1. INVITATION

BC Hydro invites proposals for the supply of electrical energy qualifying as clean or renewable electricity (in accordance with guidelines to be published by the British Columbia Ministry of Energy, Mines and Petroleum Resources) from Projects located in British Columbia. Projects utilizing forest-based biomass fuel are not eligible. BC Hydro is currently conducting a separate request for proposals process for the supply of electrical energy generated with forest-based biomass, details of which are available at www.bchydro.com/bioenergycall.

BC Hydro targets approximately 5,000 GWh/year of seasonally and/or hourly Firm Energy, together with associated Non-Firm Energy, to be procured under this Call. This target may be revised during the RFP process.

This RFP is not a call for tenders. This RFP and/or the submission of a Proposal and/or the exercise by BC Hydro of any discretion in the conduct of the RFP process, including the review and evaluation of Proposals, and/or selection of successful Proposals, creates no contractual or other legal relationship, liability or obligation whatsoever between or among BC Hydro and any other person, whether or not such person submits a Proposal, except only obligations arising under the Confidentiality and Compliance Agreement referenced herein. Except as aforesaid, no such contractual or other legal relationship, liability or obligation whatsoever arises between BC Hydro and any Proponent unless and until a definitive EPA is fully executed and delivered.

2. INTERPRETATION

2.1 Definitions: Certain capitalized words and phrases used in this RFP are defined in Schedule 1. Capitalized words and phrases that are not defined herein will be defined in the Specimen EPA.

2.2 Currency: References to dollars or $ means Canadian currency, unless otherwise stated.
3. RFP CONTENTS

The RFP includes the following Schedules:

- Schedule 1 Definitions
- Schedule 2 RFP Schedule
- Schedule 3 Registration Form
- Schedule 4 Disclosure Statement
- Schedule 5 Confidentiality and Compliance Agreement
- Schedule 6 Interconnection Disclosure Consent
- Schedule 7 EPA Term Sheet
- Schedule 8 Proposal Letter*
- Schedule 9 Commercial Proposal*
- Schedule 10 Project Description Requirements*
- Schedule 11 Energy Source Data Requirements*
  - A – Hydrological Data
  - B – Wind Data
  - C – Other Technologies

*Note: Schedules 8 to 11 to be issued concurrently with the issuance of the Specimen EPA.

The RFP also includes the Code of Conduct guidelines applicable to BC Hydro contracts (the “Code of Conduct Guidelines”) (at www.bchydro.com, go to: home page > planning > openness and accountability > director and employee code of conduct > Code of Conduct guidelines applicable to BC Hydro contracts including clarification statements for contracts).

BC Hydro may amend the RFP, including Schedules, from time to time by the issue of Addenda.

4. COMMUNICATIONS

All pre-Proposal submission communications with BC Hydro regarding this RFP should be directed to the RFP Administrator (Clean Power Call) as follows:

BC Hydro
10th Floor, 333 Dunsmuir Street
Vancouver, BC
V6B 5R3
Attention: RFP Administrator (Clean Power Call)

e-mail: cleanpower.call@bchydro.com
fax: 604 - 623 - 4335

Proponents should not contact directly BC Hydro’s directors, officers, employees or advisors concerning matters related in any way to this RFP, other than the RFP Administrator or with
respect to matters relating to interconnection or as directed or authorized through the RFP Administrator. Refer also to section 20.8 of this RFP.

For contacts regarding interconnection of Transmission System-connected Projects, see contacts at www.bctc.com (go to: home page > generator interconnection > contact us).

For contacts regarding interconnection of Distribution System-connected Projects, see contacts at www.bchydro.com (go to: home page > info > acquiring power > generator interconnections).

Communications from Proponents should originate from their contact person specified upon registration. Contact persons may be changed by notice to the RFP Administrator. Proponents should communicate in writing (which may include e-mail).

BC Hydro will notify Proponents, if any, with whom BC Hydro decides to conduct discussions following Proposal submission, of the communications protocol applicable to that phase of the RFP process.

BC Hydro will not be responsible for any instructions or information given to any Proponent, except as made or authorized through the RFP Administrator or in accordance with any post-Proposal submission communications protocol.

5. REGISTRATION

Persons who intend to submit a Proposal are required to register their interest using the Registration Form set out in Schedule 3. The Registration Form requires summary information regarding the Proponent and its Project.

Persons intending to register should review the Code of Conduct Guidelines, including section 3 of the guidelines, which require disclosure of certain relationships. Also, all persons considering participation in the RFP are advised that persons or consultants associated with Proponents may include former employees of BC Hydro, or current or former consultants to BC Hydro.

Proponents should submit with their Registration Forms a Disclosure Statement in the form set out in Schedule 4 showing the identity of (i) their controlling shareholders, directors and senior officers, (ii) persons involved, or expected to be involved, in their Proposal work, whether as employees or consultants, who have been employed by BC Hydro within the previous 2 years, (iii) consultants involved, or expected to be involved, in Proposal work, and (iv) relationships required to be disclosed by section 3 of the Code of Conduct Guidelines. This information should be updated by notice to BC Hydro from time to time during the RFP Process, both before and after Proposals submission, if and when circumstances change so that the Disclosure Statement is accurate and up to date. The Disclosure Statement should also be confirmed or updated upon Proposal submission.

Registrants should sign and submit with their Registration Forms a Confidentiality and Compliance Agreement in the form set out in Schedule 5. This agreement sets out obligations of confidentiality regarding any Proposal submitted and discussions, including negotiations, that may occur after Proposal submission, as well as a commitment to comply with the general conditions of the RFP as set out in section 20.

BC Hydro requires access to Proponents’ interconnection requests, studies and related information exchanged between a Proponent and BCTC, and the right to provide Proponents’
information to BCTC relative to interconnection and transmission matters. Registrants should sign and submit an Interconnection Disclosure Consent in the form set out in Schedule 6 with their Registration Form.

A fee is payable upon registration.

The Registration Form, Disclosure Statement, Confidentiality and Compliance Agreement and Interconnection Disclosure Consent (the “Registration Documents”) are form field documents, and may be downloaded from the RFP Website and completed by inserting the required information in the form fields or selecting from drop down menus. Complete all the information called for by the Registration Documents. Each Registration Document should be signed by an authorized signatory of the registrant.

In summary, the completed Registration Form (Schedule 3) should be accompanied by:

- A Disclosure Statement (Schedule 4), signed by an authorized signatory of the registrant,
- Two copies of a Confidentiality and Compliance Agreement (Schedule 5), each signed by an authorized signatory of the registrant,
- An Interconnection Disclosure Consent (Schedule 6) signed by an authorized signatory of the registrant, and
- A registration fee in the amount of $5,000, which is non-refundable. The fee may be paid by cheque payable to “British Columbia Hydro and Power Authority” or “BC Hydro”.

The completed and signed Registration Documents and the required registration fee should be delivered to the RFP Administrator at the address indicated in section 4 on or before August 12, 2008. Registration by the foregoing date is not mandatory, and BC Hydro may accept late registration. However, delay in registration has certain disadvantages as outlined below.

Upon receipt of properly completed and signed Registration Documents and the required registration fee, the RFP Administrator will confirm registration to each registrant, and return a copy of the Confidentiality and Compliance Agreement signed by BC Hydro.

Registration does not oblige a Proponent to submit a Proposal. However, registration will assist BC Hydro in communicating with Proponents throughout the RFP process.

Proponents intending to submit Proposals in respect of multiple Projects should complete, sign and submit a separate Registration Form for each Project. However, duplicative information may be omitted by reference to the Registration Form on which it is included. Also, only one registration fee of $5,000 is payable for each Proponent, and only two signed copies of the Confidentiality and Compliance Agreement and one signed copy of the Disclosure Statement and of the Interconnection Disclosure Consent are required for each Proponent, regardless of the number of Projects for which Registration Forms are submitted. Refer to the definition of “Project” in Schedule 1.

Persons who have not registered (including completing, signing and returning the Registration Documents, and paying the required registration fee) may not submit questions under the Q&A process described in the RFP, may not attend any Proponents’
RFP information session convened after August 12, 2008, and may not otherwise receive further communications from BC Hydro concerning the RFP process.

BC Hydro will consider only Proposals submitted by registered persons, or their Affiliates.

Registered Proponents who decide not to submit a Proposal are requested to so notify the RFP Administrator to cancel the registration.

6. RFP SCHEDULE

BC Hydro intends to conduct the RFP process according to the RFP Schedule set out in Schedule 2. The RFP Schedule may be changed by Addendum. Proponents should check the RFP Website frequently to ensure that they are aware of the current schedule requirements.

7. RFP WEBSITE

BC Hydro has established a website ([www.bchydro.com/cleanpowercall](http://www.bchydro.com/cleanpowercall)) to which Proponents will have access during the conduct of the RFP process.

The RFP Website will provide access to the RFP, including Schedules, Addenda, the EPA Term Sheet and the Specimen EPA, as well as other important communications from BC Hydro to all Proponents. The RFP Website will also provide access to Q&As, FAQs and other information and links of interest to Proponents.

8. ADDENDA

BC Hydro may amend and/or supplement the RFP, including the RFP Schedule and the Schedules, at any time by issue to all Proponents of an Addendum. Addenda will be sequentially numbered and issued to Proponents by posting to the RFP Website. Addenda will not necessarily be distributed directly to Proponents.

Proponents should check the RFP Website frequently to ensure that they are aware of all Addenda. Proponents are expected to confirm receipt of all Addenda in their Proposal Letter.

9. Q&As, FAQs AND SUPPLEMENTARY INFORMATION

Proponents may submit questions regarding the RFP process and related matters to the RFP Administrator. Questions should be in writing (including e-mail). Questions raising issues of general interest to all Proponents and corresponding answers will be posted to the RFP Website as a Q&A series, without express attribution to the Proponent submitting the question. BC Hydro reserves the right to edit questions for clarity and application to Proponents generally. Questions of specific relevance only to the Proponent submitting the question will not necessarily be posted to the RFP Website, and BC Hydro may direct the answer to that Proponent only.

BC Hydro may post FAQs to the RFP Website, and other information of interest to Proponents.

Proponents should check the RFP Website frequently for Q&As, FAQs and other information of interest to Proponents.
10. INTERCONNECTION MATTERS

CEAP to Apply

For the purposes of this RFP, the interconnection process for all Projects (other than Projects in the Fortis Service Area) will follow the interconnection procedure for CEAP as described in OATT Attachment P, filed June 8, 2007 by BCTC with the BCUC (in compliance with Directive #20 of the BCUC’s Decision accompanying Commission Order G-58-05 concerning BCTC’s OATT application).

Projects within the System Area

Except as noted below regarding Projects with an indirect connection to the System through the Fortis System, a signed Feasibility Interconnection Study agreement with BCTC (for Transmission System-connected Projects) or a signed Preliminary Interconnection Study agreement with BC Hydro (for Distribution System-connected Projects), together with the required study fee deposit, must be filed with BCTC or BC Hydro, as applicable, on or before 4:00 p.m., PPT on the applicable date shown in the RFP Schedule. Any signed interconnection study agreements that have been entered into pursuant to this RFP and that are filed before the applicable deadline will be deemed to have been received on the deadline.

In order to ensure that a signed interconnection agreement is filed by the applicable deadline, Proponents must complete and file an interconnection request with BCTC for Transmission System-connected Projects, or an interconnection request with BC Hydro for Distribution System-connected Projects, as applicable, on or before the date indicated in the RFP Schedule. The cost of the interconnection study, and any subsequent studies necessary to maintain the Project’s position in the interconnection queue, will be borne by the Proponent. Proponents of Transmission System-connected Projects who fail to file an interconnection request with BCTC by the date specified in the RFP Schedule are not eligible for processing under BCTC’s CEAP tariff.

Projects in the Fortis Service Area

Proponents with Projects in the Fortis Service Area will be required to deliver energy under an EPA at the Fortis/BCTC interconnect, which will be the point of interconnection (POI) under any awarded EPA. These Proponents are responsible for obtaining at their own expense, and should file with BC Hydro on or before the date shown on the RFP Schedule, a copy of an interconnection study provided by FortisBC in respect of the Project. The study must reflect interconnection/transmission requirements for the Project on a stand-alone basis as of the Base Case Date. FortisBC has advised that requests for such studies may require up to 60 days to complete following a request. Proponents should contact FortisBC as soon as possible for further details of study requirements. BC Hydro assumes no responsibility whatsoever for obtaining the foregoing FortisBC study in respect of any Project, or for the cost thereof.

Based upon study submissions by these Proponents, BC Hydro may request as required a special study to be prepared by BCTC in respect of the impacts of the injection of Project energy to the System.
Common Base Case Date

All Projects participating in the Call, including those in the Fortis Service Area, will be studied on a stand-alone basis, using the same base case (i.e., having the same queue position) and a common Base Case Date. Prior studies will not be accepted (unless in the case of Projects in the Fortis Service Area, the study is validated in writing by FortisBC as of the Base Case Date). Proponents submitting Proposals involving eligible incremental generation, including Proponents with existing interconnection agreements for existing generation, will still be required to file a signed interconnection study agreement for the new incremental generation by the applicable deadline.

Completed Studies

Each completed interconnection study will be provided to the Proponent on or before the date shown in the RFP Schedule. The study, together with such other information developed by, or available to, BC Hydro, should demonstrate that the interconnection facilities for the Project are anticipated to be completed by not later than 90 days prior to the Guaranteed COD (to be defined in the EPA) offered in the associated Proposal.

Prior Requests to be Withdrawn

Each Proponent must withdraw a prior request, if any, accepted by BCTC for a Transmission System-connected Project or by BC Hydro for a Distribution System-connected Project, for interconnecting the associated Project to the Transmission System pursuant to BCTC’s Standard Generator Interconnection Procedures as described in the OATT, or to the Distribution System, as applicable.

BC Hydro will have access to interconnection study requests and data and the resulting studies under the Interconnection Disclosure Consent.

11. INTERCONNECTION AND RFP INFORMATION SESSIONS

BCTC and BC Hydro will convene an interconnection and registration information session on the date indicated in the RFP Schedule, to which all potential Proponents are invited.

BC Hydro will convene a second information session at a later date indicated in the RFP Schedule, to which registered Proponents only are invited, to address RFP matters.

Further details of session times, place and agenda will be notified to Proponents by Addenda.

Attendance at the sessions is strongly encouraged, but is not mandatory.

BC Hydro and/or BCTC do not undertake to publish a transcript or report of the information sessions, or to distribute any presentation or other materials made available to attendees at the sessions.
12. ELIGIBLE PROJECTS

BC Hydro will consider Projects that meet the following eligibility requirements:

- **Clean**: Except as noted below, the entire output from the Project must qualify as clean or renewable electricity in accordance with guidelines to be published by the British Columbia Ministry of Energy, Mines and Petroleum Resources. Guidelines will be posted to the RFP Website when available. Fuel that does not qualify as clean or renewable may be utilized for start-up, and subject to pre-Proposal written approval from BC Hydro, may otherwise be utilized during operations to a limited extent, if necessary. Proponents anticipating the use of a fuel mix, including some fuel that does not qualify as clean or renewable, should contact BC Hydro with an approval request as soon as possible and in any event before the Proposal submission date.

- **Fuel Type**: All fuel types meeting the “Clean” requirement are eligible, but excluding:
  - forest-based biomass, including mill solid wood residues (hog fuel, sawdust, chips and/or chunks), pulp mill residues (hog fuel and black liquor), roadside and landing residues, and biomass derived from standing timber; and
  - nuclear fuel.

- **Location**: Projects must be located in British Columbia, excluding Fort Nelson 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.

- **Technology**: Projects must use “proven” generation technologies (other than those involving prohibited fuels). “Proven” technologies are generation technologies, which are readily available in commercial markets and in commercial use (not demonstration use only), as evidenced by at least 3 generation plants (which need not be owned or operated by the Proponent) generating electrical energy for a period of not less than 3 years, to a standard of reliability generally required by good utility practice and the terms of the EPA.

- **Project Type**: Projects may consist of those not requiring a generation baseline (“Non-GBL”) or those requiring a generation baseline (“GBL”), where:
  - Non-GBL project types consist of:
    - Generating units (new or refurbished) to be installed at new, “greenfield” generating plants, or
    - Additional generating units (new or refurbished) to be installed at existing generating plants, or
    - Existing installed generating units that (i) have been idle for not less than two years prior to the issue date of this RFP, or (ii) from which generation is sold to third parties (i.e. not BC Hydro, but may include Powerex Corp.), provided that the “Existing Contracts” eligibility criterion is satisfied, or (iii) are used to displace electrical load at the facilities of an industrial customer of BC Hydro or another utility,
provided that the units have not been synchronized with the System since January 1, 2005.

- **GBL project types consist of:**
  - New self-generation, or incremental self-generation used to physically displace electrical load at the facilities of an industrial customer of BC Hydro or another utility and/or to provide a net export of electrical energy to the System from such facilities, provided that such generation is in excess of a “generator base line” reflecting existing self-generation, such base line to be determined by BC Hydro based on data submitted by the Proponent before Proposal submission, and provided also that such generation is not, nor will be, under an existing load displacement agreement or demand side management agreement with BC Hydro or another electrical utility serviced by BC Hydro.

- **Project Size:** The Proponent’s Firm Energy profile must commit the Proponent to deliver a minimum of 25 GWh/year of Firm Energy.

- **Metering:** Project output must be capable of being metered separately or alternate measures satisfactory to BC Hydro must be available to accurately determine delivered energy for billing purposes.

- **Point of Interconnection:** Projects must have a point of interconnection on the System. Projects with indirect interconnections (including through a private transmission line, transmission service within British Columbia through a utility, other than BC Hydro or BCTC, or a BC Hydro customer interconnection) are eligible. Projects with multiple interconnection points are eligible, subject to BC Hydro’s prior written approval. Proponents should seek such approval as soon as possible, and in any event before the Proposal submission date.

- **Interconnection Study Agreement:** An executed Feasibility Interconnection Study agreement must be filed with BCTC for a Transmission System-connected Project, or a Preliminary Interconnection Study agreement must be filed with BC Hydro for a Distribution System-connected Project, together with any required deposit by the dates set out in the RFP Schedule. See section 10 for further details.

- **Existing Contracts:** None of the capacity or energy from the Project under an existing contract to BC Hydro is eligible, unless (i) the generation facilities have not been constructed, (ii) the contract is lawfully terminated by the Proponent, including the payment of any amount due to BC Hydro on termination, on or before filing an interconnection request for the Project as required under this RFP (see section 10), and (iii) the energy otherwise meets all eligibility requirements set out in this section, including those pertaining to **Project Type**. A Proponent having an existing contract with BC Hydro for the supply of energy from a plant, who wishes to submit a Proposal to supply incremental eligible energy from that plant may be required to obtain an “existing contract baseline” reflecting its current contract, such baseline to be determined by BC Hydro before Proposal submission. Eligible energy will be restricted to energy in excess of the baseline. None of the capacity or energy from the Project under contract to any other party is eligible, except for energy (i) under contracts that may be lawfully terminated by the Proponent prior to the Guaranteed COD (to be defined in the Specimen
EPA) offered in the relevant Proposal, and (ii) that otherwise meets all eligibility requirements set out in this section, including those pertaining to Project Type.

13. **OPTIONAL RESIDUAL RIGHTS SUBMISSION**

BC Hydro may wish to acquire “residual rights” in respect of certain Projects. “Residual rights” include an option to purchase the Project assets, and/or to renew the term of the EPA, and/or other mechanisms that will secure to BC Hydro access to the legacy of the Project, the Project site and/or the Project output in perpetuity or for an extended term.

Proponents are invited to submit with their Proposals a separate proposal in respect of Project residual rights for consideration by BC Hydro.

A residual rights submission constitutes a separate proposal. BC Hydro may accept the Proposal, with or without accepting the residual rights submission. However, BC Hydro may accept the residual rights submission only if the Proposal is accepted.

14. **SPECIMEN EPA TERMS AND CONDITIONS**

An EPA Term Sheet is set out in Schedule 7. The term sheet is a summary of BC Hydro’s preferred terms and conditions. BC Hydro will provide by way of posting to the RFP Website a definitive Specimen EPA by the time indicated in the RFP Schedule.

Proponents may, but are not required to, submit with their Proposals variations to the Specimen EPA.

Except as noted below, BC Hydro will consider variations to the Specimen EPA, which:

- Are demonstrably necessary to enable the Proponent to design, build and operate its Project in compliance with the EPA (“Essential Variations”), or
- Will demonstrably enable the Proponent to provide to BC Hydro better value for money (“Value Variations”).

BC Hydro does not intend to consider variations, whether Essential Variations or Value Variations, to the Specimen EPA, which:

- Depart from the Firm Energy and Non-Firm Energy pricing structure, including the permissible Non-Firm Energy pricing options, set out in the Specimen EPA,
- Reduce, condition or otherwise vary or limit the liquidated damages payable in accordance with the Specimen EPA,
- Reduce, condition or otherwise vary or limit the liability limitations and exclusions under the Specimen EPA,
- Change the treatment of energy delivered in the System Freshet (as defined in the Specimen EPA) or the definition of System Freshet, including the constraint on System Freshet energy designated as Firm Energy in the Firm Energy profile submitted with the Proposal,
• Define Firm Energy by reference to any period longer than the “seasonally Firm Energy” periods specified in the Specimen EPA or vary the definition of seasons for that purpose,

• Change the requirement that all environmental attributes be transferred to BC Hydro, or

• Change the amount of the Performance Security or the Interconnection Security (both as defined in the Specimen EPA) required under the EPA, or the amount by which such security reduces, or the conditions of reduction, or terms of escalation of the amount of such security.

Variations should be submitted in the form of a redlined version of the Specimen EPA, with a brief commentary indicating (i) whether variations are Essential Variations or Value Variations, and (ii) the reasons for the variations. BC Hydro will provide with the Specimen EPA a downloadable Word version suitable for inputting and designating variations, with commentary, to facilitate Proposal preparation.

The Specimen EPA represents BC Hydro’s preferred terms and conditions. Variations will be considered in the evaluation of Proposals.

Proponents are strongly encouraged to submit Proposals that conform to the preferred terms and conditions, and to limit variations to substantive matters of significant importance or value. Proposals constitute offers to enter into an EPA without discussion or negotiation. Consequently, variations, if any, should be limited to Essential Variations and Value Variations, and reflected in specific agreement wording. BC Hydro anticipates the receipt of a significant number of Proposals, which will be evaluated in a limited time. Proponents are cautioned that while the RFP Schedule contemplates that BC Hydro may conduct post-Proposal discussions, including negotiations, with some, but not necessarily any or all Proponents, BC Hydro anticipates that EPAs may be awarded without significant or any post-Proposal discussion/negotiation.

Any discussions, including negotiations, will be strictly scope and time-disciplined, requiring that BC Hydro give priority to consideration of variations, if any, that are very clearly expressed, supported by a credible rationale, and are either Essential Variations, or Value Variations, both as defined above. Refer also to section 17.

15. PROPOSAL REQUIREMENTS

Mandatory Deadline for Proposal Submission

Proposals must be delivered to the RFP Administrator at the address indicated in section 4 on or before 4:00 p.m. PPT on the scheduled date for Proposal submission as shown on the latest RFP Schedule. Check the RFP Website frequently for the currently scheduled date. BC Hydro’s time/date stamp recording Proposal receipt will be conclusive.

Late submitted Proposals will not be considered and will be returned to the Proponent unopened.

Proposal Contents

Proposals should be submitted in a sealed package marked “BC Hydro Clean Power Call, Proposal of [insert name of Proponent]”, and bear a return address.
Proposals should include:

- A completed Proposal Letter in the form of Schedule 8, in one original signed by an authorized signatory of the Proponent,

- A completed Commercial Proposal in the form of Schedule 9, in one original signed by an authorized signatory of the Proponent and in one soft copy (on a CD-ROM) and sealed in a separate envelope,

- A Project Description containing information concerning the Proponent and the Project as required by Schedule 10, in six hard copies and one soft copy (on a CD-ROM),

- An Energy Source Data submission, containing information concerning the applicable Project energy source as required by Schedule 11, in six hard copies and one soft copy (on a CD-ROM),

- A Variations Proposal (optional), containing a redlined version of the Specimen EPA, including a brief commentary indicating (i) whether variations are Essential Variations or Value Variations, and (ii) the reasons for the variations, in six hard copies and one soft copy (on a CD-ROM),

- An updated Disclosure Statement in the form of Schedule 4, in one original signed by an authorized signatory of the Proponent, and

- A non-refundable Proposal fee equal to $5,000 plus an amount equal to $0.05/MWh of annual Firm Energy as set out in, or derived from, the Firm Energy profile (hourly or seasonally) in the Commercial Proposal, but not exceeding in the aggregate a fee of $30,000.

Proposal security (i.e., bond or letter of credit) is not required upon Proposal submission.

**Multiple Proposals/Projects from a Single Proponent**

Refer to the definition of “Project” in Schedule 1.

Proponents should not submit multiple Proposals or alternates for a Project on the same site. A Proponent may submit Proposals for Projects on different sites. However, a separate Proposal, including a separate Proposal fee, is required for each Project.

Proponents submitting multiple Proposals may designate two or more such Proposals as either (i) “mutually exclusive”, such that BC Hydro may accept one, but not more than one, such Proposal, or (ii) “co-dependent”, such that BC Hydro may accept all, but not less than all, such Proposals. Any such designation should appear clearly in the Proposal Letter.

**Commercial Proposal**

Proponents must submit a Commercial Proposal (Schedule 9) conforming to the pricing structure set out in the Specimen EPA and completed with the other commercial terms referenced therein.
Proponents should read the Specimen EPA and the instructions in the form of Commercial Proposal carefully and complete all items in the form marked “REQUIRED”. Items marked “OPTIONAL” may be completed at the discretion of the Proponent.

Proponents are **required** to submit in the Commercial Proposal:

- An offer of hourly Firm Energy or seasonally Firm Energy, and a corresponding Firm Energy profile,
- A guaranteed commercial operation date (Guaranteed COD),
- An EPA Term commencing on COD,
- A Firm Energy Price,
- The percentage of the Firm Energy Price to be subject to escalation at CPI for the pre-COD period and the post-COD period (a different percentage may be offered for each period),
- The Proponent’s choice of a fixed price or a market-referenced price for Non-Firm Energy, or the percentages of Non-Firm Energy to be priced at each of these two options,
- The unit price adjustment to the offered Firm Energy Price that will apply to reflect the Proponent’s cost of providing Interconnection Security, if required under the EPA, and
- Such other items, if any, as are marked “REQUIRED” in the form of Commercial Proposal.

Proponents **may** submit in the Commercial Proposal:

- A Phased Project proposal (see “Phased Projects” below),
- A Variations Proposal setting out Essential Variations and/or Value Variations to the Specimen EPA, with associated pricing for Value Variations, and/or
- Such other items, if any, as are marked “OPTIONAL” in the form of Commercial Proposal.

**Proponent, Project and Energy Source Information**

In preparing the Project Description and Energy Source Data submission, Proponents are strongly encouraged to follow the instructions in Schedules 10 and 11, including section numbering and titles. Proponents should be responsive to the information requirements set out in the Appendices. These documents should be submitted in 8 ½” x 11” three-ring binders.

**Pricing Value Variations**

A Variations Proposal is optional. Variations should be designated as either “Essential Variations” or “Value Variations”. See section 14.
Variations designated as Essential Variations form part of the Proponent’s base offer and are included in the Firm Energy Price offered in the Commercial Proposal. BC Hydro may not unilaterally accept such base offer without also accepting the Essential Variations.

Variations designated as Value Variations do not form part of the Proponent’s base offer and should not be included in the Firm Energy Price offered in the Commercial Proposal, but may be priced separately, in groups or in the aggregate as an increase to, or deduction from, the Firm Energy Price offered. BC Hydro may unilaterally accept such base offer with or without any or all the Value Variations, with the Firm Energy Price being adjusted accordingly as set out in the Commercial Proposal.

**Phased Projects**

A Proponent may designate its Project as a Phased Project, so that total Project output may be brought into service over time before COD and the Firm Energy Price offered in the Commercial Proposal takes effect as each phase of total output is put in service. A phase must achieve the equivalent of COD conditions (including the test run) to be considered in service. After the first phase is in service, as each subsequent phase comes into service, the Firm Energy profiles for that and all prior phases are merged, and the Firm Energy Price is calculated for that phase by applying the offered pre-COD escalation rate and merged with the existing Firm Energy Price for the prior phase(s), until COD is achieved. See the EPA Term Sheet for further detail of the contractual terms associated with Phased Projects.

A Project may be designated a Phased Project in the Commercial Proposal by:

- completing the applicable item in the Commercial Proposal, setting out for each phase the expected in-service date, and
- completing the applicable item for hourly Firm Energy or for seasonally Firm Energy) in the Commercial Proposal, by providing a separate annual profile for Firm Energy for each phase.

A Project should be designated as a Phased Project only if the following criteria are met:

- The Project must have multiple generators to be installed in phases such that each phase will be capable of meeting interconnection requirements and delivering energy to the point of interconnection independently of all subsequent phases,
- There should be no more than two phases coming into service in any calendar year,
- There should be a minimum of 90 days between the in-service dates of any two phases,
- Each phase should have a minimum capacity of not less than the greater of (i) the capacity determined by BCTC (for Transmission System-connected projects) or BC Hydro (for Distribution System-connected projects), based on technical interconnection requirements, and (ii) 5 MW,
- The first phase should be scheduled in service no earlier than November 1, 2010 and the last phase must be scheduled in service on the Guaranteed COD set out in the Commercial Proposal, which should be no later than November 1, 2016,
• Phasing, including the number and size of phases, should be based upon commercial and technical considerations that BC Hydro considers reasonable and necessary for the success of the Project.

Proponents considering a Phased Project may seek BC Hydro’s pre-Proposal approval to the phasing plan, including the number of phases, size of phases and expected in-service dates.

If a Proponent designates its Project as a Phased Project, the Proponent must nevertheless offer a Guaranteed COD, which must coincide with the expected in-service date for the last phase.

General Partnerships, Joint Ventures, etc.

Proposal Letters submitted by general partnerships (i.e., not limited partnerships or limited liability partnerships), joint ventures, consortia, or otherwise by multiple parties should be signed by a person or persons authorized to bind all partners, consortium members, joint venturers or multiple parties, as the case may be, each of whom will be jointly and severally, and not severally only, liable under any EPA entered into pursuant to this RFP.

Other Matters

Proposals will not be opened publicly. Proposal documents (excluding any proprietary intellectual property embodied therein) become the property of BC Hydro, and will not be returned to Proponents, except in the case of late-submitted Proposals.

A Proposal constitutes an offer by the Proponent to BC Hydro to enter into an EPA in the form of the Specimen EPA, with variations, if any, set out in the Proposal, and otherwise completed as to prices and other matters in accordance with the Proposal. A Proposal may not be amended unilaterally by the Proponent after the Proposal submission time shown on the RFP Schedule. A Proposal, as submitted on or before the Proposal submission time shown on the RFP Schedule, shall not be deemed to be withdrawn (except by written notice from the Proponent as indicated below) or amended as a result of post-Proposal discussions, if any, including any negotiations conducted under this RFP, or any counteroffer, unless and until confirmed in writing by BC Hydro and the Proponent.

In the case of a Proposal containing Value Variations, BC Hydro may accept the Proposal with or without any or all Value Variations.

A Proponent may withdraw its Proposal by written notice to the RFP Administrator at any time before a final form EPA is fully signed and delivered by both parties. A Proposal, if withdrawn after the Proposal submission time shown on the RFP Schedule, cannot be resubmitted in the same or an amended form in this Call, and the Proponent’s registration in this RFP process will be terminated as of the time of withdrawal.

BC Hydro, in its sole and unfettered discretion, may waive any and all failures of a Proponent or a Proposal to comply with the terms of this RFP, whether or not material. Proponents should note that non-compliance may be considered in BC Hydro’s evaluation of Proposals.

16. PRESENTATIONS

BC Hydro may invite in-person Project presentations from one or more, but not necessarily all or any, Proponents.
17. POST-PROPOSAL DISCUSSIONS, FINAL EVALUATION AND EPA AWARD

BC Hydro, in its sole and unfettered discretion, may engage in written and/or in-person discussions with one or more, but not necessarily with any or all, Proponents, after Proposal submission. The purpose of such discussions, if any, may include clarification of the Proposal or any part thereof and/or negotiation of amendments to the Proposal whether as to prices or other terms and conditions. Any such discussions will be strictly scope and time-disciplined as determined by BC Hydro.

Post-Proposal discussions, including negotiations, if any, will be undertaken with a Proponent solely upon BC Hydro’s invitation. Proponents should not assume that they will be invited to engage in discussions. Accordingly, all Proponents should endeavor to prepare Proposals that are complete, clear and capable of acceptance without post-Proposal discussions.

BC Hydro, in its sole and unfettered discretion, may determine and limit the scope and schedule of post-Proposal discussions. BC Hydro will notify by the date shown in the RFP Schedule each Proponent, if any, with which it intends to conduct post-Proposal discussions of the scope and schedule of those discussions.

BC Hydro is not obliged to disclose or offer to any Proponent any variations accepted by BC Hydro from any other Proponent.

BC Hydro, in its sole and unfettered discretion, may reject any or all Proposals, accept one or more Proposals, conduct post-Proposal discussions, including negotiations, with one or more Proponents, and decline to conduct such discussions with any or all Proponents. BC Hydro further reserves the right to terminate such discussions with any Proponent at any time. Discussions with more than one Proponent may be conducted concurrently, in whole or in part, but will not necessarily be concluded at the same time.

Post-Proposal discussions will be conducted at BC Hydro’s offices in Vancouver, B.C., unless BC Hydro determines otherwise.

Discussions are confidential, as provided in the Confidentiality and Compliance Agreement.

Upon completion of discussions, if any, BC Hydro will give the applicable Proponent a written record of clarifications and/or amendments to its Proposal, and Proponents will be required to confirm the record. Proposals will be deemed amended only as set out in such confirmed records.

All Proposals, whether or not amended as a result of post-Proposal discussions, are subject to BC Hydro’s final evaluation, approval by BC Hydro’s executive management and/or board of directors and signing of a final form EPA. Conclusion of discussions, confirmation of Proposal amendments, if any, and BC Hydro approvals will not necessarily occur concurrently as to any or all successful Proposals.

Successful Proponents will be advised by notice of award from BC Hydro. BC Hydro, with the concurrence of a successful Proponent, may make an award that is conditional upon the outcome of any pending regulatory proceeding, including a review by the BCUC of a long-term resource plan to be filed by BC Hydro. Alternatively, BC Hydro may require a successful Proponent to execute and deliver an EPA containing a similar condition subsequent. Successful Proponents will be required to execute definitive EPAs within 15 days after delivery thereof to them.
No legal obligations or liabilities whatsoever will be created or arise between BC Hydro and any Proponent unless and until a final EPA is fully signed and delivered, except only under the Confidentiality and Compliance Agreement.

18. EVALUATION CRITERIA

BC Hydro will determine in its sole and unfettered discretion the most cost effective portfolio of Proposals meeting the eligibility criteria, based upon comparison of adjusted Firm Energy Prices, determined by levelizing all such prices and applying credits/debits as applicable to individual Proposals as follows:

- **Hourly Firm Adjustment**: An adjuster, to be expressed in $/MWh, may be deducted from the Firm Energy Price for a Proponent that has committed to deliver hourly Firm Energy. The magnitude of the adjuster will depend on the Proponent’s profile of on-peak hourly Firm Energy. For a Project with a “flat” hourly Firm Energy profile, the adjuster will be approximately $4/MWh.

- **Wind Integration Adjustment**: An adjuster in the amount of $10.00/MWh will be added to the Firm Energy Price for a wind project.

- **Interconnection and Transmission Impacts**: An adjuster (in $/MWh, to be determined for each Project based on interconnection studies and further studies commissioned by BC Hydro relative to bulk transmission upgrades, energy losses and/or other matters) will be added to the Firm Energy Price for the distribution and transmission impacts on BC Hydro, reflecting delivery of energy to the Lower Mainland. This adjuster will also take into account (i) BC Hydro’s estimate of the impact of any adjustment to the Firm Energy Price offered in the Commercial Proposal arising from a Proponent’s offered unit price in that Proposal in respect of the cost of providing the Interconnection Security under the terms of the EPA, and may take into account (ii) the financial impact, if any, on BC Hydro of interruptions in the supply of energy from existing generation attributable to interconnection of the Project.

BC Hydro will undertake and consider in Proposal evaluation a risk assessment in respect of (i) Project development, (ii) Firm Energy delivery certainty, having regard to the availability of the energy source or fuel supply and other matters, and (iii) ability to comply with the terms and conditions of the awarded EPA. Projects assessed to have significant development uncertainty and/or Firm Energy delivery uncertainty (e.g., less than 80% energy delivery certainty, based on BC Hydro’s assessment of the Proponent’s Energy Source Data submission) and/or EPA compliance uncertainty, may be disadvantaged in the evaluation.

BC Hydro may further consider some or all of the following criteria (which are not necessarily set out in order of relative importance), with such weighting as BC Hydro may determine in its sole and unfettered discretion:

- Interconnection, transmission and generation impacts and costs on a portfolio basis,

- Wind integration costs on a portfolio basis,

- Status of First Nations consultation (if required) with respect to Crown permits, or any
engagement with First Nations,

- The extent of the Proponent’s, or a Proposal’s, compliance with the RFP terms, including the Confidentiality and Compliance Agreement,

- Variations from the Specimen EPA terms and conditions, including any right to dispatch or turn down generation at the Project, which is exercisable by BC Hydro, that may be offered by the Proponent,

- BC Hydro’s load/resource balance at the time of evaluation,

- Environmental impacts or benefits,

- Potential for beneficial impacts of generation technology and/or regional diversity,

- Cost effectiveness of comparable, non-RFP alternate resources,

- The Proponent’s opportunity cost relative to the Project,

- The impact, if any, of regulatory orders and/or decisions made subsequently to the issue date of this RFP,

- The availability of Project residual rights considered by BC Hydro to be of value to it, and

- Other public interest criteria, including particularly ratepayer benefits, that BC Hydro considers have not otherwise been appropriately addressed in the evaluation.

19. REGULATORY AND LEGAL MATTERS

EPAs awarded under this RFP are “energy supply contracts” under the Utilities Commission Act (British Columbia). Accordingly, subject to a valid exemption, if any, obtained by a Proponent, they must be filed with the BCUC under section 71 of that Act. The BCUC may accept the EPAs for filing without convening a public hearing, or the BCUC may convene a hearing. If the BCUC determines, after a hearing, that an EPA is not in the public interest, the BCUC may make an order declaring the EPA to be unenforceable, in whole or in part, or may make any other order it considers advisable in the circumstances.

On April 8, 2008, the British Columbia legislature enacted Bill 15 – 2008, amending the Utilities Commission Act (British Columbia). The amendments include changes to section 71, provision for the filing by public utilities of a long term resource plan for review and acceptance by the BCUC, as well as other important changes to the Act, some of which may affect regulatory risk and issues associated with energy supply contracts.

BC Hydro currently intends to file with the BCUC in mid-June 2008 a long term resource plan, which will include energy to be procured under this RFP. The BCUC is expected to establish a process to review the plan. The order and decision of the BCUC on the plan is currently not expected until approximately March 2009.

The foregoing is a very brief and general summary of section 71 of the Act, Bill 15 and current regulatory plans and expectations. Proponents should familiarize themselves with the Act,
including the amendments, and current regulatory processes that could impact energy supply contracts, including any EPAs awarded under this RFP, and seek their own legal and other professional advice on all legal and regulatory risks and issues associated with the RFP and any EPAs awarded under it.

20. GENERAL TERMS AND CONDITIONS

20.1 Privilege: BC Hydro may award an EPA to the Proponent(s) that in BC Hydro’s sole and unfettered opinion, offers the resource(s) that best serves the interests of BC Hydro and its ratepayers. The Proposal(s) having the lowest price(s) or lowest cost to BC Hydro will not necessarily be successful. BC Hydro may award no EPAs, or may terminate the procurement process at any time. BC Hydro is not obliged to provide to Proponents reasons for the award of EPAs or the rejection of any Proposal, or for termination of the RFP procurement process.

20.2 Further Enquiries: BC Hydro may, but is not obliged to, require that a Proponent provide further information concerning, or clarification of, its Proposal. BC Hydro may make enquiries of, and rely upon, information obtained from third parties and/or public records relative to the evaluation of any Proposal. BC Hydro may, but is not obliged to, meet with one or more Proponents for the purpose of seeking such information or clarification or conducting discussions, including negotiations.

20.3 Code of Conduct: Each Proponent, by submitting a Proposal, represents and warrants that it has complied, and will comply, with the Code of Conduct Guidelines.

20.4 Costs: Each Proponent is responsible for all costs incurred by it in connection with this RFP, including the preparation and, if applicable, negotiation, of any Proposal, and the settlement and execution and delivery of any agreement(s) arising therefrom, whether or not one or more, or no, Proposals are accepted and whether or not this RFP is terminated at any time before acceptance of any Proposals.

20.5 Liability Exclusion: BC Hydro, its directors, officers, employees, advisors and consultants incur no liability whatsoever to any Proponent under or in any manner arising out of, or related to, this RFP, including without limitation the exercise by BC Hydro of any discretion under or in relation to this RFP, save and except only, in the case of BC Hydro, liability assumed by BC Hydro under any fully executed and delivered EPA awarded under this RFP.

20.6 No Implied Terms: No terms or conditions whatsoever may be implied in this RFP.

20.7 No Collusion: Each Proponent, by submitting a Proposal, represents and warrants that its Proposal has been prepared without collusion with any other Proponent, and in particular the price(s), if any, and other elements of its Proposal have been arrived at independently of, and without discussion with, any other Proponent, and the Proponents will refrain from any such collusion or discussion during the entirety of the RFP process (including, without limitation, during the period of any discussions, including negotiations, with BC Hydro).

20.8 No Lobbying: Each Proponent will direct all communications to BC Hydro relative to the RFP strictly to the person, and in accordance with the communication instructions, set out in section 4. The Proponent will not engage, and will cause its Affiliates, agents and representatives not to engage, in lobbying, or otherwise communicating directly to, any other director, officer, employee or agent of BC Hydro, any consultant or advisor to BC Hydro, or any member of the Government of British Columbia for the purpose of influencing the terms, or outcome, of the
RFP. The foregoing does not preclude the Proponent or its Affiliates from normal course communications with BC Hydro and/or the Government of British Columbia as required to further Project permitting and other Project planning and development.

20.9 **Disclosures:** Each Proponent, by submitting a Proposal, represents and warrants that it has made the disclosures required by the Disclosure Statement, including those required under the Code of Conduct Guidelines, and that it will update those disclosures as required under section 5 to the date of signing any EPA awarded to the Proponent under this RFP, and that all such disclosures will be true, correct and complete. Each Proponent acknowledges that BC Hydro may require that the Proponent confirm or implement policies and/or measures to avoid any actual or perceived conflict of interest and/or unfair advantage that may arise from any relationship required to be disclosed on the Disclosure Statement.

20.10 **Non Compliance:** BC Hydro, in its sole and unfettered discretion, may decline to consider a Proposal, disqualify the Proponent and rescind an award of an EPA, without liability or obligation to the Proponent, if the Proponent in violation of the terms of its Confidentiality and Compliance Agreement, including the terms of this section 20 incorporated therein, from further participation in the RFP Process.

20.11 **Unavailable Service-Providers:** BC Hydro has retained Borden Ladner Gervais LLP (“BLG”) in relation to this RFP. Accordingly, in order to avoid any perceived or actual conflict of interest, Proponents will not retain BLG in relation to this RFP, and if BLG is retained by a Proponent on an unrelated matter, the Proponent consents to BLG continuing to provide service to BC Hydro, including if applicable legal advice and representation, relative to the RFP, any agreement arising therefrom, and any related dispute or matter.
BC Hydro Clean Power Call - Request for Proposals

SCHEDULE 1

DEFINITIONS

All references to section numbers are to sections of the RFP document, and not the EPA, unless otherwise expressly stated.

1. “Addendum” means an addendum to the RFP issued by BC Hydro pursuant to section 8.

2. “Affiliate” means, with respect to a Proponent, any person directly or indirectly Controlled by, Controlling, or under common Control with, the Proponent.

3. “BC Hydro” means British Columbia Hydro and Power Authority.

4. “Base Case Date” means the date shown in the RFP Schedule, being the common date applicable to interconnection studies undertaken by BC Hydro or BCTC under the RFP.


7. “Call” means BC Hydro’s Clean Power Call.

8. “CEAP” means Competitive Electricity Acquisition Process applicable to BCTC interconnections.


10. “Commercial Proposal” means a Proponent’s commercial proposal in a form contemplated by Schedule 9, and forming part of the Proposal.

11. “Confidentiality and Compliance Agreement” means a confidentiality and compliance agreement in the form set out in Schedule 5.

12. “Control” of any person means (i) with respect to any corporation or other person having voting shares or the equivalent, the ownership or power to vote, directly or indirectly, shares, or the equivalent, representing 50% or more of the power to vote in the election of directors, managers or persons performing similar functions, or (ii) ownership of 50% or more of the equity or beneficial interest in that person, or (iii) the ability to direct the business and affairs of any person by acting as a general partner, manager or otherwise.


14. “Distribution System” means the distribution, protection, control and communication facilities in British Columbia that are or may be used in connection with, or that otherwise relate to, the transmission of electrical energy at 35 kV or less, and includes all additions and modifications thereto and repairs or replacements thereof.

15. “Energy Source Data Requirements” means the data relative to the energy source and/or fuel required for the Project, as described in Schedule 11 to this RFP.

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16. “EPA” means an electricity purchase agreement entered into between a Proponent and BC Hydro pursuant to this RFP.


18. “Essential Variations” means variations to the Specimen EPA that are demonstrably necessary to enable a Proponent to design, build and operate its Project in compliance with the EPA.

19. “FAQ” means frequently asked questions.

20. “Feasibility Interconnection Study” means a study in response to a request required to accommodate the interconnection of a Project to the Transmission System.

21. “Fortis Service Area” means the area of British Columbia in which electrical service is provided by FortisBC.

22. “Fortis System” means the transmission and distribution system in British Columbia operated by FortisBC.

23. “GWh” means gigawatt-hour.


25. “OATT” means BCTC’s Open Access Transmission Tariff, as filed with and accepted by, the BCUC.

26. “POI” means point of interconnection.

27. “PPT” means Pacific Prevailing Time, which means Pacific Daylight Time or Pacific Standard Time, as applicable.

28. “Preliminary Interconnection Study” means a study prepared by BC Hydro in response to a request required to accommodate the interconnection of a Project to the Distribution System, prepared by BC Hydro, Distribution.

29. “Project” means an electrical generation facility meeting the eligibility requirements of the RFP, which may consist of one or more generating units, provided that all electrical output is injected to the System (and delivered under an EPA) at the same point of interconnection, unless otherwise approved by BC Hydro as noted in section 12 under the heading “Point of Interconnection”, and includes all land and/or land tenures, buildings and other structures and infrastructure, equipment, including transmission and interconnection facilities required to generate and deliver energy to the point of interconnection, permits, licenses and other governmental approvals associated with the generation and delivery of electricity under an EPA.

30. “Project Description” means the description of the Proponent and the Project, as described in Schedule 10 to this RFP.

31. “Proponent” means a person registered under the RFP for the purpose of submitting a Proposal, as described in section 5, or an Affiliate of the registrant designated by the registrant to submit a Proposal.
32. “Proposal” means a proposal submitted by a Proponent pursuant to the RFP, and all documents stated in the Proposal Letter to form part of the proposal, including any amendments thereto made and confirmed in accordance with the RFP.

33. “Proposal Letter” means the letter substantially in the form attached as Schedule 8 to this RFP, to be submitted by a Proponent as part of its Proposal.

34. “Q&A” means question and answer.

35. “Registration Documents” means the Registration Form, the Disclosure Statement, the Confidentiality and Compliance Agreement and the Interconnection Disclosure Consent.

36. “Registration Form” means the form attached as Schedule 3 to this RFP.

37. “RFP” means the “Clean Power Call - Request for Proposals” issued by BC Hydro on the date shown on page 1, and includes the Schedules described in section 3 and all Addenda issued from time to time.

38. “RFP Administrator” means the person appointed by BC Hydro to act as RFP Administrator (Clean Power Call) and described in section 4.

39. “RFP Schedule” means the schedule by which BC Hydro intends to conduct the RFP process, as set out in Schedule 2, and any amendment thereof.

40. “RFP Website” means the website that BC Hydro has established and to which Proponents will have access during the conduct of the RFP, as described in section 7.

41. “Specimen EPA” means the proposed form of EPA that BC Hydro intends to provide to Proponents, as described in section 14.

42. “System” means the Transmission System and/or the Distribution System, as applicable.

43. “Transmission System” means the transmission, substation, protection, control and communication facilities (i) owned by BC Hydro or BCTC, and (ii) operated by BCTC in British Columbia, and includes all additions and modifications thereto and repairs or replacements thereof.

44. “Value Variations” means variations to the Specimen EPA that will demonstrably enable a Proponent to provide to BC Hydro better value for money.

45. “Variations Proposal” means that part of a Proponent’s Proposal, if any, that sets out its proposed Essential Variations and/or Value Variations.