

VANCOUVER ISLAND CALL FOR TENDERS

DEVELOPMENT RISK GUIDELINES

Issued: 20 November 2003

(Revised: 5 March 2004)

Development Risk 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.

Included with Tender submission, bidder will be required to provide the following information:

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 Preliminary 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:

- Legal description of site and copy of certificate of title.
- Copy of all liens, charges and encumbrances (“charges”) registered on title, and confirmation that such charges 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.
- If the bidder does not hold title to the site and its right to acquire or use and occupy the site is unregistered, include a copy of the agreement(s) under which bidder has the right to acquire, use and/or occupy the site.
- 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 (1) the status, and schedule for completion, of the subdivision, and (2) a list, and the status and schedule for, all approvals required to complete the subdivision

3. ***Permits:***

Provide for each project:

- A complete list of all permits required for construction and operation of the project. For this purpose, “permit” means permits, licenses, rezoning or zoning variances, and all other approvals 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.
- For each permit, provide:
 - A copy of the permit, if issued.
 - Details, including status, of any pending or threatened appeal of the issue of any permit.
 - 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 with the Tender.
 - 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 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.
- 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 description of site services required to support construction and operation of the project, including water supply, wastewater treatment and/or disposal, and other utilities and services, and a description of the status and schedule for securing each utility or service.
- A copy of any executed agreement for provision of any required utility or service.
- 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.

- A copy of the completed Interconnection Study performed by BCTC.

6. ***Project Team:***

Provide for each project:

- Updated information regarding bidder's project team clearly addressing any material changes from the information submitted with the Pre-Qualification Submission.
- The bidder's plan and schedule for selection of any further engineering and technical consultants, equipment suppliers and contractors required for the design, procurement and construction of the project.
- A description of the bidder's plan for securing performance by its suppliers and contractors, whether involving performance and payment bonds, letters of credit, corporate guarantees or other security measures.

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

Provide for each Project:

- Identify and describe 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:
 - 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,
 - 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,
 - Pending or threatened shortages of materials or labour, whether skilled or unskilled.
- To the extent not otherwise described, outline 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 required COD of 1 May 2007. This assessment will take into account:

- Whether the bidder's project schedule is realistic and readily achievable,
- Whether the bidder has acquired, or has the unconditional right to acquire the project site,
- Whether the site is zoned and otherwise free of legal impediments to construction and operation of the project,

- Whether the bidder has obtained all necessary permits for construction and operation of the project,
- 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,
- 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.
- 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,
- 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,
- 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,
- An evaluation of the development risk associated with new gas transportation facilities as further described in Section 6.4 of the CFT,
- An evaluation of the development risk associated with network upgrades as further described in Section 7.8 of the CFT, and
- 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.