

VANCOUVER ISLAND CALL FOR TENDERS

PRE-QUALIFICATION FORM, MANDATORY CRITERIA GUIDELINES AND INFORMATION REQUIREMENTS

Issued: 14 November 2003

(Revised: ~~13 January~~ 5 March 2004)

GENERAL INSTRUCTIONS

1. *Each registered bidder must fully and properly complete and submit to BC Hydro a Pre-Qualification Submission in accordance with these instructions.*
2. *Pre-Qualification Submissions consist of:*
 - *A completed and signed Pre-Qualification Form,*
 - *Mandatory Criteria Information, prepared in accordance with the Mandatory Criteria Guidelines and Information Requirements, and*
 - *Financial Statements as called for by the Mandatory Criteria Guidelines and Information Requirements.*
3. *Failure to deliver the Pre-Qualification Submission on or before 4:00 p.m. PPT on the date specified in the CFT Schedule disqualifies the bidder from further participation in the CFT process. BC Hydro reserves the right to reject any incomplete or improperly completed form or submission.*
4. *Words and phrases defined in the CFT and used herein have the meanings given in the CFT. Refer to Appendix 1 of the CFT for definitions.*
5. *Note also the following important defined terms used in the Pre-Qualification Form and associated Mandatory Criteria Guidelines and Information Requirements:*
 - *“bidder” means the corporation, partnership, joint venture or other legal entity that (i) is identified as “bidder” on the Pre-Qualification Form submitted and (ii) intends to submit a Tender and, if awarded an EPA, will sign the EPA and become a party to that agreement as “Seller”. The bidder must be the entity that is registered as a bidder or an Affiliate of that entity.*
 - *“Project Owner” means with respect to each project, a person, other than the bidder, that holds, or is expected to hold, directly or indirectly through one or more corporations or other entities, an ownership interest in the bidder or the project.*
 - *“Key Development Personnel” means, with respect to each project, individual persons, whether employed by the bidder, a Project Owner or a member of the Project Team, who are or will be assigned to fill key project development roles, such as project manager, engineering manager, procurement manager, construction manager, etc.*

- *“Key Financing Personnel” means, with respect to each project, individual persons, whether employed by the bidder, a Project Owner or a member of the Project Team, who are or will be assigned to fill key financing roles.*
- *“Project Team” means with respect to each project, (i) the bidder, (ii) its principal financial, technical, legal, insurance and other advisors, lenders, and (iii) principal equipment suppliers, contractors and project operators.*

6. *The Pre-Qualification Submissions will be used by BC Hydro to assess whether or not the bidder and each project meets the Mandatory Criteria for purposes of Phase 1 – Pre-Qualification.*

7. *Each bidder must submit:*

- *One unbound and 6 bound copies of the following in a sealed box or envelope marked “Vancouver Island – Call for Tenders, Pre-Qualification Submission” and bearing the name and address of the bidder:*
 - *the Pre-Qualification Form, properly completed, dated and signed by an authorized signatory of the bidder, and*
 - *the Mandatory Criteria Information, containing the information set out in the Mandatory Criteria Guidelines and Information Requirements, and*
- *One copy of the Financial Statements as called for by section 1.1.1 of the Mandatory Criteria Guidelines and Information Requirements in a separate sealed box or envelope marked “Vancouver Island – Call for Tenders, Pre-Qualification Financial Statements – CONFIDENTIAL” and bearing the name and address of the bidder.*

8. *The bidder is solely responsible for demonstrating to BC Hydro’s satisfaction that the bidder and its project(s) meet Mandatory Criteria, if necessary, by providing information concerning Project Owners on whom the bidder relies to satisfy Mandatory Criteria as further indicated in the Pre-Qualification Form and in the Mandatory Criteria Guidelines and Information Requirements.*

9. *Submission of a Pre-Qualification Form constitutes the bidder’s consent to BC Hydro contacting any person identified as a “contact person” in the associated Mandatory Criteria Information.*

10. *See also specific instructions for completing the Pre-Qualification Form and preparing the Mandatory Criteria Information.*

VANCOUVER ISLAND – CALL FOR TENDERS

PRE-QUALIFICATION FORM

(Revised: ~~13 January~~ 5 March 2004)

Instructions:

1. *This Pre Qualification Form may be downloaded in Word format from <http://www.bchydro.com/vicft>. Use the TAB key to select and complete fields appearing in the form. Refer to the General Instructions for further guidance.*
2. *Complete each field of the Pre-Qualification Form.*
3. *In describing the bidder, any Project Owner or any other legal person, use the full legal name of that legal person.*
4. *In section 5, identify each project by name and location.*
5. *In section 6, a Tender is “exclusive” if the bidder intends that the Tender can be accepted only to the exclusion of the acceptance of any other Tender identified in that section.*
6. *If the bidder is a special purpose entity or otherwise intends to rely upon one or more Project Owners to satisfy any Mandatory Criteria, complete Schedule B showing for each such Project Owner the same information called for by section 3 of the Pre-Qualification Form in respect of the bidder. Note section 8 of the General Instructions.*
7. *If information called for by this form is not currently developed or available, so state in the Pre-Qualification Form and provide a brief explanation of the bidder’s plan and schedule for developing or completing that information.*

FORM

This Pre-Qualification Form and associated submissions referenced herein are submitted by the undersigned, NAME OF BIDDER (“bidder”) 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”).

1. **The Submission:** The bidder submits this Pre-Qualification Form together with:
 - Mandatory Criteria Information entitled “TITLE OF MANDATORY CRITERIA INFORMATION” and dated DATE, 2004,
 - By separate sealed envelope, the Financial Statements referenced in the Mandatory Criteria Guidelines and Information Requirements,(collectively, the “Pre-Qualification Submission”).

2. **Certification:** The bidder hereby certifies that:

- It has read and understood the CFT and all Addenda issued to the date hereof and posted on <http://bchydro.com/vicft>, and
- The information contained in the Pre-Qualification Submission is true and correct.

3. **Bidder Legal Structure:**

- Type of legal entity or organization (e.g. corporation, general partnership, limited partnership, joint venture): _____
- Jurisdiction of incorporation or formation, including incorporation or other registration number or, if the entity is a partnership or joint venture, of each partner or joint venturer: _____
- If incorporated or formed outside British Columbia, any British Columbia extra-provincial registration number: _____
- Full names of directors and senior officers or, if not a corporation, the full names of the person or persons exercising equivalent authority over the business and affairs of the entity: _____
- In the case of an entity, the shares or other securities of which are traded on a recognized stock exchange, the name of the exchange(s) and the trading symbol: _____
- Name of each person who is, or is expected to become, a Project Owner and the percentage ownership that each such person holds or is expected to hold: _____
- Name of each Project Team member: _____
- An organization chart showing the direct and indirect ownership of the project entity, including all Project Owners, is attached as Schedule A.

4. **Project Owner(s) Legal Structure:**

For each Project Owner on whom the bidder relies to satisfy Mandatory Criteria, a description of the legal structure containing information identified in section 3 above is set out in Schedule B.

5. **Projects:**

The bidder intends to submit one or more Tenders in respect of the following project(s), for which Mandatory Criteria Information has been completed and submitted herewith: _____

6. **Multiple Tenders (applicable only to bidders intending to submit multiple Tenders):**

The following is a statement of (i) the number of Tenders that the bidder intends to submit, (ii) the project(s) comprised in each Tender, and (iii) whether or not one or more Tenders are exclusive of one or more other Tenders:

(i) _____

(ii) _____

(iii) _____

BIDDER NAME

Per: _____
Signature

NAME AND TITLE OF AUTHORIZED SIGNATORY

DATE

SCHEDULE A
ORGANIZATION CHART

SCHEDULE B

PROJECT OWNER(S) LEGAL STRUCTURE

For each Project Owner, provide the information identified in section 3 of the Pre-Qualification Form.

VANCOUVER ISLAND – CALL FOR TENDERS

MANDATORY CRITERIA GUIDELINES AND INFORMATION REQUIREMENTS

(Revised ~~13-January~~5 March 2004)

Instructions:

1. *These Mandatory Criteria Guidelines and Information Requirements set out the nature and extent of information which should be included in the bidder's Mandatory Criteria Information.*
2. *In preparing the Mandatory Criteria Information, follow the outline and numbering system provided in these Mandatory Criteria Guidelines and Information Requirements. Create a paginated table of contents, including reference to schedules, if any, at the beginning of the submission.*
3. *Number each page of the submission sequentially and include a footer on each page showing the name of the bidder and date of the submission.*
4. *Attachments, if any, must be clearly referenced in the applicable section of the Mandatory Criteria Information and set out in a schedule to the document, with each schedule sequentially numbered.*
5. *If the bidder intends to submit a Tender in respect of more than one project, prepare a separate Mandatory Criteria Information document for each such project, with each document clearly marked by project name and location corresponding to section 5 of the Pre-Qualification Form. Duplicative information may be simply cross-referenced to the first project document.*
6. *If the bidder is a special purpose entity or otherwise intends to rely upon one or more Project Owners to satisfy Mandatory Criteria, complete the information as noted for Project Owners in the Mandatory Criteria Guidelines and Information Requirements. See also section 8 of the General Instructions.*
7. *If information called for by the Mandatory Criteria Guidelines and Information Requirements is not applicable to the bidder and/or its project(s), so state in the Mandatory Criteria Information and provide a brief explanation as to why the item is inapplicable.*
8. *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.*

GUIDELINES AND INFORMATION REQUIREMENTS

1. Bidder Criterion - Financial Capacity and Creditworthiness:

Mandatory Criterion: A bidder must establish to the SEC's satisfaction that the bidder has, or has access to, the financial strength and creditworthiness required to successfully finance the development and operation of its proposed project(s) and to provide the Tender, development, operating and other securities required under the CFT and EPA(s), if awarded. Bidders meeting this criterion based on information filed with their Pre-Qualification Form for purposes of pre-qualification will not necessarily be considered to have met this criterion for purposes of Tender evaluation, and BC Hydro reserves the right to require further supporting information for the purposes of re-assessing compliance with this criterion for Tender evaluation purposes. Bidders intending to submit a Tender in respect of multiple projects, or multiple Tenders, that are not mutually exclusive, must demonstrate sufficient financial strength and creditworthiness to carry out all projects comprised in that Tender or those Tenders.

This criterion reflects two components: Financial Capacity and Financing Plan and Experience.

1.1 Financial Capacity:

1.1.1 *Financial Statements:* Full set of financial statements (audited, if available) and annual reports for each of the past 5 years or from incorporation, and interim financial statements for each quarter since the last fiscal year end for which financial statements are available. In the case of a co-generation project, provide the same information for any thermal host(s). Submit in a separate sealed box or envelope as described in section 7 of the General Instructions.

1.1.2 *Other Projects:* Describe each other capital project currently planned or in development by the bidder, having an estimated capital cost that could have a material impact on the ability of the bidder to perform and discharge its obligations under an EPA, if awarded, but in any event, having aggregate estimated capital costs equal to the lesser of:

- \$25 million, and
- an amount equal to 20% of the estimated capital cost of the tendered project(s).

The description should include the information noted in (a) to (c) below. However, bidders may redact from that information any financial or other information that is confidential. For clarity, if a bidder intends to tender two or more projects, the second threshold noted above is 20% of the aggregate estimated capital cost of the tendered projects, unless the Tenders are mutually exclusive, in which case the threshold is 20% of the estimated capital cost of the project(s) having the largest estimated capital cost.”

- (a) **Status:** A brief description of each project, its status, how it is or will be financed and the role of the bidder in each project;
- (b) **Construction Funding:** Nature and source of funding for construction of each project; and
- (c) **Term Funding:** Nature and source of term funding for each project.

1.1.3 *Contingent Liabilities and Obligations:* For bidders and thermal host(s), if any, disclose any obligations, pending or threatened litigation and claims, off-balance sheet arrangements and other matters that could have a material adverse effect on the ability of the bidder to complete the project. For any disclosed litigation or claim, identify the parties and provide an assessment of the expected timing and outcome of resolution of the litigation or claim.

1.1.4 *Security Requirements:* Provide a comfort letter from a financial institution meeting the credit requirements set out or referenced in section 10.7 of the CFT or section 14 of the Preliminary Form EPA, as applicable, of bidder's ability to provide the Tender Security, the Development Security and any other securities required under the EPA(s).

1.1.5 *EPA Insurance Requirements:* Provide an insurance broker's comfort letter as evidence of the bidder's ability to obtain the insurance coverage required under section 11 and Appendix 12 of the EPA(s).

1.1.6 *Credit Ratings:* If the bidder and/or thermal host, if any, is a rated entity, provide the name of the rating agency and the current credit ratings for each such entity.

1.1.7 *Contact Persons:* List the names of, and contact persons for, the bidder's auditor, commercial bank, financial advisor, legal counsel, insurance broker, securities underwriter, and principal project lenders and project engineering and technical advisors, including a contact person for each such entity, with name, address, telephone number and facsimile and/or e-mail address for each such contact person.

1.2 ***Financing Plan and Experience:***

1.2.1 *Financing Plan:* Provide the bidder's current estimate of the project capital cost. Provide a description of the bidder's plan for funding the construction and long term financing requirements of the project, including both internal and external funding sources. Describe any existing commitments by equity and debt financial sources and provide copies of any existing funding commitments. Describe the bidder's plan and schedule for securing such commitments.

1.2.2 *Financing Experience:* Describe the past and current experience of the bidder and the Key Financing Personnel in relation to prior and current capital projects of a size and complexity comparable to the bidder's project to be tendered in the CFT process, including for each such past or current project:

- (a) Project: the name, location and brief description of the project;
- (b) Key Financing Personnel: the Key Financing Personnel who were involved with the project, their roles and the period of their involvement;
- (c) Capital Cost and Financing: the capital cost of the project and a description of the financing arrangements, including the amount and nature of financing by source;
- (d) Contact Person: the name, address, telephone number and facsimile number and/or e-mail address of the contact person for the project; and
- (e) CVs: Curriculum Vitae for each of the Key Financing Personnel, including 3 references.

1.3 ***Project Owners:***

If the bidder relies upon one or more Project Owners to satisfy, in whole or in part, the Mandatory Criterion described in this section 1, provide in respect of each such Project Owner the same information as is required in respect of the bidder under sections 1.1 and 1.2.

2. **Bidder Criterion – Experience:**

Mandatory Criterion: *A bidder must establish to the SEC’s satisfaction that the bidder is reputable and has, or has access to, relevant development and operating experience necessary to successfully develop and operate its project(s) in accordance with the terms of the EPA(s), if awarded.*

2.1 ***Project Organization:***

Provide an organization chart and description showing the structure of each entity comprising the bidder’s Project Team, describing the role of each member and identify the name and role of each of the Key Development Personnel, in sufficient detail to demonstrate that the bidder has, or has access to, necessary expertise in all areas required to successfully develop and operate the project.

2.2 ***Contractual Arrangements:***

Describe existing contractual arrangements and provide copies of executed agreements for the engineering, procurement, construction and operation of the project, and contractual arrangements with consultants and advisors identified on the above referenced organizational chart.

2.3 ***CVs:***

Provide Curriculum Vitae for each of the Key Development Personnel, including three references. Where the bidder intends to rely on the experience of Key Development Personnel, rather than corporate experience, to satisfy, in whole or in part, this criterion, Curriculum Vitae should contain the information required of the Project Team under section 2.4.

2.4 ***Reference Project Experience:***

For the (i) bidder, (ii) Project Owner on which the bidder relies to satisfy the criterion indicated in this section 2, and (iii) each member of the Project Team, describe prior experience serving in a role comparable to the role to be assigned to that person on the bidder’s Project Team in not more than 5 prior generation projects (“reference projects”) of similar size and technology as the bidder’s project to be tendered pursuant to the CFT. For each reference project, provide the project name, location, owner, technology and fuel type, primary equipment manufacturers, installed capacity, offtake power purchaser, initial commercial operation date, and name, address and telephone number of the contact person for the reference project and for its principal offtake power purchaser.

3. **Project Criteria**

3.1 **Mandatory Criterion - Location:** *Projects must be located on Vancouver Island.*

3.1.1 ***Site Information:***

Describe the site (location, road access, size in hectares, legal description, current zoning, required zoning, subdivision status, registered owner(s), etc.)

3.1.2 ***Map:***

Provide a map showing the location of the project, the proposed interconnection point to the BCTC system, and all infrastructure (access roads, fuel delivery points, water supply point, steam host if co-generation, etc.). Indicate the approximate location of the plant facilities on the map, including the general layout of the power plant.

3.2 **Mandatory Criterion – Proven Technology:** *Projects must employ “Proven Technology” defined as generation technology, other than nuclear technology, which are proven, readily available in commercial markets and in commercial (not demonstration) use, as evidenced by not less than 3 generation plants delivering electrical capacity and energy to public utilities for a period of not less than 3 years to a standard of reliability generally consistent with that contemplated by the Preliminary Form EPA.*

3.2.1 **Major Equipment:**

List of all major project equipment (eg. combustion turbine, steam turbine, heat recovery steam boiler, etc.), including manufacturer, model, key technical parameters.

3.2.2 **Design Information:**

List all major project design features (eg. co-generation, simple cycle, combined cycle, duct firing, fuel switching, etc.).

3.2.3 **Operation Modes:**

Describe modes of project operation (e.g. Must Run Capacity or Dispatchable Capacity).

3.2.4 **Fuel:**

Describe the project fuel type (eg. primary fuel type, secondary fuel type, if any, year round availability, volume/day necessary to deliver Dependable Capacity, onsite storage capability, if any, for both primary and secondary fuel, etc.).

3.2.5 **Proven in Commercial Use:**

Identify and describe not less than 3 existing generating plants of a size, technology and fuel type comparable to the bidder’s project, in sufficient detail to allow BC Hydro to verify comparability and that the plants have achieved a level of consistent performance, each for a period of not less than 3 years, that is generally consistent with the performance standards called for under the Preliminary Form EPA, and including name, location and owner of each plant and the name, address and telephone number of a contact person who is knowledgeable concerning the named plant. It is not necessary that the bidder or any member of its Project Team has been involved in the development of these plants.

3.3 **Mandatory Criterion – New, Dependable Capacity:** *Projects must be New and constitute Dependable Capacity. “New” means, in relation to Dependable Capacity, new or refurbished generation facilities that have not achieved initial synchronization prior to the Tender Closing Time, and incremental capacity and associated energy resulting from refurbishing or modifying existing equipment after the Tender Closing Time, whether or not such existing equipment had achieved initial synchronization prior to the Tender Closing Time. “Dependable Capacity” means Dispatchable Capacity or Must-Run Capacity that is net of parasitic load and is capable of achieving a guaranteed availability of 97% during the period October to March inclusive, and for purposes of Tender evaluation availability will be assessed having regard to fuel supply certainty (other than in respect of full tolling natural gas-fired, ~~tolled~~ projects).*

Note: *Information provided as described above to demonstrate Proven Technology will also be used to assess whether the bidder’s project represents New, Dependable Capacity.*

3.3.1 *New or Refurbished Equipment:*

Identify whether the equipment to be used is new or refurbished and if refurbished include a description of how such equipment was previously utilised, including:

- total nameplate capacities of all existing generators that share the meter used for calculating Eligible Electricity under the Preliminary Form EPA (“Existing Generators”), expressed in MW, or
- an explanation of why the nameplate capacity is not an appropriate mechanism for determining the generator’s historic generation baseline, together with:
 - historical generation data for each Existing Generator in MWh as an hourly average for each month for the lesser of (i) the period from January 1, 2001 to December 31, 2003, or (ii) the total length of time each Existing Generator has been installed and operating; or
 - the peak output for each Existing Generator in each month for the lesser of (i) the period from January 1, 2001 to December 31, 2003, or (ii) the total length of time each Existing Generator has been installed and operating.

3.3.2 *Availability/Forced Outage Rate:*

~~State~~ For purposes of demonstrating capability to meet 97% availability (i.e. forced outage rate not to exceed 3%) during the period October to March inclusive, state the expected availability annual forced outage rate, expressed as a percentage of the project for each month of total hours in the year. The expected availability This rate should be consistent with the data reported for the plants referenced pursuant to in section 3.2.5 above, and the relevant provisions of the EPA. 3.2.5.

3.3.3 *Fuel Supply:*

Name and location of project fuel suppliers, type and quantity of fuel supplied by each, distance from fuel supplier to plant site, method of delivery, rate of delivery. Identify any alternative suppliers of fuel.

3.3.4 *Other Information on Dependability:*

Any other information relative to the project not otherwise disclosed in relation to Proven Technology or otherwise in the Pre-Qualification Submission that the bidder considers necessary or relevant to demonstrate that its project will constitute New, Dependable Capacity.

3.4 **Mandatory Criterion – Tender Capacity:** *Each proposed Tender must comprise not less than 25 MW and not more than 300 MW in the aggregate, which may consist of one or more projects.*

3.4.1 *Project and Tender Capacity:*

Confirm that the project will be tendered alone or with other projects such that this criterion will be satisfied.

3.5 **Mandatory Criterion – Project Capacity:** *Each project must have a Bid Capacity of not less than 25 MW of New, Dependable Capacity, determined as “clean and new” before degradation at average ambient conditions.*

3.5.1 *Project Capacity:*

Specify the total New, Dependable Capacity of the project ~~before degradation at average ambient conditions.~~

3.5.2 *Bid Capacity:*

Specify the expected Bid Capacity for the project.

3.6 ***Mandatory Criterion – COD:*** Each project must have a COD not later than 1 May 2007.

3.6.1 *COD:*

Confirm compliance with this criterion.

3.6.2 *Schedule:*

Provide a detailed project schedule that is realistic and readily attainable, identifying the critical path and identifying all key dates including but not limited to dates for regulatory approvals, pre-construction and construction milestones including, as applicable, and not limited to following milestones:

- receipt of all material permits,
- start of construction,
- foundations complete,
- mechanical completion, and
- synchronization.

3.7 ***Mandatory Criterion - Term:*** The required EPA ~~Term, to be selected by the bidder, must be not less than 10 years and not more than~~ initial term is 25 years, ~~commencing on COD~~ subject to extension as provided in the EPA.

3.7.1 *EPA Term:*

~~Specify the Term of the EPA, if awarded, expressed in years, in whole integers from 10 to 25 commencing on COD.~~

Confirm compliance with this criterion.