

**EPA Renewal Program
Final Draft Term Sheet
July 2022**

BC Hydro - DRAFT FOR DISCUSSION PURPOSES

Please note that this term sheet is provided solely for the purpose of advancing confidential and 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 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 between us regarding these matters until we settle, and both parties have signed and delivered, final agreements reflecting or resulting from our discussions, which may be subject to additional conditions.

| | Key Terms |
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| Parties | <ul style="list-style-type: none"> BC Hydro Seller |
| Form of Agreement | <ul style="list-style-type: none"> Electricity Purchase Agreement (EPA) |
| Energy | <ul style="list-style-type: none"> Seller's Energy will be from a clean or renewable resource as defined by the Clean Energy Act Energy will be delivered to the Point of Interconnection (POI) of the Seller's system to the BC Hydro system |
| Contract Term | <ul style="list-style-type: none"> Offer 1 (5-year term) or Offer 2 (20-year term) |
| Pricing | <ul style="list-style-type: none"> Offer 1 energy price for Delivered Energy and Deemed Energy: <ul style="list-style-type: none"> - When the Net Aggregate Power Flow during the hour is in net export position, Energy Price for each MWh: $\text{Energy Price} = \{[(\text{Mid C On-Peak Price or Mid C Off-Peak Price}) \times (1 - \text{BC Losses}) \times (1 - \text{BPA Losses})] - \text{BPA Wheeling}\} \times \text{FX}$ - When the Net Aggregate Power Flow during the hour is in net import position, Energy Price for each MWh: $\text{Energy Price} = \{[(\text{Mid C On-Peak Price or Mid C Off-Peak Price}) \times (1 + \text{BPA Losses})] + \text{BPA Wheeling}\} \times \text{FX}$ - When the Net Aggregate Power Flow during the hour is neither in net export position nor in net import position, Energy Price for each MWh: $\text{Energy Price} = [(\text{Mid C On-Peak Price or Mid C Off-Peak Price}) \times (1 - \text{BC Losses})] \times \text{FX}$ - In all cases, the maximum Energy Price is capped at \$80/MWh (USD) and the minimum Energy Price is set to \$0/MWh (USD); if Mid C is zero or negative, Energy Price is set to \$0/MWh (USD) where: <ul style="list-style-type: none"> - Net Aggregate Power Flow is based on the net actual flows for both the BC-US intertie and the BC-AB intertie (https://www.bchydro.com/energy-in-bc/operations/transmission/transmission-system/actual-flow-data/historical-data.html) - Mid-C Off-Peak Price = the prevailing daily price for firm off-peak electricity reported on ICE for the day-ahead Mid-C index - Mid-C On-Peak Price = the prevailing daily price for firm on-peak electricity reported on ICE for the day-ahead Mid-C index - BC Losses = project specific line losses based on location in BC Hydro system (see Appendix 1) - BPA Losses = 1.95% for Sep to May and 2.31% for Jun to Aug for line losses on Bonneville Power Administration system as at October 1, 2021, updated when new rates provided by BPA - BPA Wheeling = \$5.65/MWh (USD) as at October 1, 2021, updated when new rates provided by BPA - FX = Bank of Canada daily average rate for CAD/USD - Mid-C Price is based on ICE (Intercontinental Exchange) index or Offer 2 energy price for Delivered Energy and Deemed Energy: <ul style="list-style-type: none"> - Energy Price for each MWh: $\text{Energy Price}_n = \{[\\$58 \times \{1 + 50\% \times (\text{CPI}_{\text{Jan } 1, n} / \text{CPI}_{\text{Jan } 1, 2023} - 1)\}] \times (1 - \text{BC Losses}) \times \text{TDF}\}$ where: <ul style="list-style-type: none"> - TDF = for each hour, the applicable % On-Peak or Off-Peak from the Time of Delivery Table (see Appendix 2) - n = year in which energy price is effective - $\text{CPI}_{\text{Jan } 1, n}$ = CPI for December in the year immediately prior to the year n - BC Losses = project specific line losses based on location in BC Hydro system |
| Energy Profile | <ul style="list-style-type: none"> Seller may choose not to generate during freshet if EPA prices are uneconomic |
| Delivered Energy | <ul style="list-style-type: none"> BC Hydro will purchase and accept delivery of Energy from the Seller's Plant provided by Seller at the POI subject to limitations (eg. hourly or daily caps) BC Hydro has no obligation to accept or pay for Delivered Energy in excess of the limits (Excess Energy) BC Hydro's obligation to accept delivery is excused during certain events, including Force Majeure, Emergency Condition, BC Hydro system constraint, Turn-Down Period, disconnection of the BC Hydro system unless attributable to BC Hydro, and failure by Seller to comply with Project Standards |
| Environmental Attributes | <ul style="list-style-type: none"> All environmental attributes for Delivered Energy (including Excess Energy if delivered) are transferred to BC Hydro |
| Exclusivity | <ul style="list-style-type: none"> Seller will not commit, sell or deliver any Energy or any environmental attributes associated with the generation output to any person other than BC Hydro, unless BC Hydro consents |
| Curtailment 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 Period and BC Hydro System Constraint) | <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 BC Hydro 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) 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 of a continuous BC Hydro system constraint |

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| | <ul style="list-style-type: none"> • 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, 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. • 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, 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. |
| Liquidated Damages | <ul style="list-style-type: none"> • No liquidated damages for Seller for non-delivery |
| Operating Plan | <ul style="list-style-type: none"> • No operating plan required |
| Outages | <ul style="list-style-type: none"> • Seller to provide prompt notice of Forced Outage • Seller to provide 30 day notice prior to a Planned Outage • Seller required to attest Seller's Plant was operational and not in an Outage for payment for Deemed Energy |
| Revenue Metering | <ul style="list-style-type: none"> • Seller to install 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 (CTs) and Voltage Transformers (VTs) • 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 |
| Suspension of Payments | <ul style="list-style-type: none"> • If the Seller's metering, SCADA or telecommunication system have not electronically transmitted information directly or is transmitting intermittently to BC Hydro for a continuous period of 60 days, or if the Seller has not resolved any known outstanding Interconnection deficiencies identified by BC Hydro that are required to be addressed to ensure compliance with the Interconnection Agreement, payment for Energy will be suspended by BC Hydro until the issues are resolved • Interest on overdue payments will not accrue while payments are suspended |
| 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 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% |
| Interconnection Agreement Condition | <ul style="list-style-type: none"> • Seller must have a valid and subsisting interconnection agreement in place throughout the term of the EPA |
| Regulatory Condition | <ul style="list-style-type: none"> • EPA is to be filed with the BCUC, and is subject to BCUC acceptance • If EPA is not accepted within specified period, BC Hydro may terminate |
| Termination | <ul style="list-style-type: none"> • Either party can terminate the EPA due to bankruptcy/insolvency, payment defaults >60 days or material default of covenants, representations and warranties • BC Hydro can terminate the EPA if Seller does not deliver Energy for 365 continuous days and the Seller's inability to deliver is not caused by BC Hydro or Force Majeure events unless Seller demonstrates to the reasonable satisfaction of BC Hydro that the Seller is working diligently and expeditiously to cure the default and the default is cured within a further reasonable period of time • No termination payment by BC Hydro |
| Termination Payment | <ul style="list-style-type: none"> • If Seller is in material default and BC Hydro exercises its termination right, Seller will pay termination payment equal to the greater of: <ul style="list-style-type: none"> (a) an amount equal to the positive amount, if any, by which BC Hydro's Economic Losses and Costs exceed the aggregate of BC Hydro's Gains and (b) \$4,000 x plant capacity x years remaining before EPA expires |

Appendix 1 - Project specific line losses based on location in the BC Hydro system

| Region | Energy Losses |
|-------------------------|---------------|
| Lower Mainland | 0.00% |
| Peace River | 11.87% |
| Central Interior | 7.70% |
| Selkirk | 4.48% |
| North Coast | 7.41% |
| Vancouver Island | -3.80% |
| East Kootenay | 6.86% |
| Kelly Lake Nicola | 4.27% |
| Revelstoke Ashton Creek | 4.48% |

Appendix 2 – Time of Delivery Factors

| Month | On-Peak | Off-Peak |
|-------|---------|----------|
| Jan | 131% | 99% |
| Feb | 104% | 83% |
| Mar | 89% | 74% |
| Apr | 63% | 59% |
| May | 38% | 50% |
| Jun | 79% | 67% |
| Jul | 131% | 99% |
| Aug | 142% | 108% |
| Sep | 129% | 102% |
| Oct | 123% | 93% |
| Nov | 137% | 101% |
| Dec | 150% | 109% |