

October 29, 2004

BC Hydro and Power Authority
10th Floor – 333 Dunsmuir Street
Vancouver, BC
V6B 5R3

Attention: Ms. Mary Hemmingsen
Manager, Power Planning & Portfolio Management

Dear Ms. Hemmingsen:

**Subject: Report No. 4 of the Independent Reviewer
Results of Tender Phase of the CFT**

We are pleased to submit our Fourth Report, in respect of the BC Hydro Call for Tenders for Capacity and Associated Energy Supply on Vancouver Island (“CFT”). The attached report focuses on the final phase of the CFT and should be read in conjunction with our previous reports. All our previous reports are available on the BC Hydro CFT website.

Our overall finding with respect to the Tender Phase is that BC Hydro’s recommendation to award an Electricity Purchase Agreement to Duke Point Power Limited Partnership was in accordance with the decision criteria of the CFT. Duke Point Power LP was the bidder whose Tender was contained in the portfolio determined to have the lowest Net Portfolio Cost.

With respect to the conduct by BC Hydro of the entire CFT process, it is our finding that it was a competitive process and conducted in a transparent and fair manner.

Yours truly,
PricewaterhouseCoopers LLP



Joe Parker
Partner
Attached: Report No. 4

TABLE OF CONTENTS

1.0	BACKGROUND	3
2.0	OUR SCOPE	3
3.0	THE TENDER PHASE	4
3.1	MAJOR CFT EVENTS – MAY 1, 2004 TO AUGUST 6, 2004 (PRE-TENDER SUBMISSION)	4
a)	<i>Bidders’ Tender Workshop.....</i>	4
b)	<i>Release of Quantitative Evaluation Methodology (“QEM”) and Associated Spreadsheets</i>	4
c)	<i>Project Specific Revision Submissions (“PSRS”) and Pre-Approved Appendix 5</i>	4
d)	<i>Release of Final Form EPA and Final Form VIGP Transfer Agreement</i>	4
3.2	PREPARATION FOR EVALUATION OF TENDERS	5
a)	<i>Organization Structure.....</i>	5
b)	<i>Processes.....</i>	6
3.3	RECEIPT AND EVALUATION OF TENDERS	6
a)	<i>Confidentiality and Conflict of Interest Disclosure.....</i>	7
b)	<i>Tender Receipt and Logging</i>	7
c)	<i>Preliminary Portfolio Assembly and Process Support Related to Gas Transportation and Transmission Inputs.....</i>	7
d)	<i>Completeness and Conformity Review (“CCR”) of Tenders.....</i>	8
e)	<i>Tender Security Review (TSR) of Tenders.....</i>	8
f)	<i>SEC Review and Evaluation of Tenders</i>	9
g)	<i>Portfolio Development Risk Assessments</i>	10
h)	<i>QEC Computations of Tenders and Portfolios.....</i>	10
i)	<i>PMO Decision Making and Recommendation Review.....</i>	11
j)	<i>CFT Steering Committee Recommendation Review.....</i>	11
4.0	IR WORK STEPS AND FINDINGS.....	11
4.1	TENDER REVIEW	11
4.2	PORTFOLIO ASSEMBLY REVIEW	11
4.3	QUANTITATIVE EVALUATION.....	12
4.4	PROCESS MONITORING.....	12
4.5	OVERALL FINDING AND SUMMARY OF TENDER PHASE RESULTS.....	12
5.0	OUR FINDINGS	14
	APPENDIX A - GLOSSARY OF ABBREVIATIONS.....	16
	APPENDIX B - OUR METHODOLOGY.....	17
	APPENDIX C - CFT EVALUATION COMMITTEES AND MANAGEMENT STRUCTURE.....	20
	APPENDIX D - BC HYDRO CFT DECISION FLOW CHART.....	21

1.0 Background

The Vancouver Island Call for Tenders (“CFT”) of October 31, 2003, as amended, established the process, schedule and requirements for pre-qualified bidders to submit their Tender(s). Tenders were received from six pre-qualified bidders before the deadline of 4:00 PM PPT, August 13, 2004.

The following report presents the Independent Reviewer’s findings for the Tender Phase as well as further background on our role and approach taken for the duration of the CFT. A glossary of abbreviations used in this report is provided in Appendix A.

2.0 Our Scope

In establishing the scope of our assignment as the Independent Reviewer (“IR”), BC Hydro and Power Authority engaged us to¹:

- *Review and report on the fairness of the CFT terms before issue* (CFT process design, evaluation framework design and timeframes);
- *Monitor and report on the fairness of the execution of Phase 1 and Phase 2* (the Pre-Qualification Phase and the Tender Phase, respectively);
- *Review and report on impartiality of evaluation*; and
- *Provide to the BCUC such interim reports as it may reasonably request.*

Our scope of work did not include review of any matters related to BC Hydro’s stated purpose for the CFT from a business, ratepayer or regulatory perspective.

Our scope of our work and accordingly the findings documented in this report ended with the consideration and decision by the Project Management Office on the report and recommendation of the Quantitative Evaluation Committee on the lowest Net Portfolio Cost.

The findings in this report follow from the application of our Methodology (summarized in Appendix B) for our work during the CFT and in particular, the Tender Phase.

¹ The text in italics has been extracted directly from the Terms of Reference for the IR; the text in brackets represents our points of interpretation.

3.0 The Tender Phase

3.1 Major CFT Events – May 1, 2004 to August 6, 2004 (Pre-Tender Submission)

a) Bidders' Tender Workshop

A bidders' workshop was scheduled and convened on July 7, 2004. Attendance at the workshop and execution of a consent form by pre-qualified bidders ("bidder(s)") were mandatory. Ten bidders attended the workshop. One bidder who had been pre-qualified failed to attend. All bidders that attended the workshop, except for one bidder, executed and submitted the required consent form to BC Hydro.

In accordance with the rules of the CFT, the bidder who failed to attend the mandatory workshop and the bidder failing to provide the executed consent form placed themselves in the position that if they submitted Tenders, they could not be accepted and evaluated by BC Hydro. Neither bidder submitted a Tender.

b) Release of Quantitative Evaluation Methodology ("QEM") and Associated Spreadsheets

The final version of the QEM and the Tender Spreadsheet and the Portfolio Spreadsheet were released to pre-qualified bidders on July 14, 2004. This version was used by the Quantitative Evaluation Committee in determining the Net Tender Cost of Tenders and the ranking of the portfolios by lowest Net Portfolio Cost.

c) Project Specific Revision Submissions ("PSRS") and Pre-Approved Appendix 5

Bidders were provided the opportunity to submit Project Specific Revisions to the Electricity Purchase Agreement ("EPA") for consideration by BC Hydro prior to Tender submissions. Bidders were also required, as a mandatory requirement, to submit their Plant Description which would form Appendix 5 to the EPA for approval by BC Hydro. Only Tenders that demonstrated that their projects had received the pre-approval of the bidder's proposed project and plant would be eligible to have their Tender and projects evaluated. Nine Project Specific Revision submissions (some requested no revisions) and seventeen Plant Description submissions were received on July 14, 2004.

d) Release of Final Form EPA and Final Form VIGP Transfer Agreement

In accordance with the CFT Schedule, as amended, the Final Form EPA was released to bidders on July 30, 2004. The Final Form VIGP Transfer Agreement had been released on June 23, 2004.

3.2 Preparation for Evaluation of Tenders

BC Hydro developed an organization structure, processes and criteria for the receipt and evaluation of Tenders, and for the determination of the portfolio with the lowest Net Portfolio Cost.

a) Organization Structure

The following organization structure and related functions were established:

- CFT Steering Committee – responsible for corporate review and ratification of Project Management Office recommendations;
- Project Management Office (“PMO”) – CFT management team responsible for the direction and approvals for the Tender Phase, including setting key process principles, and ensuring independent evaluation of major Tender elements and adherence to bidder-blind protocols. All decisions of PMO required a quorum of members;
- Process Support Committee (“PSC”) – responsible for coordinating the Tender evaluation procedures and preparing reports for the PMO; additionally, two subcommittees of the PSC were established, specifically, the Gas Team (responsible for liaison and review of gas transportation inputs (costs and development risk data) for the QEC from Terasen Gas Inc. (“TGI”) and the Transmission Team (responsible for liaison and review of transmission inputs (network upgrade costs and development risk data) for the QEC from the British Columbia Transmission Corporation (“BCTC”));
- Records Manager – responsible for the receipt of all bidder Tenders and communications, and access control of Tenders and evaluation related documents;
- Completeness and Conformity Review Committee (“CCR”) – responsible for evaluating the completeness and conformity (including an approved Appendix 5 and compliant Agreement Information Forms and Price Information Forms were required and submitted) of all Tenders;
- Tender Security Review Committee (“TSR”) – responsible for reviewing and recommending the acceptability (compliance) of the Tender Security submitted by each bidder;
- Submission Evaluation Committee (“SEC”) – this committee is comprised of two sub-committees: a Technical and Financial sub-committee, each responsible for evaluating all Tenders against the respective Mandatory Criteria and development risk assessments;
- Quantitative Evaluation Committee (“QEC”) - responsible for determining the ranking of the portfolios in accordance with the QEM by calculating the Net Tender Cost of the Tenders in the Tender Spreadsheet, assembling the portfolios, and calculating the Net Portfolio Cost in the Portfolio Spreadsheet; and

- External Advisors – three advisory firms covering legal, technical and financial disciplines provided advice to various committees. Both the technical and financial advisors participated as SEC members.

BC Hydro's organization structure for the Tender Phase is provided in Appendix C.

b) Processes

Processes were established for the following functions and activities:

- Confidentiality and conflict of interest disclosure prior to review of Tenders;
- Tender receipt and logging (document management);
- Preliminary portfolio assembly and process support, related to gas transportation and transmission inputs;
- Completeness and conformity review of Tenders;
- Tender security review;
- SEC review and evaluation of Tenders;
- Portfolio development risk assessments
- QEC computations of Tenders and portfolios;
- PMO decision making and recommendation review; and
- CFT Steering Committee recommendation review.

BC Hydro's decision flow chart for the Tender Phase based on these processes is provided in Appendix D.

The IR reviewed and observed the development and establishment of the foregoing structure and processes. The committees and processes were developed and approved by the PMO prior to the receipt of Tenders assuring that all Tenders would be evaluated against a common and consistent set of criteria (standard). BC Hydro was guided by their objectives of fairness and impartiality in their development of the structure and processes.

3.3 Receipt and Evaluation of Tenders

The following describes the primary activities and outcomes, as observed by the IR, under each of the processes listed above. Tables provided in this section show the incremental impact of each pass/fail step on the number of Tenders, projects and portfolios.

a) Confidentiality and Conflict of Interest Disclosure

All persons involved with the Tender evaluation were required to disclose (prior to accessing the Tenders) any material interest they had in any of the bidders or project owners as represented by 27 corporate interests identified in the Tenders. PMO reviewed all disclosures and concluded that one declaration of “Material Interests” could result in a perceived conflict of interest and that person was released from participation in the evaluation of Tenders.

b) Tender Receipt and Logging

Without regard to completeness or conformity, six Tenders representing ten projects were received and logged prior to the deadline. There were no late Tenders (except with respect to Tender Security applicable to one Tender which is noted below).

All Tenders were maintained under the control of the Records Manager during the evaluation period. Access to Tenders and related documents was controlled and recorded.

Step	Tenders	Projects	Portfolios	Comments
Receipt	6	10	To be determined	None

c) Preliminary Portfolio Assembly and Process Support Related to Gas Transportation and Transmission Inputs

The Quantitative Evaluation Methodology required inputs for gas transportation cost and development risk where gas-fired tolling projects were tendered and network upgrade cost and development risk for all Tenders. The QEC assembled the maximum possible portfolios based on the six Tenders representing ten projects to enable Terasen Gas Inc. (“TGI”) and British Columbia Transmission Corporation (“BCTC”), to conduct their studies. As the Tenders were successively evaluated, TGI and BCTC were advised to reduce their work on Tenders or projects that had failed a particular evaluation step. The Gas Team and the Transmission Team coordinated and received the inputs from TGI and BCTC, respectively.

Step	Tenders	Projects	Portfolios	Comments
Preliminary Portfolio Assembly	6	10	29	None

d) Completeness and Conformity Review (“CCR”) of Tenders

- Evaluation Criteria - Prior to the receipt of Tenders, the CCR committee established detailed evaluation guidelines for the completeness and conformity review. The CCR committee was to conduct its review at two stages: (1) at the receipt stage, as discussed in this section; and (2) at the outset of the QEC stage as discussed in section (h) below. The PMO reviewed and approved the guidelines for the committee.
- Committee Evaluation and Clarification Questions - All Tenders were reviewed by the CCR committee. With respect to Tender Security, Financial Statements and the Price Information Form (“PIF”), the CCR confirmed only their inclusion, not their adequacy. In the case of the PIF, the CCR only confirmed that the Tender included a sealed envelope purporting to include the PIF (i.e. Envelope #3). As a result of the completeness and conformity review, requests for clarification were sent to three bidders to provide their clarifications within 24 hours. An external legal advisor provided advice as required and participated in the evaluation, as a member of the committee.
- Consensus Determinations - The CCR committee developed consensus determinations to accept or reject Tenders with respect to completeness and conformity of each assessed component. It was recommended by the CCR that one Tender (which comprised two projects) be rejected for submitting a material qualification/condition to the EPA. It was also recommended that another Tender be rejected in respect of one of the two projects it encompassed because one of the projects was not reflected in a pre-approved Appendix 5, Plant Description. The PMO accepted the recommendation of the CCR committee to reject both the Tender and the individual project, in accordance with the rules of the CFT. Five Tenders and nine projects were accepted based on the completeness and conformity review.

e) Tender Security Review (TSR) of Tenders

- Evaluation Criteria - Prior to the receipt of Tenders, the TSR committee established detailed evaluation guidelines for the mandatory Tender Security. The PMO reviewed and approved the guidelines for the TSR committee.
- Committee Evaluation and Clarification Questions - Members of the TSR committee reviewed the Tender Security that was submitted for each Tender. Legal counsel from BC Hydro and an external legal advisor provided advice as requested by the committee. One request for legal review was submitted to legal counsel for advice and the advice was considered by the committee in its recommendations to the PMO.
- Consensus Determinations - The committee recommended that two Tenders fail: one did not include security in the form required by the CFT; and the Tender Security included in the other Tender was not valid for the duration required by the CFT (this

Tender was comprised of two projects and was one of the Tenders that was also rejected by the CCR committee). A report and recommendation was presented to the PMO for approval. The recommendations to fail these two Tenders were approved by PMO. As a result, only four Tenders passed the Tender Security Review.

f) SEC Review and Evaluation of Tenders

- Evaluation Criteria - Prior to the receipt of Tenders, the Technical and Financial sub-committees of the SEC established detailed evaluation guidelines for all Mandatory Criteria (inclusive of the fuel supply certainty assessment and the development risk assessment). The PMO reviewed and approved the guidelines for each committee.
- Clarification Questions - Members of the SEC Technical and Financial sub-committees reviewed all the Tenders in their respective area of responsibility (i.e. Technical sub-committee members reviewed only the technical sections of the Tenders and the Financial sub-committee members reviewed only the financial sections of the Tenders) to identify any content areas that might warrant clarification prior to evaluating the Tenders. Five clarifications requests were sent to four bidders.
- Individual Evaluations - Each SEC sub-committee member concluded the evaluation of all Tenders on a pass or fail basis against the pre-established Mandatory Criteria referenced above. These evaluations were undertaken individually, without consulting or advising any other sub-committee member. In the case of the Financial sub-committee, an external advisor conducted the analysis of the financial statements and other related documentation submitted by each bidder and provided its results and participated in the evaluation, as a member of the sub-committee. In the case of the Technical sub-committee, another external advisor provided advice as requested by the sub-committee and participated in the evaluation, as a member of the sub-committee.
- Consensus Determinations - After all SEC sub-committee members had completed their individual determinations, each sub-committee met as a group to review all the evaluations and develop consensus determinations of pass or fail for each assessed factor of a Tender. Each sub-committee developed a summary report and recommendation that the four Tenders and six projects had passed the Mandatory Criteria and development risk assessment. Both sub-committees' recommendations were approved by PMO.

Step	Remaining			Comments
	Tenders	Projects	Portfolios	
SEC Evaluations	4	6	5	No failures

g) Portfolio Development Risk Assessments

Following the completion of the SEC evaluation and the receipt of the development risk inputs from TGI and BCTC, the SEC Technical sub-committee evaluated the development risk of the eligible five possible portfolios and determined that none of the portfolios presented a high development risk and all portfolios were recommended to PMO for the final evaluation step by the QEC. The SEC also assessed the development risk related to network upgrades for one Tender which would be eligible for consideration, if the privative clause (CFT 17.3) was exercised by PMO.

Step	Remaining			Comments
	Tenders	Projects	Portfolios	
Portfolio Development Risk Assessment	4	6	5	No failures

h) QEC Computations of Tenders and Portfolios

After completion of the SEC evaluations, the CCR committee opened the price envelopes containing the Price Information Forms for the four Tenders representing six projects which remained qualified and eligible for the quantitative evaluation. All Price Information Forms reviewed by the CCR were in full compliance with the requirements and were subsequently released to the QEC.

The QEC received Price Information Forms for the four qualified Tenders representing six projects (including Price Information Forms for Duct Firing options associated with two of the Tenders).

For the QEC process, two members who constituted the QEC committee undertook separate inputting of the required Agreement Information Form data and the Price Information Form data into a separate copy of the Tender and Portfolio Spreadsheets resulting in two outputs for comparison and verification. The IR also independently inputted the same data into the IR's copy of the Tender and Portfolio Spreadsheets and generated outputs for review. The QEC committee and the IR used the version of the Tender and Portfolio Spreadsheets released to bidders on July 14, 2004. At the conclusion of this process, all three results for each Tender and portfolio were in agreement.

The quantitative evaluation yielded the Net Portfolio Cost for each portfolio. The range of results and the recommended portfolio with the lowest Net Portfolio Cost was presented to the PMO. The PMO accepted the QEC recommendation.

i) PMO Decision Making and Recommendation Review

The PMO received the reports of all committees without knowing the identity of the bidder (on a ‘bidder blind’ basis - only a letter code was given for each bidder), thus permitting the PMO to review and challenge the recommendations of the TSR, CCR, SEC and QEC evaluation committees without attribution to a particular bidder.

Following the recommendation of the QEC, the PMO prepared a concurring recommendation for consideration by the CFT Steering Committee.

j) CFT Steering Committee Recommendation Review

The CFT Steering Committee was briefed by the PMO on its recommendation to award an Electricity Purchase Agreement (EPA) to Duke Point Power Limited Partnership. The IR provided a verbal report on the conclusions set out in this report.

Based on the recommendations of the QEC and the management review by the PMO, the CFT Steering Committee approved and ratified the recommendations of the QEC and PMO.

4.0 IR Work Steps and Findings

4.1 Tender Review

In accordance with our terms of reference, we reviewed each Tender. One member of the IR team conducted a technical review and another member conducted the financial review. The IR did not render an evaluation determination for any Tender. The IR review was conducted to provide the IR team with the appropriate context and background for each Tender and to sensitize the IR team to areas of concern where it may be necessary to intervene in the process.

No IR intervention was necessary during the Tender evaluation process.

4.2 Portfolio Assembly Review

We reviewed the assembly of portfolios with the preliminary combination of Tenders for portfolios which formed the request for cost and development risk information from TGI and BCTC. As the Tenders were evaluated through the successive evaluation steps, the portfolio combinations were revised as necessary (for example, when the two Tenders failed the Tender Security Review, the preliminary combination of portfolios was adjusted to reflect two fewer Tenders (and their respective projects) and one fewer project).

We found the assembly of portfolios for the QEC step was in accordance with the QEM. However, a consequence of a relatively small bid capacity Tender failing Tender Security Review was the “stranding” of another relatively small bid capacity Tender from inclusion into a portfolio because when combined with the other Tenders did not total 150 MW or caused portfolio combinations to exceed 300 MW.

4.3 Quantitative Evaluation

The IR performed assessments and testing of the versions of the QEM and the associated Tender and Portfolio Spreadsheets. Upon the release of the final version to the bidders on July 14, 2004, the IR conducted detailed reviews of the spreadsheets and established its approach to the independent computation of the Net Tender Costs of each Tender and the Net Present Value cost of the portfolios.

The results of the IR computations agreed with the results of the QEC.

4.4 Process Monitoring

During the course of the entire Tender Phase (from receipt of Tenders to the final determination of the PMO), we actively monitored and observed the activities of the evaluation and management committees.

We found that the results of each activity were in accordance with the principles, processes and criteria established by the PMO and the rules of the CFT.

4.5 Overall Finding and Summary of Tender Phase Results

Without exception, each committee conducted its affairs in accordance with the procedures and the criteria adopted and approved prior to the receipt of the Tenders. During the consensus meetings, there were consistently fair and candid discussions and analysis of each Tender. In all instances, the decisions were based on consensus and there were no dissenting positions.

The following table summarizes the determinations by BC Hydro.

Tender	Technology	Bid Capacity (MW)	Outcome by Evaluation Step	Our Observations
Four Tenders passed all above steps, one project failed				
A	Natural Gas • duct-fired • non duct-fired	280 252	Tender Passed Mandatory Criteria	None noted
B	Natural Gas • duct-fired • non duct-fired	285 255	Tender Passed Mandatory Criteria	None noted
C	Biomass	75	Tender Passed Mandatory Criteria	Tender did not fit into any portfolios due to size thresholds
D	Natural Gas • dual fuel • no dual fuel	47 41	Tender Passed Mandatory Criteria; no dual fuel project failed the Conformity Review	None noted
Two Tenders did not pass all above steps				
E	Natural Gas	275	Tender Failed Tender Security	None noted
F	Natural Gas • dual fuel • no dual fuel	48 48	Tender Failed Tender Security and Conformity Review	None noted

The four Tenders passing all above steps resulted in five portfolios assembled pursuant to the terms of the CFT. The following table displays the results from the QEC computations.

Portfolio Identifier	QEC Outcome
W	Lowest Net Portfolio Cost
X	Higher Net Portfolio Cost than W
S	Higher Net Portfolio Cost than W
R	Higher Net Portfolio Cost than W
TW	Higher Net Portfolio Cost than W

5.0 Our Findings

Based on our work and in accordance with our terms of reference, PricewaterhouseCoopers LLP finds that:

1. Based on their stated scope, requirements and timing, BC Hydro diligently and objectively developed and implemented an appropriately competitive, transparent and fair process for the Tender Phase,
2. The determinations made for each of the six Tenders and ten projects were in accordance with the established principles, processes and Mandatory Criteria, and
3. The financial determinations made for each of the qualified and eligible five portfolios were computed in accordance with the established Quantitative Evaluation Methodology and its respective Tender and Portfolio Spreadsheets.

Accordingly, we find BC Hydro's recommendation to award an Electricity Purchase Agreement to Duke Point Power Limited Partnership to be in accordance with the decision criteria of the CFT. Duke Point Power LP was the bidder whose Tender was contained in the portfolio determined to have the lowest Net Portfolio Cost.

With respect to the conduct by BC Hydro of the entire CFT process, it is our finding that it was a competitive process and conducted in a transparent and fair manner.

APPENDICES

Appendix A - Glossary of Abbreviations

BCTC	British Columbia Transmission Corporation
CFT	Call for Tenders
CCR	Completeness and Conformity Review Committee
EPA	Electricity Purchase Agreement
IR	Independent Reviewer
PIF	Price Information Form
PMO	Project Management Office
PSC	Process Support Committee
PSRS	Project Specific Revision Submissions
QEC	Quantitative Evaluation Committee
QEM	Quantitative Evaluation Methodology
SEC	Submission Evaluation Committee
TGI	Terasen Gas Inc.
TSR	Tender Security Review
VIGP	Vancouver Island Generation Project

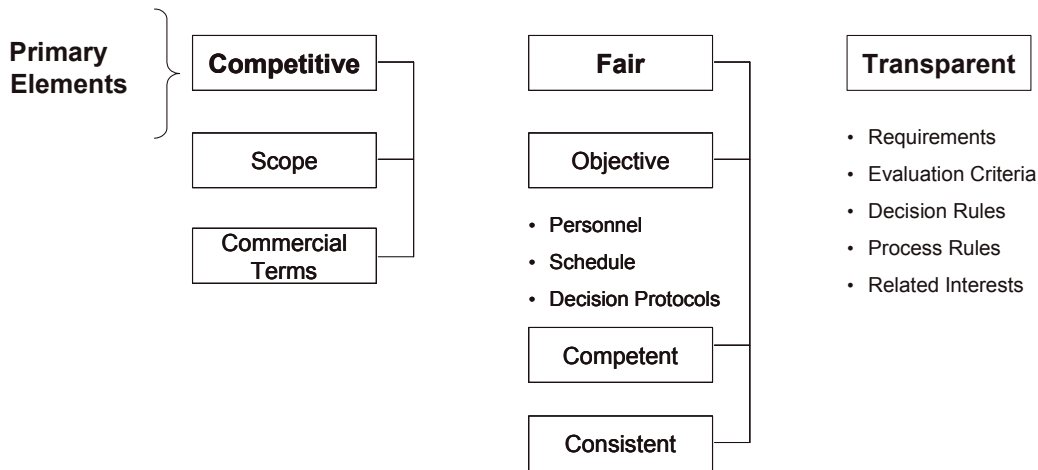
Appendix B - Our Methodology

At the outset of the process, we adapted and presented our methodology for the conduct of the Independent Reviewer function. Below, we briefly describe our Fairness Framework, which represents the key standards that were applied during this assignment, the key principles applied and practices undertaken during the CFT process, and our team and key roles.

a) Fairness Framework

The following chart outlines our Fairness Framework (Framework) developed and applied to the CFT process and results.

Fairness Framework



Our Framework is designed around the three primary elements for the conduct of a procurement transaction; competitive (sometimes referred to as “open”), fair and transparent. Within each of these primary elements, key sub elements include scope, commercial terms, objectivity (e.g. individual committee members are both perceived to be and are actually conflict free), competence, consistency and several aspects related to disclosure of information, and rules and processes for the preservation of transparency.

Our Framework includes key indicators for assessing each of the primary elements as well as approaches to assessing document-based indicators and performance-based indicators.

b) Application of the Framework – Principles and Practices

Several key principles and practices were applied by the IR team based on the Fairness Framework. The following table highlights these principles and practices within the context of the conduct of the CFT by the BC Hydro CFT team.

Key Fairness Principles and Practices			
#	Principles	Generic Practices	Expected CFT Application
1	Full Disclosure	All bidders have access to all of the relevant information at the same time.	<ul style="list-style-type: none"> Common information was made available to all registered bidders Eligible VIGP bidders having access to VIGP data room and site Responses to questions available to all bidders via the CFT website
2	Conflict Free	All personnel involved disclosed their material interests in any bidder.	<ul style="list-style-type: none"> All personnel involved in the CFT requirements, evaluation and decision-making disclosed their material interests in any bidder.
3	Bidder Blind Q&A	Consideration and responses to bidder questions were conducted on an anonymous basis by the drafter / approver.	<ul style="list-style-type: none"> Questions and comments received from bidders throughout the CFT were assessed and answered without knowing the identity of the bidder.
4	Bidder Blind Approvals	Recommendations of evaluation committees were presented for approval on an anonymous basis.	<ul style="list-style-type: none"> Completeness & Conformity Review, Tender Security Review, Financial and Technical Evaluation, and Quantitative Evaluation results were presented to Project Management Office committee (PMO) on an anonymous basis.
5	Pre-established evaluation criteria	The evaluation principles, processes and criteria were established and approved prior to receipt of submissions (pre-qualification and tenders).	<ul style="list-style-type: none"> Each review and evaluation committee drafted detailed evaluation criteria consistent with published CFT evaluation criteria PMO approved each committee's criteria prior to receipt of submissions from bidders
6	Pre-established decision criteria	Decision criteria were established prior to receipt of evaluation committees' recommendations.	<ul style="list-style-type: none"> PMO established reference information to assess the lowest Net Portfolio Cost.

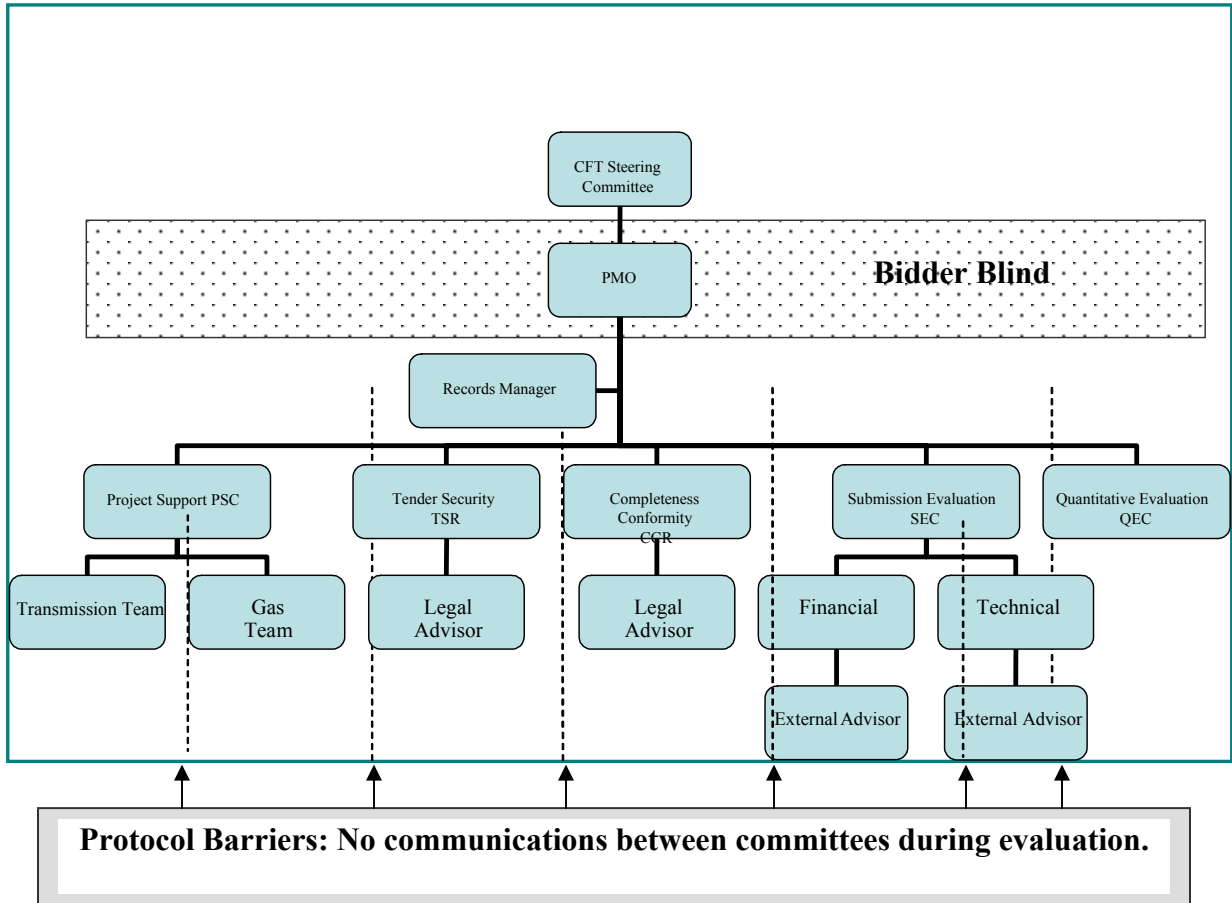
c) Independent Reviewer Team and Key Roles

The IR team was led by PricewaterhouseCoopers LLP and included specialists from two sub-contracted firms, Merrimack Energy Group and PRP International, Inc. Team members and roles were as follows:

- Joe Parker – Engagement Partner, PricewaterhouseCoopers LLP
- Mark Hodgson – Project Director, PricewaterhouseCoopers LLP
- Peter Sorensen – Fairness Process Subject Matter Expert, PRP International Inc.
- Wayne Oliver – Power Sector Procurement Specialist, Merrimack Energy Group
- Basil Karampelas – Power Sector Transaction Specialist, PricewaterhouseCoopers LLP
- Mark Liedemann – Lead Analyst, PricewaterhouseCoopers LLP
- John Webster – Business Relationship Partner, PricewaterhouseCoopers LLP

There were no material changes to the IR team during the CFT.

Appendix C - CFT Evaluation Committees and Management Structure



Appendix D - BC Hydro CFT Decision Flow Chart

