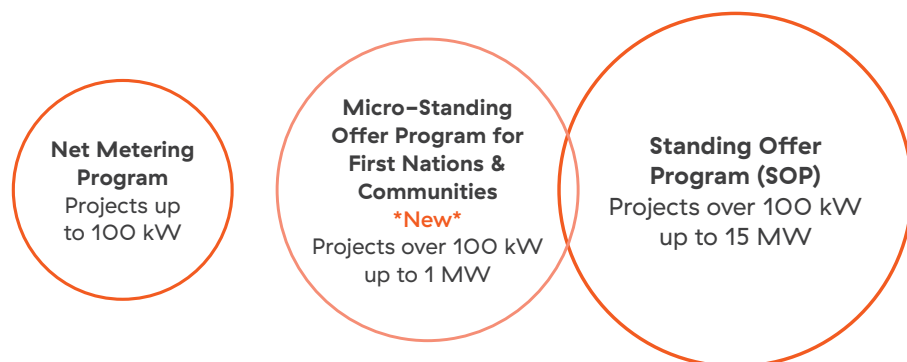


# At a glance: Micro–Standing Offer Program launch and Standing Offer Program updates

We purchase electricity from small and clean or renewable<sup>1</sup> energy projects throughout B.C. through the following programs:



We regularly review these Programs to ensure our objectives are being met. In 2014, we sought feedback from First Nations and stakeholders on the following:

Program	Objective of engagement	Engagement channels
<b>Micro–Standing Offer Program (Micro–SOP)</b>	To gather feedback on the initial design of the Micro–SOP.	Three sessions attended by approximately 50 stakeholders and First Nations representatives.
<b>Standing Offer Program</b>	To determine if the program is meeting its objective to support small, clean energy projects, and to explore program improvements and modifications.	Five stakeholder sessions and five First Nations sessions across the province. Approximately 100 stakeholders and 80 First Nations representatives attended these regional meetings.

## As a result, we’re now moving forward with:

- The launch of the Micro–SOP for First Nations & Communities
- The revised Standing Offer Program Rules and updated Electricity Purchase Agreement (EPA)

<sup>1</sup> As defined by the Clean Energy Act and regulations. Energy sources include hydro, solar, geothermal, ocean, wind, biomass, biogas, and energy recovery.

# Micro-SOP for First Nations & Communities

## For clean or renewable energy projects over 100 kW up to and including 1 MW

The Micro-SOP for First Nations and Communities was developed in response to feedback received through our 2012 Net Metering filing and 2013 Integrated Resource Plan engagement. First Nations and community groups were seeking a program that could accommodate smaller, community-scale clean or renewable energy projects.

The Micro-SOP is designed to be more streamlined than the Standing Offer Program, and includes:

- Reduced costs to participate
- Simplified metering
- Simplified interconnection requirements
- Simplified EPA

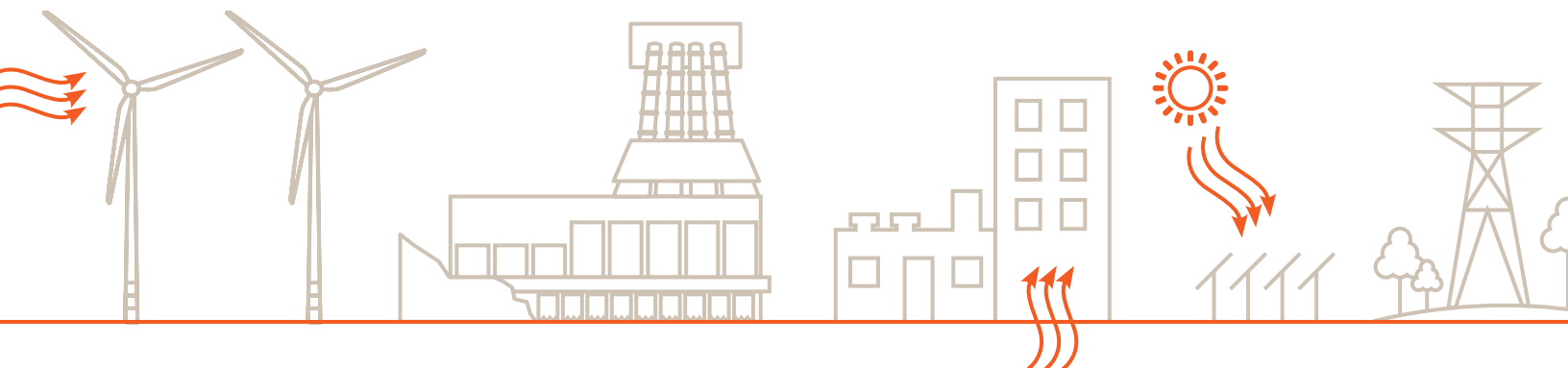
### KEY MICRO-SOP ELIGIBILITY REQUIREMENTS

The Micro-SOP is non-competitive and offers set pricing for shovel-ready projects. Developers must:

- Be First Nations or a Community group
  - A First Nation(s) wishing to participate in the Micro-SOP must provide evidence to BC Hydro that it has significant beneficial ownership and will actively participate in the development, construction, or operation of the project in a meaningful way.
  - A community group wishing to participate in the Micro-SOP must provide evidence to BC Hydro that it has at least 50% control and beneficial ownership of the project.
- Have all material permits
- Demonstrate site control over the entire project area
- Submit First Nations consultation information that's current to the stage of the project

### For more information

The Micro-SOP Rules explain the current Micro-SOP eligibility requirements, the energy price offered and the application process. These Rules and additional information can be found at [bchydro.com/microsop](http://bchydro.com/microsop).



## MICRO-SOP HIGHLIGHTS

<b>Project size</b>	<ul style="list-style-type: none"> <li>Projects sized over 100 kW up to and including 1 MW</li> </ul>												
<b>Who can apply</b> (refer to Micro-SOP Rules for further clarification)	<table border="1"> <tr> <td colspan="2">First Nations</td> <td>First Nations means any of the First Nations bands or tribal councils representing aboriginal communities located in British Columbia and any development corporation solely owned and operated by one or more First Nations bands or tribal councils</td> </tr> <tr> <td rowspan="4">Community</td> <td>Municipality</td> <td>City, town, village, district or township</td> </tr> <tr> <td>Not for profit community or cooperative group</td> <td>Housing cooperative associations, non-profit neighbourhood associations, or other non-profit and charitable community or cultural association</td> </tr> <tr> <td>Public sector</td> <td>School, college, university or medical care facility</td> </tr> <tr> <td>Agriculture sector</td> <td>On-farm or on-ranch operations utilizing organic waste (e.g. anaerobic digester)</td> </tr> </table> <ul style="list-style-type: none"> <li>First Nations and community groups can partner with private sector Independent Power Producers</li> </ul>	First Nations		First Nations means any of the First Nations bands or tribal councils representing aboriginal communities located in British Columbia and any development corporation solely owned and operated by one or more First Nations bands or tribal councils	Community	Municipality	City, town, village, district or township	Not for profit community or cooperative group	Housing cooperative associations, non-profit neighbourhood associations, or other non-profit and charitable community or cultural association	Public sector	School, college, university or medical care facility	Agriculture sector	On-farm or on-ranch operations utilizing organic waste (e.g. anaerobic digester)
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	Public sector	School, college, university or medical care facility											
	Agriculture sector	On-farm or on-ranch operations utilizing organic waste (e.g. anaerobic digester)											
<b>Eligible energy</b>	<ul style="list-style-type: none"> <li>New generation from a clean or renewable resource as defined by the Clean Energy Act and regulations</li> </ul>												
<b>Base energy price</b>	<ul style="list-style-type: none"> <li>Consistent with SOP</li> <li>Regional pricing in effect for target Commercial Operation Dates (CODs) through to the end of calendar year 2019, or until available energy volume is subscribed.</li> <li>For target CODs in calendar year 2020 and beyond, the price will be informed by the SOP optimization process. Please refer to <a href="http://bchydro.com/standingoffer">bchydro.com/standingoffer</a> for more information.</li> </ul>												
<b>Annual energy volume target</b>	<ul style="list-style-type: none"> <li>Included in the SOP energy volume target of 150 GWh/year</li> </ul>												
<b>Target COD</b>	<ul style="list-style-type: none"> <li>The target Commercial Operation Date (COD) will be identified through the Target Volume Management System. Please refer to page 6 for more details.</li> </ul>												
<b>BC Hydro customer-based generation</b>	<ul style="list-style-type: none"> <li>Any participating community or First Nation who is a BC Hydro customer will have its electricity purchased “net-of-load” based on hourly surplus. In other words, the customer is required to serve its own electricity needs before selling to BC Hydro.</li> </ul>												
<b>Interconnection requirements</b>	<ul style="list-style-type: none"> <li>Connected directly to BC Hydro’s distribution system only</li> </ul>												
<b>Interconnection studies</b>	<ul style="list-style-type: none"> <li>Mandatory Screening Study (\$5,000 fee)</li> <li>System Impact Study only if triggered</li> </ul>												
<b>Interconnection agreement</b>	<ul style="list-style-type: none"> <li>Simplified interconnection agreement</li> </ul>												
<b>Network upgrade costs (\$2016)</b>	<ul style="list-style-type: none"> <li>BC Hydro pays network upgrade costs up to \$157 per kW. These are the costs associated with upgrading BC Hydro’s system to receive the energy from the project.</li> <li>Proponent provides security for all estimated network upgrade costs.</li> </ul>												
<b>Metering</b>	<ul style="list-style-type: none"> <li>Smart meter, where technically feasible with a one-time set-up fee of \$3,000</li> </ul>												
<b>EPA term</b>	<ul style="list-style-type: none"> <li>5 to 40 years</li> </ul>												

# Standing Offer Program

## For clean or renewable energy projects over 100 kW up to and including 15 MW

The SOP encourages the development of small clean and renewable energy projects throughout B.C. The program was developed in response to the 2007 BC Energy Plan and has been in place since 2008. The SOP was legislated in the 2010 Clean Energy Act to ensure its continuation.

### KEY SOP ELIGIBILITY REQUIREMENTS

The SOP is non-competitive and offers set pricing for shovel-ready projects. Developers must:

- Have all material permits
- Demonstrate site control over the entire project area
- Submit First Nations consultation information that is current to the stage of the project

### SOP HIGHLIGHTS

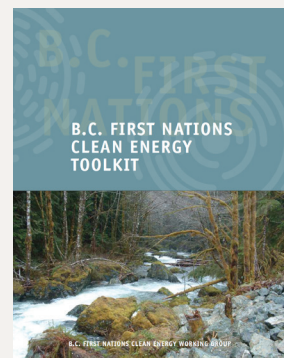
<b>Project size</b>	<ul style="list-style-type: none"> <li>• Projects over 100 kW up to and including 15 MW (with 15 MW being the legislated maximum for energy generation capacity)</li> </ul>
<b>Eligible energy</b>	<ul style="list-style-type: none"> <li>• New generation from a clean or renewable resource as defined by the Clean Energy Act</li> </ul>
<b>Base energy price</b>	<ul style="list-style-type: none"> <li>• Regional pricing in effect for target Commercial Operation Dates (CODs) through to the end of calendar year 2019, or until available energy volume is subscribed.</li> <li>• For target CODs in calendar year 2020 and beyond, the price will be informed by the SOP optimization process. Please refer to <a href="http://bchydro.com/standingoffer">bchydro.com/standingoffer</a> for more information.</li> </ul>
<b>Interconnection requirements</b>	<ul style="list-style-type: none"> <li>• While the Program was designed for projects connecting to BC Hydro’s distribution system, projects can connect to BC Hydro’s transmission system as well.</li> </ul>

### B.C. First Nations Clean Energy Toolkit

The **B.C. First Nations Clean Energy Toolkit** was developed by the First Nations Clean Energy Working Group, and is designed to assist First Nations in understanding the different types of clean or renewable energy, how to begin looking into developing a clean energy project, pre-feasibility, feasibility, developing, financing, relationship building, opportunities and where to find resources. The toolkit was made possible by funding from the Ministry of Aboriginal Relations and Reconciliation and BC Hydro.



She Wolfe gifted to BC Hydro by Art Thompson from the Ditidaht First Nation.



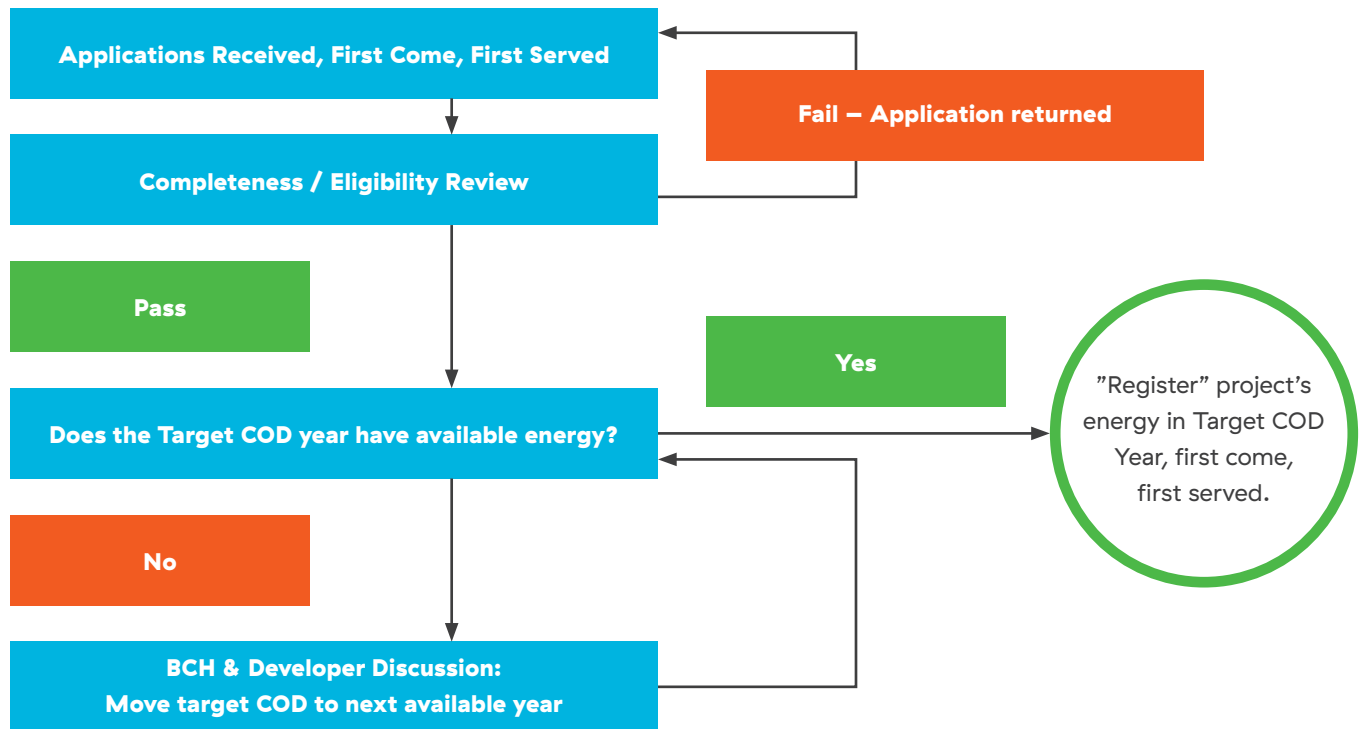
# Standing Offer Program

## What's changed?

After considering First Nations and stakeholder feedback from the program in 2014, as well as looking at current technical and financial realities, the following are updates to the Standing Offer Program are being implemented effective March 4, 2016.

Topic	Update
<b>Management of annual energy volume target</b>	<p>Established a target volume management system on the principle of a first come, first served basis. The system has been designed to be as objective as possible, so that projects aren't evaluated, ranked or prioritized against each other based on their attributes. Please refer to page 6 for more details.</p> <p>Published the annual available energy volume online, so that it's easier for developers to make an informed decision as to when to apply to the SOP.</p>
<b>Commercial Operation Date (COD) deferral</b>	A COD deferral mechanism is no longer necessary with the target volume management system. Projects will have their Target COD registered in a year where there is available energy volume.
<b>Pre-application meeting</b>	A pre-application meeting provides developers with the opportunity to ask questions and gather input prior to submitting an application. The pre-application meeting remains optional, but is highly recommended particularly to discuss interconnection information and requirements.
<b>Eligibility of projects in other utility service area</b>	Independent Power Producers within the service area of another utility can continue to be eligible to apply to the SOP. However, customers taking service from other utilities won't be eligible for the SOP.
<b>Network upgrade costs</b>	Focus will be on providing cost information as early as possible in the project development process (e.g. in pre-application meetings).
<b>First Nations participation</b>	Currently, the SOP allows developers and First Nations the flexibility to negotiate their own custom arrangements with respect to a project. We'll continue to follow current SOP practices going forward as they're working well in supporting First Nations participation in the program.
<b>Base energy price</b>	<p>Regional pricing in effect for target Commercial Operation Dates (CODs) through to the end of calendar year 2019, or until available energy volume is subscribed.</p> <p>For target CODs in calendar year 2020 and beyond, the price will be informed by the SOP optimization process.</p> <p>Please refer to <a href="http://bchydro.com/standingoffer">bchydro.com/standingoffer</a> for more information.</p>
<b>BC Hydro customer-based generation</b>	Developers will receive an EPA with a "net-of-load" requirement based on hourly surplus, meaning that the customer is required to serve its own electricity needs before selling any to BC Hydro.
<b>Existing generation</b>	Only generation from new projects is eligible for the SOP
<b>Electricity Purchase Agreement (EPA)</b>	<ul style="list-style-type: none"> <li>Hourly energy delivery caps have been added to define what will be purchased</li> <li>72-hour COD test language has been added</li> <li>The EPA has been streamlined</li> </ul>

# Standing Offer Program Target Volume Management System



## For more information

The SOP Rules explain the current SOP eligibility requirements, the energy price offered and the application process. These Rules and additional information can be found at [bchydro.com/standingoffer](http://bchydro.com/standingoffer).

