver Island and would putting capacity behind those bottlenecks give you an extra credit? Specifically, are there any places where you say that the demand on Vancouver Island is increasing at about 15 megawatts per year or so? Are there any places where the transmission lines would have to be upgraded, meaning that the distribution lines have to be upgraded? Could this benefit be quantified as soon as possible?

Answer:

A preliminary indication of where transmission line limitations are expected is provided in the "Vancouver Island Transfer Capability Limit" Briefing Note which is available through <http://www.bchydro.com/vicft>. Answers for specific projects are best handled in initial meetings between each bidder and BCTC.

113.

Question:

Yes. In the evaluation, will BC Hydro assume the same COD date for all Tenders?

Answer:

The evaluation period is 25 years starting May 1, 2007 for all projects.

114.

Question:

The successful VIGP bidder will pay you \$50 million and acquire all the VIGP Development Assets, which presumably includes the permits that you will secure prior to the date these assets are transferred. If those permits are appealable, would BC Hydro defend the appeal? If not, would you expect the bidder to take all the risks of the appeal and all of the security risks associated thereafter?

Answer:

BC Hydro will continue to pursue the permits associated with the VIGP until such time as they are transferred to a successful bidder, including taking any appeal action deemed advisable. Subsequent to the effective transfer date of the VIGP Development Assets, the responsibility, cost and risk associated with pursuing these permits, or in taking any required appeal steps, would become that of the transferee of the VIGP Development Assets.

115.

Question:

It is common practice in the industry to form a corporation or limited liability company or a partnership which is primarily a shell company – it has assets when it acquires an EPA and builds a plant. So the financial statements would be both for the company that would be registered in B.C. (which would be a shell most likely with not much of a balance sheet), and for its parent company. Is that the evidence you expect from us?

Answer:

The Project Owner(s) on whom a bidder relies to meet the Mandatory Criteria (in particular, financial capacity and creditworthiness), are the entities for which the bidder is required to provide financial statements.

116.

Question:

To establish financial capacity, bidders are asked to describe various other capital projects currently planned or under development by the bidder with an estimated capital cost in excess of \$5 million. What is the basis for that figure?

Answer:

BC Hydro established a single threshold in the interest of simplicity.

117.

Question:

For the curriculum vitae required for several of the key financing personnel or the other categories as well, it says you want three references. Is that three references per person on the list?

Answer:

Yes. However, the same reference may be used for more than one individual.

118.

Question:

Please explain the rationale and the methodology for the treatment of proceeds from the sale or salvage of the VIGP Development Assets in the evaluation of VIGP and non-VIGP Tenders.

[Note: This replaces a number of questions asked at the Workshop addressing this issue.]

Answer:

The CFT evaluation methodology is designed to determine the most cost-effective Dependable Capacity for Vancouver Island, having regard to the best interests of BC Hydro's ratepayers. The evaluation methodology considers all prospective costs and benefits associated with the evaluated portfolios, including payments received for the VIGP Development Assets, either through sale to a successful VIGP bidder or through salvage.

The ratepayers’ best interests are addressed by selecting the lowest Net Portfolio Cost. BC Hydro’s approach is based on the following principles:

- The NPV of each portfolio of Tenders will be compared based on cash flows to and from BC Hydro. These include:
 - Capacity Charge Payments associated with Tenders included in the portfolio
 - Operation and Maintenance Charge Payments associated with Tenders included in the portfolio
 - Energy Margin associated with Tenders included in the portfolio
 - Start-Up Costs associated with Tenders included in the portfolio
 - Gas Transportation Costs associated with Tenders included in the portfolios with gas-fired tolling plants
 - Transmission Deferral credit associated with portfolios in excess of 150 MW
 - Network Upgrade Costs associated with Tenders included in the portfolio
 - Cash flows to BC Hydro associated with sale or salvage of the VIGP Development Assets.
- Portfolios including a project based on the VIGP Election (a "VIGP portfolio") will be credited with the price actually paid by the successful VIGP bidder to BC Hydro for acquisition of the VIGP Development Assets of \$50 million.
- A bidder making the VIGP Election can be expected to reflect the asset purchase of \$50 million to acquire the VIGP Development Assets in its tendered Capital Charge. A bidder not making that election will not incur this cost, but its tendered Capital Charge can be expected to reflect, among other things, the cost it will incur for development activities necessary to complete its project.
- Portfolios which do not include a project based on the VIGP Election (a "non-VIGP portfolio") will be credited with the estimated salvage value of the VIGP Development Assets, estimated at \$20 million.
- To the extent that the VIGP Development Assets have value in excess of salvage value (estimated to be \$20 million), a bidder’s cost to complete VIGP should be lower than the cost to complete an identical project that does not utilise the VIGP Development Assets. This additional value, if any, simply reflects existing circumstances. This factor is only one of many factors, including capital costs, O&M costs, fuel costs and cost of capital, that will determine the competitiveness of a VIGP Tender or a non-VIGP Tender.
- The value of the VIGP Development Assets has been set to ensure that ratepayers realise the full value of these assets and to ensure this value is not transferred to bidders at the expense of ratepayers. Not recognising this value could result in ratepayers being subject to a solution that has a higher net incremental cost. The structure of the CFT also works to support the active competition between VIGP and non-VIGP bidders and reduce incremental costs to ratepayers.

The following table illustrates that VIGP and Non-VIGP Tenders, (assuming a comparable facility) will be compared on the basis of net cashflows realised by BC Hydro.

	VIGP Portfolio	Non-VIGP Portfolio
(A) Tender Price of Capacity and Energy to BC Hydro		
Purchase of VIGP Assets	\$50 million	\$0

	VIGP Portfolio	Non-VIGP Portfolio
Cost to complete including:		
- Balance Of Plant Costs	✓	✓
- GT Costs	✓	✓
- Site preparation	✓	✓
- O&M costs	✓	✓
- Permitting costs	Significant progress	✓
- STG costs	Already procured	✓
- Land costs	Already acquired	✓
Project Return (WACC)	✓	✓
Plant Heat Rate	✓	✓
Tender price to BC Hydro	\$ X	\$Y
(B) Tender evaluation (Step 3 of CFT Evaluation Methodology):		
- Capacity Charge	✓	✓
- O & M Charge	✓	✓
- Energy Margin	✓	✓
- Start-Up Costs	✓	✓
NPV of Net Tender Cost to BC Hydro	\$X +/-	\$Y +/-
(C) Portfolio evaluation adjustments (Step 5 of CFT Evaluation Methodology):		
- Network Upgrade Costs	✓	✓
- Gas Transportation Costs	✓	✓
- Transmission Deferral Credit	✓	✓
- Credit for salvage value of VIGP assets	\$0	\$20 million
- Credit for sale of VIGP assets	\$50 million	\$0
NPV of portfolio after adjustments	\$X +/-	\$Y -\$20 million +/-

The table above outlines the elements of the evaluation that take place under the CFT. In particular the various inputs to the evaluation are highlighted to show how bidders' inputs are used, together with portfolio adjustments, to determine the lowest Net Portfolio Cost. The table highlights three main categories of inputs:

- (A) Tender Price of Capacity and Energy to BC Hydro
- (B) Tender Evaluation
- (C) Portfolio Evaluation Adjustments

As can be seen from the table, the Tender price is determined by a series of variables which include the cost to complete and for VIGP bidders, the purchase price of VIGP Development Assets. Tender cost variables will reflect the range of costs expected by each bidder. For VIGP, the Tender cost is expected to reflect, that through purchasing the assets, costs to complete will be lower.

Net Tender Costs reflect Capacity Charge, O & M Charge, Energy Margin (including fuel commodity costs as applicable), associated with each Tender.

Finally, the Tenders are assembled into portfolios and adjustments are made to each portfolio as outlined in Category C of the previous table – including an adjustment for the VIGP Development Assets. In particular, the VIGP portfolios are credited to reflect the asset purchase cost on the basis that this is already included in the Tender price. For non-VIGP portfolios, a credit is made for the estimated salvage value.

Illustrative Example:

To further illustrate the treatment of the VIGP purchase price and the VIGP salvage value, two Tenders of identical size are considered. All other tendered terms are assumed identical to isolate the impact of the asset related credits. Note that the simplified example does not include any Energy Margin that would otherwise distinguish the portfolio. For the purpose of the illustration, and consistent with the terms of the CFT that the tendered Capital Charge is fixed for the life of the EPA, it is assumed that the tendered Capital Charge would reflect a mortgage style payment structure based on the term of the EPA and the bidders’ weighted average cost of capital (WACC).

The following spreadsheet illustrates an example where the cost to complete a non-VIGP project is \$20 million higher (“Cost to Complete (excl. Purchase Price)”) than for VIGP.

As shown below, a non-VIGP bidder with a “Cost to Complete (excl. Purchase Price)” that is \$20 million higher than a VIGP project would result in the same “Basis for evaluation “ of \$250 million. In this example the VIGP bidder sees at least \$20 million of value in the VIGP Development Assets and reflects this in its “Cost to Complete (excl. Purchase Price) of \$250 million.

		VIGP Portfolio	Non-VIGP Portfolio
Bid Capacity	MW	250	250
Purchase Price VIGP Assets	\$ Million	50	n/a
Cost to Complete (excl. Purchase Price)	\$ Million	250	270
Bidder's Total Cost	\$ Million	300	270
EPA Term	Years	25	25
Bidder's WACC	%	8%	8%
Capital Charge	\$/MW/mo	9262	8336
Discount Rate	%	8%	8%
NPV Capital Charge	\$ Million	300	270
Credit for VIGP Purchase Price	\$ Million	-50	n/a
Credit for VIGP Salvage Value	\$ Million	n/a	-20
Basis for Evaluation	\$ Million	250	250

119.

Question:

Please explain how the VIGP benchmark referred to in the BCUC decision on the VIGP CPCN Decision will be used in the evaluation and selection process.

[Note: This replaces a number of question asked at the workshop addressing this issue.]

Answer:

BC Hydro will advise bidders of the VIGP Net Tender Cost derived from inputting into the evaluation spreadsheet a VIGP bid that is based on the benchmark parameters defined by the BCUC. This information will be provided to bidders after the prototype evaluation spreadsheet has been released to bidders.

The CFT is a competitive process, in which tendered projects are competing against each other. The lowest cost portfolio of Tenders will be recommended for the award of EPA(s). BC Hydro is not tendering a VIGP self-build option in the CFT.
