

BC Hydro 2024 Call for Power November Engagement

Package B: First Nations Participation Model, EPA Term Sheet and RFP Summary

We're continuing our engagement on our planned approach to acquire approximately 3,000 GWh/year of clean or renewable energy that can be on-line as early as Fall 2028. We're hosting in-person and virtual workshops to gather detailed feedback on the design of a competitive call for power

In our initial engagement, we sought input on select design elements and our overall approach. Next, we hosted First Nations workshops on options for how First Nations can participate in the Call and engaged with Independent Power Producers (IPPs) and First Nations on some of the draft key terms to be included in a specimen Electricity Purchase Agreement (EPA) and Request for Proposal (RFP) documents in October.

We are now engaging on draft term sheets through November and into early December.

CONSIDERING YOUR INPUT

The key elements of the Call are being shared as they are developed. We are hosting sessions in November, to seek input on the proposed First Nations economic participation model and the draft Term Sheets for the Electricity Purchase Agreement and Request for Proposals process. We will consider this input along with customer interests, regulatory considerations, and our policy framework as we draft the documents. We will then release the draft specimen Electricity Purchase Agreement and draft Request for Proposals documents in early January for comment.

For reference, you can find Engagement Package A [here](#). We engaged on Package A in our October Engagement Sessions.

The November sessions and this Engagement Package B will focus on the:

1. Proposed First Nations Economic Participation Model
2. Specimen Electricity Purchase Agreement Draft Term Sheet
3. Request for Proposals Draft Key Terms
4. Summary of Questions and a Link to our Feedback Questionnaire
5. System information (not included in this package but will be posted separately)

We have heard from First Nations and stakeholders that they need to know the areas of the transmission system that are constrained, and we are looking into ways to provide such information. We will release this compiled information shortly, as an indicative reference. Actual system constraints will be identified in the specific IPP feasibility studies. More detailed system impact studies will take place later as part of the interconnection study process. If you have signed up for a session or are on our [mailing list](#), you will receive notification when this information is posted.

In December, our Interconnections Team will host an information-sharing process with developers to provide further information on our system. For those who wish to participate, we will collect project information from potential developers in December. Through December and January, we will provide these developers with some high-level information about our system, based on where they are planning a potential point of interconnection. If you have signed-up to our [mailing list](#), we will notify you when this process begins.

After reading through this guide, please submit your feedback through our on-line questionnaire which will be open from November 21 until December 7, 2023.

[Call for power engagement \(bchydro.com\)](https://www.bchydro.com)

Key themes from the input received from both the October and upcoming November engagement sessions will be summarized and shared in a report available on the website.

WORKSHOP DATES

Virtual workshop (First Nations only)

Tuesday, November 28

In-person workshop (joint First Nations and IPP)

Wednesday, November 29

Virtual workshop (joint First Nations and IPP)

Thursday, November 30

1. CALL FOR POWER DRAFT PROPOSED FIRST NATIONS ECONOMIC PARTICIPATION MODEL

November 2023

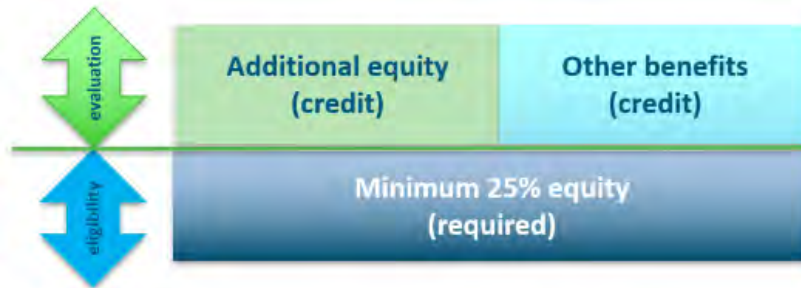
Please note that this proposed First Nations Economic Participation model is provided solely for the purpose of advancing without prejudice discussions during engagement sessions with First Nations.

BC Hydro is committed to reconciliation, and First Nations participation in the Call for Power (the Call) is a high priority. BC Hydro has been working in collaboration with First Nations on the Call design to ensure it creates opportunities for meaningful economic benefits, in alignment with our United Nations Declaration on the Rights of Indigenous Peoples Implementation Plan.

The recommended First Nations economic participation model is based on the feedback received from First Nations at group workshops and at bilateral meetings.

Recommended First Nations economic participation model: “Equity Plus”

- Minimum 25% First Nations equity ownership – **eligibility** requirement
- Additional equity ownership – **evaluation** criterion
- First Nations letter confirming economic benefits other than equity ownership – **evaluation** criterion



The Equity Plus model strikes a balance on the following:

- Responds to feedback we have received from First Nations
- Ensures Nations receive meaningful benefits by requiring equity ownership in projects
- Incentivizes additional benefits flowing to First Nations through evaluation criteria
- Secures cost effective power – incremental costs balanced with ratepayer interests
- Achievable within a competitive procurement process

The proposed model includes the following components:

Component	Summary of Contents
Eligibility Requirement	<ul style="list-style-type: none"> • One or more First Nation(s) in whose territory the project is located, hold a minimum 25% of equity ownership in the entity owning and controlling the generating assets. • Proposals that do not provide confirmation of a minimum 25% First Nations equity ownership are disqualified from the Call for Power.
Evaluation Criterion	<p>Additional Equity Ownership: A proposal will be given credit in the evaluation for additional First Nations equity ownership beyond the 25% minimum eligibility requirement up to 51%. The credit will be 12 cents per megawatt-hour for each percentage point above 25%, up to a maximum \$3 per megawatt-hour for 51% equity ownership.</p>
Evaluation Criterion	<p>Other Economic Benefits: A proposal will receive a \$1 per megawatt-hour credit in the evaluation if it is supported by a letter from one or more First Nations in whose territory the project is located, who are not equity owners of the proposed project, confirming that additional economic benefits, other than equity ownership, have been, or are to be, received.</p>

Evaluation Methodology – to evaluate the criteria described above

BC Hydro is planning to develop and apply a First Nations Benefit Adjuster in the evaluation of project proposals. The adjuster would have the effect of reducing the Adjusted Bid Price for project proposals according to the application of the credit outlined in the above table, effectively making their bids more cost effective in the evaluation process.

2. DRAFT SPECIMEN ELECTRICITY PURCHASE AGREEMENT TERM SHEET

After you have reviewed these draft terms, please fill out our [feedback questionnaire](#) to provide your perspective and help inform the specimen EPA. Please note that these terms do not represent an exhaustive list of EPA key terms. Draft key terms should be considered preliminary in nature and subject to change without notice. Accordingly, BC Hydro provides no representation or warranty that the draft key terms will reflect the final EPA terms issued in conjunction with the RFP.

**Call for Power
Draft Term Sheet for EPA
November 2023**

DRAFT FOR DISCUSSION PURPOSES

Please note that this term sheet is provided solely for the purpose of advancing without prejudice discussions. It is not an offer and does not create any legally binding obligations, rights or liabilities. It is not intended to be exhaustive or include all of the terms of an electricity purchase agreement (EPA). We do not have authority to enter into any EPAs on the basis of this term sheet, and any draft documents which may be circulated will remain subject to BC Hydro's review and approval in its absolute and unfettered discretion. No agreement will exist regarding these matters until final agreements have been signed and delivered, which may be subject to additional conditions.

Capitalized terms, not otherwise defined in this Term Sheet, will be defined in the Specimen EPA.

	KEY TERMS
Parties	<ul style="list-style-type: none">• BC Hydro, as Buyer• Successful proponent, as Seller
Form of Agreement	<ul style="list-style-type: none">• EPA
Energy	<ul style="list-style-type: none">• Energy will be generated by the Seller's Plant from a clean or renewable resource as defined by the <i>Clean Energy Act</i>• Seller will make commercially reasonable efforts to operate the Seller's Plant to generate clean or renewable electricity if the clean or renewable resource requirements change during the Term• Energy generated by the Seller's Plant will be delivered to the Point of Interconnection (POI), which will be the point where the BC Hydro system interconnects with:<ul style="list-style-type: none">○ for a direct interconnection, the Seller's Plant; or○ for an indirect interconnection, a third party-owned system where the Seller has made arrangements to transmit Energy through a third party system that is connected to the BC Hydro system

	KEY TERMS
Capacity Commitment (Optional)	<ul style="list-style-type: none"> • <i>Note to Draft: If the Proponent meets the requirements for the Capacity Commitment (as will be defined in the Call for Power Request for Proposals), this section will be added to the EPA</i>
Term	<ul style="list-style-type: none"> • Term starts on Effective Date and ends 30 years after the Commercial Operation Date (COD), unless otherwise terminated pursuant to the EPA • Term cannot be extended for any reason, including Force Majeure
Seller's Development Covenants	<ul style="list-style-type: none"> • Seller to: <ul style="list-style-type: none"> ○ develop Seller's Plant to conform to specified description, including plant capacity, fuel source/type, location of POI and other specified matters ○ obtain, maintain and comply with all applicable laws and required permits/agreements, including good utility practice, metering requirements, BC Hydro's Contractor Standards for Ethical Conduct, the Interconnection Agreement (for a direct interconnection), and any wheeling or shared facilities agreements (for an indirect interconnection) ○ ensure output from Seller's Plant will be considered clean or renewable electricity (i.e., generated from a clean or renewable resource as defined by the <i>Clean Energy Act</i>) ○ provide periodic development status reports and BC Hydro access for inspection during development phase and to witness COD testing
Indirect Interconnection	<ul style="list-style-type: none"> • If the Seller interconnects indirectly to the BC Hydro system through a third party-owned system, certain conditions or other provisions of the EPA will be inserted or amended, including without limitation: <ul style="list-style-type: none"> ○ BC Hydro will only accept Energy at the POI; the Seller will need to enter into a wheeling agreement and/or shared facilities arrangements with the third party owner to ensure that the Seller can transmit and deliver Energy to the POI ○ Commercial and regulatory arrangements among BC Hydro and all owners and operators (as applicable) of the third party-owned system, as well as the Seller if required, to accommodate the indirect interconnection of the Seller's Plant, including amendment of the interconnection agreement between BC Hydro and the third party owner in respect of the POI, must be finalized to BC Hydro's reasonable satisfaction prior to COD ○ BC Hydro will not be responsible for any potential additional costs, liabilities or risks in relation to such indirect interconnection

KEY TERMS	
	<ul style="list-style-type: none"> ○ If the Seller is unable to deliver Energy due to any event or circumstance caused by, or omission of, the third party owner or system, whether planned or unplanned and whether or not within the Seller's control or the third party's control, BC Hydro will have no liability to the Seller in respect of such undelivered Energy, and in particular BC Hydro will have no obligation to pay for any Energy that could have been delivered to the POI but for the event, circumstance or omission, and the Seller may be responsible for Liquidated Damages in connection with the failure to deliver Energy, if applicable; any such event or circumstance will be not be considered to be Force Majeure that may be invoked by the Seller
Delay in Network Upgrades	<ul style="list-style-type: none"> • Guaranteed COD will be extended for delays in completion of network upgrades where the delay is solely attributable to BC Hydro • BC Hydro will have no liability for any delays in relation to the interconnection of the Seller's Plant including completion of studies or any work by either Party on either side of the POI or in relation to the network upgrades
Guaranteed COD	<ul style="list-style-type: none"> • Seller specifies Guaranteed COD in its proposal, which will be included in the EPA • Seller is not permitted to achieve COD more than 180 days prior to Guaranteed COD, unless BC Hydro consents in advance in writing • If the Seller's requests an acceleration of the schedule for completion of network upgrades in relation to its Interconnection Agreement, BC Hydro's consent pursuant to the terms of the EPA is required, and Seller must obtain and pay for any required studies and cover and secure any incremental costs, including incremental network upgrade costs incurred by BC Hydro • If, after the EPA is executed, the interconnection study for the Seller's Plant shows that the Guaranteed COD is not achievable due to the estimated date for completion of the network upgrades to be constructed by BC Hydro, BC Hydro may designate a later date for Guaranteed COD • Notwithstanding any extensions of the Guaranteed COD granted by BC Hydro pursuant to the Seller's request, the maximum permitted extension of the Guaranteed COD will be two years from the designated Guaranteed COD
Pre-COD Energy Price	<ul style="list-style-type: none"> • BC Hydro will pay \$50/MWh for Energy delivered during a successful 72-hour COD test for hydro or wind or the equivalent test for other resource types
Energy Price	<ul style="list-style-type: none"> • Hourly Energy price = <ul style="list-style-type: none"> ○ \$●/MWh, escalated annually on January 1 of each year following the Effective Date: <ul style="list-style-type: none"> ▪ at BC CPI until COD, and: ▪ at 30% of BC CPI after COD,

KEY TERMS	
	<p>multiplied by</p> <ul style="list-style-type: none"> ○ the applicable Time of Delivery Factor (TDF), being the applicable % for each On-Peak and Off-Peak hour in each month of the year, as set out in a table attached to Appendix 1 of this term sheet
Commercial Operation Date (COD)	<ul style="list-style-type: none"> • The Seller’s Plant achieves COD when: <ul style="list-style-type: none"> ○ All Material Permits are issued and in full force and effect ○ Compliance with all applicable interconnection requirements (including execution of the Interconnection Agreement, if applicable) or, in the alternative, all third party agreements required in relation to an indirect interconnection have been amended and/or executed, and delivered ○ Seller not bankrupt, insolvent or in material default under EPA, Material Permits, or interconnection agreement or wheeling/shared facilities agreements, as applicable ○ Seller satisfies the 72-hour operating test or its equivalent as set out below: <ul style="list-style-type: none"> ○ If the energy source for the Seller’s Plant is hydro: <ul style="list-style-type: none"> • 72-hour operating test will require that Seller’s Plant operate in compliance with Project Standards for at least 54 hours in a continuous 72-hour period, during which period the hourly generation output cannot be zero for more than 18 hours. ○ If the energy source for the Seller’s Plant is wind: <ul style="list-style-type: none"> • In a period of 72 continuous hours, each wind turbine must generate Energy in compliance with Project Standards, provided that the Energy delivered for each turbine in any hour during such period was: <ul style="list-style-type: none"> • (A) no less than the greater of <ul style="list-style-type: none"> ○ (a) 50% of de-rated capacity of the respective wind turbine and ○ (b) max generation level supported by then available wind speed and power curve for the respective wind turbine model for at least 54 hours, whether or not continuous, during such 72 hour period; and • (B) no less than 100% of de-rated capacity of the respective wind turbine for at least 5 hours, whether or not continuous, during such 72 hour period; <p>and, if Delivered Energy for any one or more turbines in any hour during such 72 hour period was zero, the Seller must demonstrate to BC Hydro's satisfaction that this was attributable solely to the wind source, and for greater certainty that there was no (1) Outage of the Seller’s Plant or (2) if</p>

	KEY TERMS
	<p>applicable, outage of the third party-owned system through which the Seller transmits Energy to the POI;</p> <ul style="list-style-type: none"> ○ If the energy source for the Seller’s Plant is solar: <ul style="list-style-type: none"> • the Seller's Plant must generate Energy over any continuous 5 day period during either of the periods identified below. Given that solar generation differs by season; each period defines the expected minimum energy generation: <ul style="list-style-type: none"> • Duration: 5-days (note 1) • Minimum Generation Volume: (note 2) <ul style="list-style-type: none"> ○ Period 1 (6 months of March to August inclusive): 20% of plant installed capacity (for example, 15 MW) x 15 hours per day x 5 days= 225MWh ○ Period 2 (remaining 6 months): 10% of plant installed capacity (for example, 15 MW) x 6 hours per day x 5 days= 45MWh • Minimum Daily Delivery: (note 2, 3) <ul style="list-style-type: none"> ○ Period 1 (6 months of March to August inclusive): 15 hours operating at 25% of installed capacity (for example, 15MW) for at least 2 of the 5 days= 75MWh ○ Period 2 (remaining 6 months): 6 hours operating at 15% of installed capacity (for example, 15MW) for at least 2 of the 5 days= 27MWh • Notes: <ul style="list-style-type: none"> - Note 1 - Testing must be completed over a continuous 5-day period, but the 5-day period can be determined on a rolling basis (i.e., the test can be restarted at any point if a problem is encountered during the test). For example: if on day 4 of the test it is realized that the minimum daily delivery requirement cannot be met, one additional day may be added (day 6) and the first day of test results (day 1) will be eliminated. This can continue until the proponent completely fulfills the commitments of the test within a 5-day test period - Note 2 - There will be no adjustment for losses - Note 3 - Requirement does not need to be met in consecutive hours ○ Requirements for other technologies TBD

	KEY TERMS
COD Incentives/ Bonuses	<ul style="list-style-type: none"> • Proponent proposing Guaranteed COD between October 1, 2028 to September 30, 2030 and if COD is achieved between: <ul style="list-style-type: none"> ○ October 1, 2028 to September 30, 2030, BC Hydro pay to the Seller a bonus payment of [\$2]/MWh multiplied by each MWh of Delivered Energy for all Delivered Energy from COD until September 30, 2030; or ○ October 1, 2028 to September 30, 2029, BC Hydro will pay to the Seller an additional bonus payment of [\$5]/MWh multiplied by each MWh of Delivered Energy from COD until September 30, 2029 • Bonus payment(s) not subject to any CPI escalation or TDF adjustment and not applicable for Deemed Energy deliveries
Milestone Liquidated Damages (LDs)	<ul style="list-style-type: none"> • Proponent will pay LDs for failure to meet interim agreed upon project milestones (all to be specified in the EPA): <ul style="list-style-type: none"> ○ Permitting complete ○ Procurement complete ○ Construction commencement • Pre-COD LDs will be reimbursed to the Seller (without interest) if Guaranteed COD is met
Delivered Energy	<ul style="list-style-type: none"> • BC Hydro will purchase and accept Energy generated by the Seller’s Plant delivered at the POI (Delivered Energy), subject to hourly limits • BC Hydro has no obligation to accept or pay for Delivered Energy in excess of the hourly limits (Excess Energy) • BC Hydro’s obligation to accept delivery is excused during certain events, including: <ul style="list-style-type: none"> ○ Force Majeure ○ Emergency Condition ○ BC Hydro System Constraint ○ Turn-Down Period ○ Disconnection of the Seller’s Plant or the third party-owned system from the BC Hydro system, unless solely attributable to BC Hydro ○ An event attributable to the third party owner/system if indirectly interconnected, including disconnection of the Seller from the third party system for any reason ○ Failure by Seller to comply with Project Standards <p>Payment for Energy (including energy that could have been delivered but for the event) may also be excused during such events, as specified in the EPA</p>

	KEY TERMS
Environmental Attributes	<ul style="list-style-type: none"> All environmental attributes for Delivered Energy, including Excess Energy, if delivered, are transferred to BC Hydro and cannot be claimed or used by the Seller in any way
Exclusivity	<ul style="list-style-type: none"> Pre-COD – Seller cannot sell Energy or any environmental attributes to any third party Post-COD - Seller will not commit, sell or deliver any Energy or any environmental attributes associated with the generation output of the Seller’s Plant to any person (including the Seller for their own purpose) other than BC Hydro, unless BC Hydro consents
Seller Operating Covenants	<ul style="list-style-type: none"> Seller will: <ul style="list-style-type: none"> own and operate Seller’s Plant with qualified and experienced personnel operate Seller’s Plant in accordance with specified description and Project Standards not take any action that would render it subject to regulation as a public utility provide BC Hydro access to Seller’s Plant, and records and reports, as required for administration and enforcement of the EPA
Seller’s Plant Changes	<ul style="list-style-type: none"> Seller cannot, without BC Hydro’s consent, make material changes to the Seller’s Plant, including changes in plant capacity, the POI, or any change that would increase BC Hydro’s risk or its liability for costs
Operating Plan and Schedules	<ul style="list-style-type: none"> Seller to provide long-term and annual 16-month operating plans, which will include all Planned Outages; BC Hydro approval is required for each operating plan Seller to ensure that BC Hydro is promptly advised of any changes to the long-term and annual operating plan; BC Hydro approval of any such changes is required Seller to provide weekly and day-ahead energy delivery schedules for operational purposes

KEY TERMS	
Outages	<ul style="list-style-type: none"> • Seller will not take Planned Outages in the period from November 1 to March 31 inclusive, except with BC Hydro prior written consent • Seller to provide prompt notice of a Forced Outage and, for indirect interconnection, any outage of third party system • Seller to provide 30-day notice prior to a change to Planned Outage. Any change subject to BC Hydro consent • Seller to use web-based application for communicating Outages (including third party outages) to BC Hydro. • No payments to the Seller during an Outage or, for indirectly interconnected Sellers, during any outage of the third party-owned system through which the Seller transmits energy to the POI. Seller required to attest and, if required by BC Hydro, submit proof that the Seller's Plant and, if applicable, the third party-owned system were operational and not in an Outage for payment for Deemed Energy
Revenue Metering	<ul style="list-style-type: none"> • All meters to be leased from BC Hydro • Seller to operate and maintain a generation meter and a POI meter and any such other meters, at the Seller's cost, as BC Hydro determines in its sole discretion may be required • Seller to supply and install any other metering equipment required by BC Hydro, including but not limited to current transformers and voltage transformers • Seller will ensure that the Seller's Plant is equipped with SCADA capability and that such equipment is functional at all times and maintained in good operating condition
Curtailement for Emergency Condition	<ul style="list-style-type: none"> • BC Hydro may curtail for safety or system security or reliability issues (Emergency Condition) at any time, and Seller must comply with directions • No payments or liability to the Seller during an Emergency Condition
Deemed Energy (Turn-Down and BC Hydro System Constraint)	<ul style="list-style-type: none"> • Turn-Down: <ul style="list-style-type: none"> ○ BC Hydro has the right to turn-down all or a portion of the Seller's generation for any reason (separate from curtailment right for Emergency Condition) ○ A request for turn-down can reasonably be declined by the Seller only to the extent that any operational, technical, regulatory or fuel storage constraint prevents or limits the Seller's ability to comply • BC Hydro will pay for Energy that could have been generated and delivered to the POI but for: <ul style="list-style-type: none"> ○ the Seller's compliance with a turn-down request (Turn-Down Energy), net of avoided costs. If the turn-down request is as a result of a BC Hydro system constraint, Energy will not be considered Turn-Down Energy (see below for Constraint Energy)

	KEY TERMS
	<ul style="list-style-type: none"> ○ a BC Hydro system constraint (including subject to a Turn-Down Notice as a result of a BC Hydro system constraint) (Constraint Energy), only after the first 72 hours in aggregate of BC Hydro system constraint(s) in the month (which 72 hours for greater certainty restarts at the beginning of each month) ● BC Hydro will not be required to pay for any Deemed Energy (Turn-Down Energy or Constraint Energy) during any time when the Seller is in an Outage or is not operating or is not capable of operating, or if the Turn-Down Notice is issued due to, or the BC Hydro system constraint is the result of, the Seller failing to operate the Seller’s Plant in accordance with the Project Standards outlined in the EPA or, for an indirect interconnection, the result of anything in relation to the third party system including the third party owner’s failure to comply with its Interconnection Agreement with BC Hydro or any other arrangements with BC Hydro with respect to the POI and/or the Seller’s Plant. ● BC Hydro will not be required to pay for Constraint Energy if the BC Hydro system constraint is beyond the reasonable control of BC Hydro (whether or not it qualifies as Force Majeure), is caused by an Emergency Condition or Force Majeure, or is caused by the Seller, the Seller’s Plant or anything on the Seller’s side of the POI
Performance Security	<ul style="list-style-type: none"> ● Performance Security \$60,000/MW required on execution of EPA ● Returned to Seller at COD (without interest)
Suspension	<ul style="list-style-type: none"> ● BC Hydro may, for a period of up to 90 days, suspend its obligations to take and pay for Energy under the EPA in circumstances in which it is entitled to terminate the EPA, without limiting its right thereafter to terminate the EPA for a continuation of such circumstances
Suspension of Payments	<ul style="list-style-type: none"> ● If: <ul style="list-style-type: none"> ○ Seller’s Metering has not electronically transmitted information directly or is transmitting intermittently to BC Hydro for a continuous period of 60 days or ○ Seller’s SCADA or telecommunication system have not electronically transmitted information directly or is transmitting intermittently to BC Hydro for a continuous period of [10 days] or ○ the Seller has not resolved any known defaults under the Interconnection Agreement, or ○ the Seller is not complying with wind data collection requirements, if applicable, payment for Energy will be suspended by BC Hydro until the issues are resolved. ● BC Hydro also has a right to withhold payment if the Seller has failed to maintain performance security ● Interest will not accrue while payments are suspended

	KEY TERMS
Liquidated Damages	<ul style="list-style-type: none"> • Pre-COD – Liquidated damages payable upon failure to meet certain milestones. See Milestone Liquidated Damages section above • After COD - No liquidated damages payable by Seller for non-delivery, except if the Seller has committed to a Capacity Commitment in which case liquidated damages will be payable for delivery shortfalls on the Capacity Commitment
Invoices and Payment	<ul style="list-style-type: none"> • By the 15th day of each month the Seller will deliver to BC Hydro separate invoices for [Pre-COD and] Delivered Energy during the preceding month and for Deemed Energy for the month that precedes the preceding month, and the amounts payable for each invoice by BC Hydro • The invoice will be in a format acceptable by BC Hydro with sufficient detail, as determined by BC Hydro, to be included for BC Hydro to verify Seller invoiced amounts; Seller is required to provide electronic (Excel) format of invoices and invoicing model as backup • BC Hydro will pay undisputed amounts within 30 days of receipt of an invoice. If requested by BC Hydro, the Seller will reissue a new invoice for the undisputed amount. Set off against amounts owing to BC Hydro, under any other agreement and netting will apply • No dispute relating to the accuracy of an invoice can be raised by either party more than 36 months after the date it is issued • Interest on overdue payments on undisputed amounts will accrue at prime plus 2% • If the Seller assigns the EPA to another party, BC Hydro's payment deadlines will be extended, without interest or other liability, up to 90 days after notification to BC Hydro of completion of a permitted assignment of the EPA
Insurance and Indemnities	<ul style="list-style-type: none"> • Seller to maintain specified property damage and comprehensive general liability insurance • Seller indemnities in respect of claims with respect to emissions from the Seller's Plant and for personal injury or property damage in connection with the Seller's Plant or the performance of obligations under the EPA • Buyer indemnity in respect of claims for personal or property damage arising while the Buyer or specified representatives are at the Seller's Plant
Interconnection Agreement	<ul style="list-style-type: none"> • If the Seller interconnects with the BC Hydro system: <ul style="list-style-type: none"> ○ Directly, it must execute and deliver to BC Hydro a standard generator interconnection agreement, or ○ Indirectly, ensure that any interconnection agreement in place between such third party and BC Hydro has been amended to BC Hydro's satisfaction

	KEY TERMS
Regulatory Condition	<ul style="list-style-type: none"> EPA must be filed with the BCUC, and is subject to BCUC acceptance If EPA is not accepted by the BCUC within specified period, BC Hydro may terminate the EPA
First Nations Conditions	<ul style="list-style-type: none"> In general, the EPA is expected to contain BC Hydro's typical EPA rights and Seller obligations regarding consultation and accommodation of First Nations, including provisions for specified Force Majeure events, <u>claims by First Nations and termination rights</u> arising in relation to consultation and accommodation, together with any revisions, additions or updates required to accommodate development of new projects, including the specific nature of the Seller's Plant and of the interconnection with the BC Hydro system The EPA may, as applicable, include BC Hydro requirements and Seller confirmation of First Nations ownership or other benefits.
Termination	<ul style="list-style-type: none"> Either party can terminate the EPA due to bankruptcy/insolvency, payment defaults >[60/15] days or material default of covenants, representations and warranties BC Hydro can terminate for: <ul style="list-style-type: none"> Seller's failure to obtain Material Permits by the earlier of (i) 180 days prior to Guaranteed COD and (ii) the [third/fifth] anniversary of Effective Date [depending on Guaranteed COD]. If Seller fails to achieve COD by 365 days after Guaranteed COD (plus all Force Majeure days not exceeding another 180 days) and the Seller cannot demonstrate by clear and convincing evidence acceptable to BC Hydro acting reasonably that construction or necessary modification (as the case may be) of Seller's Plant is 80% complete by that date If Seller fails to achieve COD by 365 days after Guaranteed COD (plus all Force Majeure days not exceeding another 180 days) and the Seller can demonstrate by clear and convincing evidence acceptable to BC Hydro acting reasonably that construction and/or necessary modification (as the case may be) of Seller's Plant is 80% complete by that date, and the Seller then fails to achieve COD within a further 180 days plus any further Force Majeure days not exceeding 180 days Certain defaults relating to interconnection, including termination of the Interconnection Agreement (for both direct and indirect interconnections) Seller ceases to be exempt from regulation as a public utility Seller's failure to establish, maintain and/or replace Performance Security that meets the requirements of the EPA Unauthorized interconnection of third parties or load or generation of any kind behind the POI If the Seller's Plant provides battery storage and the Seller stores any energy other than Energy

KEY TERMS	
	<ul style="list-style-type: none"> • For an indirect interconnection, if the agreement or other arrangements under which the Seller has access to the third party-owner system is terminated • [Other BCH termination rights relating to operation issues TBD] • Seller may terminate for: <ul style="list-style-type: none"> • Seller's failure to obtain Material Permits by the earlier of (i) 180 days prior to Guaranteed COD and (ii) the [third/fifth] anniversary of the Effective Date [depending on Guaranteed COD] • Major Damage
Termination Payment	<ul style="list-style-type: none"> • <u>Force Majeure</u>: No termination payment is due by either party when terminated: <ul style="list-style-type: none"> ○ by either party for prolonged Force Majeure, or prolonged Outages or BC Hydro system constraint caused by Force Majeure ○ by Seller based on Major Damage to Seller's Plant caused by a Force Majeure event <p>For greater certainty, the foregoing applies where BC Hydro terminates the EPA for Seller's failure to achieve COD where the sole reason for Seller's failure to achieve COD is a Force Majeure event</p> • <u>Seller Material Permit Termination Payment</u>: Upon termination by Seller for failure to obtain Material Permits, Seller to pay a termination fee of \$60,000/MW multiplied by the plant capacity. • <u>BC Hydro Termination Payment</u>: Upon termination by Seller for material default of BC Hydro: <ul style="list-style-type: none"> ○ before COD, BC Hydro to pay termination payment equal to Seller's project development costs to date plus 15% less net realizable value of project assets; ○ after COD, BC Hydro to pay a termination payment based on the loss, if any, suffered by Seller, determined by comparing the value of the remaining EPA term, estimated contract quantities based on the Energy estimate during the Term from the Seller's proposal and the actual amount and rate of generation of Energy from the Seller's Plant since COD, and price payable under the EPA had it not been terminated to the relevant market prices for equivalent quantities for the remaining EPA term with market prices adjusted for differences between the product subject to the market prices and the product specified under the RFP eligibility requirements and the EPA • <u>Seller Termination Payment</u>: Upon termination by BC Hydro, other than for Force Majeure or an Outage caused by Force Majeure or a termination for failure to obtain Material Permits (all as described above), Seller to pay a termination payment equal to the loss, if any, suffered by BC Hydro determined by comparing the value of the remaining EPA term, estimated contract quantities based on the Energy estimate during the Term from the Seller's proposal and price payable under the EPA had it not been terminated to the relevant market prices for equivalent quantities for the remaining EPA

	KEY TERMS
	<p>term with market prices adjusted for differences between the product subject to the market prices and the product specified under the RFP eligibility requirements and the EPA</p> <ul style="list-style-type: none"> • In cases of deliberate breach of the EPA by Seller, the foregoing payment does not limit Seller's liability
Force Majeure	<ul style="list-style-type: none"> • Any event not within the control of the Party invoking it or any of its Affiliates, but excluding: <ul style="list-style-type: none"> ○ economic hardship ○ mechanical breakdown or control system hardware or software failure (including, if applicable, of the third party-owned system for an indirect interconnection) ○ delays of any kind in any Material Permit required for the Seller's Plant or, for an indirect interconnection, any permits required for the third party owner's system or the interconnection of the Seller's Plant and the third party-owned system ○ an event or circumstance that is the result of a breach by the Party seeking to invoke Force Majeure of a Permit or of any applicable Laws ○ an event or circumstance caused by a breach of, or default under, the EPA or a willful or negligent act or omission by the Party seeking to invoke Force Majeure ○ a BC Hydro System Constraint, unless the BC Hydro System Constraint is caused or required as a result of an event or circumstance that is itself Force Majeure; or ○ any acts or omissions of: (i) any Affiliate, employee, director, officer, agent or other representative of the Party invoking Force Majeure; (ii) any vendor, supplier, contractor, subcontractor, consultant or customer of or to the Party invoking Force Majeure; (iii) if an indirectly interconnected Seller is invoking Force Majeure, the third party owner of the system through which the Seller wheels energy to the POI, or (iv) any other Person for whom the Party invoking Force Majeure is responsible at law, unless the act or omission is caused by an event or circumstance that would constitute Force Majeure if the Person described above was a party to this EPA in place of a Party invoking Force Majeure
Assignment	<ul style="list-style-type: none"> • Sale of Seller's Plant, assignment of EPA or of revenue from the EPA, or change of control of Seller are all subject to BC Hydro's prior written consent, such consent not to be unreasonably withheld • Assignee to assume all obligations and liabilities of the assignor under EPA and, if the Seller is directly interconnected, the Interconnection Agreement, and cure any defaults of Seller • In the case of an assignment of an interest to a lender, BC Hydro's prior written consent is required; BC Hydro may require that the lender enter into BC Hydro's standard form of lender consent agreement

	KEY TERMS
Representations and Warranties	<ul style="list-style-type: none"> • Standard corporate representations and warranties
Confidentiality	<ul style="list-style-type: none"> • Extends the Confidentiality Agreement until two years after the end of the Term • BC Hydro may require the Seller to keep the EPA confidential. • Confidentiality obligations are subject to specified exceptions, including regulatory/legal requirements and information that enters into the public domain without breach of the EPA • BC Hydro is entitled to disclose information to third parties in connection with the marketing of EPA energy and environmental attributes, to its affiliates, to the Province of British Columbia, in regulatory proceedings, and to reliability organizations and coordinators, balancing authorities, transmission operators and others for operating reliability or compliance purposes
Governing Law and Dispute Resolution	<ul style="list-style-type: none"> • BC law applies • Tiered dispute resolution, finally resolved by binding arbitration
Special Conditions	<ul style="list-style-type: none"> • Seller must conduct adequate and regular maintenance on all protection and safety devices and telecommunications equipment at the Seller's Plant (at least every two years), maintain their maintenance and safety records for at least two years, and provide BC Hydro with copies of its records upon request <p>[Other special conditions TBD]</p>

Appendix 1 – Time of Delivery Factors

Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
HLH	140%	132%	132%	120%	21%	21%	70%	119%	116%	124%	131%	140%
LLH	125%	118%	118%	106%	17%	17%	55%	104%	102%	109%	116%	125%

3. REQUEST FOR PROPOSALS SUMMARY

After you have reviewed these draft terms, please fill out our [feedback questionnaire](#) to provide your perspective and help inform the Request for Proposals (RFP). Please note that these terms do not represent an exhaustive list of RFP key terms. Draft key terms should be considered preliminary in nature and subject to change without notice. Accordingly, BC Hydro provides no representation or warranty that the draft key terms will reflect the final RFP terms when issued.

For Discussion Only

Call for Power
Draft General RFP Terms
November 2023

DRAFT FOR DISCUSSION PURPOSES

Please note that this term sheet is provided solely for the purpose of advancing without prejudice discussions. It is not a request for proposals (RFP) and does not create any legally binding obligations, rights or liabilities. It is not intended to be exhaustive or include all of the terms of the RFP. These draft RFP terms remain subject to change without notice and may not reflect the final RFP content when issued.

Term	Description	
RFP Schedule	MILESTONES (PROPOSED)	DATE(S)
	Issuance of Request for Proposal (RFP) Documents and Specimen EPA	April 2, 2024
	Interconnection Request Submission Deadline (incl study deposit)	April 8, 2024
	Deadline for submission of registration documents	May 1, 2024
	CEAP Interconnection Request Submission Date	May 8, 2024
	RFP Closing Date (Proposal Submission Deadline)	August 2, 2024
	EPA Award Announcement	November 1, 2024
	EPA Signing Deadline	January 1, 2025
	Commercial Operations	October 1, 2028, to October 1, 2031
Registration	<ul style="list-style-type: none"> • Registration fee - \$5,000 per Proponent via e-transfer to BC Hydro. • Schedule 1 - Registration Form <ul style="list-style-type: none"> ○ Proponent’s Legal Information and List of Proposed Projects that it plans to submit proposals for including basic project information, e.g., plant capacity, energy source, region, Point of Interconnection, Guaranteed Commercial Operation Date etc. • Submission of registration documents via BC Bid and payment of Registration Fee • Registration of Proponent and Proposed Projects is mandatory for proposal submission under RFP • Only Registered Proponents may participate in the RFP Q&A process and Proponent RFP information sessions 	

Term	Description
<p>Proposal</p>	<ul style="list-style-type: none"> • Proposal Submission Fee – \$13,000 per Proposed Project via e-transfer to BC Hydro • Proposal Submission Forms <ul style="list-style-type: none"> ○ Schedule 2 – Commercial Proposal Form <ul style="list-style-type: none"> ▪ Proponent’s Bid Parameters, e.g., Bid Price (\$/MWh), Plant capacity (MW), Guaranteed Commercial Operation Date, Capacity Commitment (MW), Development Milestone Dates <p>Note: Bid Parameters are the parameters selected by the Proponent that, if an EPA is awarded, will be included in the EPA.</p> ○ Schedule 3 – Project Information Form <ul style="list-style-type: none"> ▪ Detailed Project Information for BC Hydro evaluation, e.g., plant description, energy generation estimates, site and interconnection information, project development plan, permits, all information related to the First Nations economic participation model and First Nations consultation activities ○ Schedule 4 – Financial Information Form <ul style="list-style-type: none"> ▪ Project financial plan, Proponent’s past financing experience and financial statements for BC Hydro evaluation • Bid Security amount \$40,000/MW of Plant Capacity of the Proposed Project in form of Letter of Credit • All proposal forms submitted via BC Bid

Term	Description
Proposal Evaluation	<ul style="list-style-type: none"> • The proposed evaluation model will have the following components: <ol style="list-style-type: none"> 1. Conformity and conflict review 2. Eligibility requirements <ul style="list-style-type: none"> • Location • Project Type • Clean or Renewable Resource • Fuel Type • Minimum First Nations Equity Requirement • Point of Interconnection • Project Size • Interconnection Study Agreement 3. Evaluation <ol style="list-style-type: none"> a. First Nations consultation adequacy assessment b. Risk Assessment c. Commercial and quantitative evaluation (including First Nations Economic Participation evaluation) d. Considerations beyond individual bid adjustments
Interconnection Matters	<ul style="list-style-type: none"> • For the purposes of this RFP, the interconnection process for all Projects will follow the interconnection procedure for Competitive Electricity Acquisition Process (“CEAP”) as described in Attachment M-2 of BC Hydro’s Open Access Transmission Tariff (“OATT”). • Proponents with Projects either in the FortisBC service area or intending to interconnect to the System through a third -party system will be required to arrange for delivery of energy from their Project to the point of interconnection between such third party system and the System, which would be the point of interconnection for any awarded EPA under CEAP. • Proponents are required to submit a CEAP Interconnection Request by the Interconnection Request Submission deadline to be eligible to participate in the RFP. • All Projects participating in the RFP will be assigned the same queue priority and will be studied without consideration of other Projects, using the same base case. • Completed Interconnection Feasibility Studies will be delivered to Proponents before the Proposal Submission Deadline and posted on OASIS site 10 Business Days after delivery of the same to the Proponents.
Regulatory Matters	<ul style="list-style-type: none"> • EPAs awarded under this RFP are “energy supply contracts” under the Utilities Commission Act (British Columbia). Each executed EPA must be filed with the BCUC under section 71 of that Act for acceptance, unless otherwise exempted.

Eligibility Requirements for Proposed Projects Participating in RFP

Characteristic	Requirement(s) for Eligibility
Registration	<ul style="list-style-type: none"> All Proponents must register by the deadline in the RFP Schedule
Location	<ul style="list-style-type: none"> Projects must be in British Columbia, excluding Fort Nelson, BC Hydro Non-Integrated Areas and other areas of the province from which BC Hydro would be required to transmit energy through another out-of-province jurisdiction to the Lower Mainland.
New Incremental Energy	<ul style="list-style-type: none"> Project must either be an entirely new generating facility or an expansion to an existing facility that consists of new generating units. The electrical generation from the Project must also be capable of being separately metered from any existing generating units. In this context “new” refers to any facility or generating units that have never previously been in commercial operation. Upgrades, replacements or modifications to existing generating units are not eligible under this RFP.
Clean or Renewable Resource	<ul style="list-style-type: none"> The entire output from the Project must qualify as a clean or renewable resource as defined in the Clean Energy Act (British Columbia).
Fuel Type	<ul style="list-style-type: none"> All fuel types meeting the “Clean or Renewable Resource” requirement are eligible.
First Nations Economic Participation	<ul style="list-style-type: none"> One or more First Nation(s) in whose territory the project is located, hold a minimum 25% of equity ownership in the entity owning and controlling the generating assets.
Point of Interconnection	<ul style="list-style-type: none"> Projects must have a single point of interconnection on the BC Hydro system. Projects with an indirect interconnection (including through a third party-owner transmission line, either owned by a public utility or another entity) are eligible, provided the Proponent secures the appropriate arrangements to be able to delivery energy to the BC Hydro system.
Project Size	<ul style="list-style-type: none"> The installed capacity must be greater or equal to 40 MW and less than or equal to 200 MW
Feasibility Interconnection Study Agreement	<ul style="list-style-type: none"> An executed Feasibility Interconnection Study Agreement must be submitted to BC Hydro’s Interconnections department for the Project, together with any required study deposit by the dates set out in the RFP Schedule. Note: Proponents are required to submit an Interconnection Request by the Interconnection Request Submission Deadline (e.g., at least 30 days prior to the CEAP Interconnection Request Submission Date) to participate, which is a precursor to the Feasibility Interconnection Study Agreement.

Bid Adjustments for Evaluation

Bid Adjustment	Description
Network upgrade costs	<ul style="list-style-type: none"> The costs for the additions, modifications, and upgrades to BC Hydro’s Transmission System required at or beyond the Point of Interconnection that are estimated in the feasibility studies. The project-specific cost of the Network Upgrades will be factored into the evaluation by adjusting the bid price to account for the costs that BC Hydro will incur in order to connect the Proposed Project to the BC Hydro system.
Capacity credit	<ul style="list-style-type: none"> BC Hydro may consider providing a capacity credit in the RFP evaluation for energy resources that can also provide capacity when we need it, such as cold winter evenings when demand for electricity is high (e.g., biomass, geothermal, and storage hydro). This Call for power is focused on acquiring energy resources, however we are interested in and value capacity if a project can offer it. A capacity credit will not be given to wind, solar or run-of-river projects, as these resource types are not capable of providing dependable capacity.
First Nations Benefit Adjuster (FNBA)	<ul style="list-style-type: none"> BC Hydro is planning to develop and apply a First Nations Benefit Adjuster in the evaluation of Proposed Project proposals. The adjuster would have the effect of reducing the Adjusted Bid Price for Proposed Project proposals according to the application of the FNBA, effectively making their bids more cost effective in the evaluation process. The FNBA will consist of two components: <ul style="list-style-type: none"> Additional Equity Ownership: A proposal will be given credit in the evaluation for additional First Nations equity ownership beyond the 25% minimum eligibility requirement up to 51%. The credit will be 12 cents/MWh for each percentage point above 25%, up to a maximum \$3/MWh for 51% equity ownership. Other Economic Benefits: A proposal will receive a \$1/MWh credit in the evaluation if it is supported by a letter from one or more First Nations in whose territory the project is located, who are not equity owners of the Proposed Project, confirming that additional economic benefits, other than equity ownership, have been, or are to be, received.
Resource integration costs	<ul style="list-style-type: none"> Integration costs represent the cost to BC Hydro to integrate intermittent energy sources and ensure our customers receive electricity when these resources are fluctuating in output. The more variable a project is in delivering to our system, the more our system needs to be adaptable and available to absorb or back-stop these fluctuations. Run-of-river is relatively predictable based on historical records. Wider fluctuation occurs with wind and solar based on the variability of storms and cloud cover. A resource integration cost of \$2/MWh will be applied to wind and solar resources. Resource integration costs will not be applied to other resource types for the purposes of the evaluation.
Cost of Incremental Firm Transmission (CIFT)	<ul style="list-style-type: none"> We are planning to use the CIFT values that were used in the IRP that were updated most recently in May 2023. Projects located outside of the Lower Mainland and Vancouver Island will have the CIFT for Kelly Lake/Nicola to Lower Mainland applied

Bid Adjustment	Description
	<p>where the CIFT value is \$53.6/kW-year. Projects located on Vancouver Island will have a CIFT credit of \$73.7/kw-year applied.</p> <ul style="list-style-type: none"> This value will be converted to a \$/MWh adjuster based on the characteristics of the resource.
Losses	<ul style="list-style-type: none"> We are planning to assess losses. These values are still under development and are not available at this time.

For Discussion Only

4. FEEDBACK FORM QUESTIONS

Below is a summary of our feedback questions. Please answer these questions through our on-line questionnaire here [Call for power engagement \(bchydro.com\)](https://www.bchydro.com/engagement).

Q1 Before you get started, please let us know if you represent a company or First Nation.

Q1a Enter the name of the company you represent:

Q1b Enter the name of the First Nation you represent:

First Nations Economic Participation

Q2-1 Please share your thoughts on the recommendation to require a base amount of First Nation equity on all proposals and to also incentivize IPPs to provide additional equity to First Nations by giving credit for amount higher than the base amount. Possible questions to address might include:

- Are there any terms, conditions, or restrictions that you would recommend that BC Hydro apply to the First Nations equity ownership in each project?
- What documentation should be submitted with each bid to prove the equity requirement?
- What are your thoughts on BC Hydro's recommended approach to incentivizing additional equity ownership by adjusting bid prices?

Q2-2 Please share your thoughts on the economic benefits letter. Possible questions to address might include:

- What are your thoughts on BC Hydro's recommended approach to giving credit to proposals which include a letter that confirms that additional non-equity benefits are being provided to at least one Nation?
- Do you have any comments on the proposed amount of credit that would be given for the letter?
- What types of information should the letter provide? What level of detail about the economic benefits should be included to be awarded the credit?

Q2-3 Please share any additional thoughts you have about how best to incentivize First Nations economic participation in the Call for Power.

EPA Term Sheet

Q3-1. Please comment on the draft EPA Terms listed in the term sheet. Please provide rationale and examples from other jurisdictions if applicable.

Q3-2. Please comment on any term or provision that will make it infeasible to you to provide a proposal.

Q3-3. Please suggest changes to any term or provision that would provide more value to BC Hydro.

RFP Summary

Q4-1 Please comment on the general RFP Terms.

- RFP Schedule
- Registration
- Proposal
- Proposal evaluation
- Interconnection matters
- Regulatory matters

Q4-2 Please comment on eligibility requirements.

- Location
- Project Type
- Clean or Renewable Resource
- Fuel Type
- First Nations Economic Participation
- Point of Interconnection
- Project Size
- Interconnection Study Agreement
- Existing Contracts

Q4-3 Please comment on evaluation adjusters.