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**2008 Long Term Acquisition Plan**

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**APPENDIX M**

**Clean Power Call Request for Proposals**

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**BC HYDRO**

**CLEAN POWER CALL**

**REQUEST FOR PROPOSALS**

**Issue Date: June 11, 2008**

**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](http://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](http://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**  
**10<sup>th</sup> Floor, 333 Dunsmuir Street**  
**Vancouver, BC**  
**V6B 5R3**  
**Attention: RFP Administrator (Clean Power Call)**

**email:** [cleanpower.call@bchydro.com](mailto: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](http://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](http://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, and

- 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.

**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.
5. “**BCTC**” means British Columbia Transmission Corporation.
6. “**BCUC**” means British Columbia Utilities Commission.
7. “**Call**” means BC Hydro’s Clean Power Call.
8. “**CEAP**” means Competitive Electricity Acquisition Process applicable to BCTC interconnections.
9. “**Code of Conduct Guidelines**” means the “Code of Conduct guidelines applicable to BC Hydro contracts”, including all clarifications thereto, published by BC Hydro from time to time.
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.
13. “**Disclosure Statement**” means the form of statement set out in Schedule 4.
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.

16. “**EPA**” means an electricity purchase agreement entered into between a Proponent and BC Hydro pursuant to this RFP.
17. “**EPA Term Sheet**” means the term sheet set out in Schedule 7.
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.
24. “**Interconnection Disclosure Consent**” means the form set out in Schedule 6.
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.



**BC HYDRO CLEAN POWER CALL**

**ELECTRICITY PURCHASE AGREEMENT TERM SHEET**

**June 11, 2008**

*The following summarizes BC Hydro's preferred terms and conditions for the Specimen Electricity Purchase Agreement ("EPA").*

**Parties:** BC Hydro

Project Proponent (Seller)

**Regulatory Condition:**

Subject to EPA being accepted for filing by the British Columbia Utilities Commission ("BCUC") as an energy supply contract under section 71 of the Utilities Commission Act either without conditions or subject to conditions that do not (i) require as a condition of acceptance for filing a material alteration to any material term or condition of the EPA or (ii) otherwise have an adverse effect on the party seeking to terminate the EPA. This condition to be satisfied within 150 days after EPA signing. Both parties to support filing application. Failure of condition gives both parties right to terminate EPA, without liability (except for failure to support filing application, which will be subject to liquidated damages in the amount of \$2.50/MWh multiplied by the annual firm energy amount proposed by Seller). If BC Hydro terminates the EPA based on conditions in the BCUC order, BC Hydro will reimburse Seller for any interconnection study fees incurred by Seller after execution of the EPA.

BC Hydro reserves the right to amend the regulatory condition to: (a) make the EPA subject to the outcome of any regulatory proceeding that is in progress at the time the EPA is awarded, including a review by the BCUC of a long term resource plan to be filed by BC Hydro; and (b) extend the date for satisfaction or waiver of the regulatory condition. Such an amendment to the regulatory condition will likely be required in circumstances where a conditional award is not made and the EPA is signed immediately following award. See sections 17 and 19 of the RFP for further information.

**Term:** Initial term 15 to 40 years (in whole years only) from COD as elected by Seller in its Proposal.

**Commercial Operation Date:**

- Guaranteed COD, as elected by Seller in its Proposal, from November 1, 2010 to November 1, 2016.
- Guaranteed COD to be postponed based on estimated date for completion of those interconnection facilities to be constructed by BCTC or BC Hydro, Distribution as set out in final interconnection study after execution of the EPA.

- Seller may achieve COD no earlier than 180 days prior to guaranteed COD except with BC Hydro consent, such consent not to be unreasonably withheld. Acceleration of schedule from completion of any required interconnection network upgrades to require consent of both parties and BCTC or BC Hydro – Distribution. If acceleration at Seller’s request, Seller to obtain any required studies and cover and secure any incremental costs, including incremental interconnection network upgrade costs, to be incurred by BC Hydro.
- COD achieved when:
  - All material permits issued,
  - 72-hour operating test achieved (see below for further detail),
  - Compliance with all applicable interconnection requirements, and
  - Seller not bankrupt, insolvent or in material default under EPA, interconnection agreements or material permits.
- For hourly firm projects, 72-hour operating test will require that Seller’s plant operate for 72 continuous hours at 90% of Seller’s plant capacity.
- For seasonally firm projects, 72-hour operating test will require that Seller’s plant operate for at least 54 hours in a continuous 72-hour period. During that 72-hour period, hourly generation output cannot be zero for more than 18 hours.
- For a Phased Project, see section 15 of the RFP and “Special Terms and Conditions – Phased Projects” in this term sheet.
- Firm Energy: Seller to deliver seasonally or hourly firm energy as elected by Seller in its Proposal. The total firm energy during system freshet (May 1 to July 31) may not exceed one-quarter of the total annual firm energy proposed.
- Seasons:
  - (a) Winter – November 1 to January 31;
  - (b) Spring – February 1 to April 30;
  - (c) System Freshet – May 1 to July 31; and
  - (d) Fall – August 1 to October 31.

**Product:**

- Non-Firm Energy: Seller may deliver additional energy as non-firm energy, subject to Seller's plant capacity constraints under the EPA (see "Firm Energy/Plant Capacity Adjustments").

**Delivery Point:**

Point of interconnection with transmission or distribution system. Title and risk to energy passes at point of delivery.

**Firm Energy/Plant Changes:**

- Material changes in Seller's plant, including changes in plant capacity and as otherwise specified in the EPA or for purposes of initial interconnection study, to require BC Hydro consent, not to be unreasonably withheld. Plant capacity change(s) not to exceed the greater of (i) +/- 1 MW and (ii) +/- 10%. Seller to obtain any required studies and cover and secure any incremental costs, including incremental interconnection network upgrade costs, to be incurred by BC Hydro.
- Seller to have the right prior to first anniversary of COD to adjust the annual firm energy quantity by +/-10% for each season or hour, with no payment or price adjustment and without consent of BC Hydro, provided that: (i) after the adjustment, the firm energy does not exceed the equivalent of the plant capacity, and during system freshet does not exceed one-quarter of the total annual firm energy; and (ii) the performance security will be adjusted to reflect the new firm energy amount.
- At the end of each 5-year period during the EPA term with the first such period commencing on the first anniversary of COD, the firm energy amount for each season (or the hourly firm energy amount for each of the three daily delivery periods for each month) will be adjusted to reflect the level of energy delivery that has been met or exceeded at least 80% of the time for that season (or for each of the three daily delivery periods for each month) after the first anniversary of COD.
- The adjusted firm energy level for each season (or for each of the three daily delivery periods for each month) will be applied to that season (or delivery period) over the next 5-year period. If Seller's plant is subject to an outage or a reduction in energy delivery and Seller demonstrates that energy could have been generated and delivered but for the outage or reduction in energy delivery, that energy, not exceeding 110% of the firm energy amount in the Seller's firm energy profile, will be included as delivered energy for purposes of the foregoing calculation.
- Notwithstanding the immediately preceding bullet:
  - the firm energy amount for the system freshet season will be limited to the lesser of the: (i) the amount calculated pursuant to the calculation described in the immediately preceding bullet; and (ii) the firm energy amount for the non-freshet seasons (calculated pursuant to the calculation described in the

immediately preceding bullet) divided by three; and

- for each period, the adjusted firm energy amount may not exceed 110% of the firm energy amount in Seller’s original firm energy profile for that period.
- The firm energy adjustment described above will occur concurrently with the performance security review described in the “Performance Security” section of this term sheet.

**Pre-COD Generation:**

Seller may sell all generation to third parties (including Powerex) until the earlier of COD and guaranteed COD.

BC Hydro will pay \$50/MWh for energy delivered during a successful 72-hour COD test. No other payment for pre-COD energy.

**Post COD Pricing:**

Firm Energy: Firm energy price, escalated as elected by Seller, and adjusted by the following time of delivery table:

	Off-Peak	Peak	Super Peak
Jan	105%	122%	141%
Feb	101%	113%	124%
Mar	99%	112%	124%
Apr	85%	95%	104%
May	70%	82%	90%
Jun	69%	81%	87%
Jul	79%	96%	105%
Aug	86%	101%	110%
Sep	91%	107%	116%
Oct	93%	112%	127%
Nov	99%	112%	129%
Dec	104%	120%	142%

*[The above Table provides indicative percentages only. The Table is subject to change prior to or at issue of the Specimen EPA.]*

“Peak Hours” means the hours commencing at 06:00 Pacific time and ending at 22:00 Pacific time Monday through Saturday inclusive, but excluding the hours from 16:00 to 20:00 Pacific time and excluding British Columbia statutory holidays.

“Super Peak Hours” means the hours commencing at 16:00 Pacific time and ending at 20:00 Pacific time Monday through Saturday inclusive but excluding British Columbia statutory holidays.

“Off-Peak Hours” means all hours other than Peak Hours and Super Peak Hours.

Escalation: Seller can elect:

- 0 to 300% of firm energy price to escalate at BC CPI from January 1, 2008 to the earlier of (i) COD and (ii) guaranteed COD.
- 0 to 50% of firm energy price to escalate at BC CPI from and after the earlier of (i) COD and (ii) guaranteed COD.

Non-Firm Energy: As elected by Seller from the following options:

- Option (A): A fixed dollar amount for each year of the EPA term as set out in “Non-Firm Energy Pricing Option A” attached to this term sheet, with each amount in the table escalated at BC CPI from January 1, 2008, less line losses from the point of interconnection to Lower Mainland, and adjusted for time of delivery in accordance with the time of delivery table set out above; or
- Option (B):
  - for non-firm energy delivered during Off-Peak Hours, the lesser of (i) the average mid-C non-firm price during Off-Peak Hours for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero; and
  - for non-firm energy delivered during Peak Hours, the lesser of (i) the average mid-C non-firm price during On-Peak Hours for the month multiplied by the quotient of the Peak time of delivery factor for the month divided by the On-Peak time of delivery factor for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero. See below for definition of “On-Peak Hours” and a table of time of delivery factors.

- for non-firm energy delivered during Super Peak Hours, the lesser of (i) the average mid-C non-firm price during On-Peak Hours for the month multiplied by the quotient of the Super Peak time of delivery factor for the month divided by the On-Peak time of delivery factor for the month; and (ii) the Canadian dollar equivalent of \$250(U.S.)/MWh, escalating at BC CPI from January 1, 2008. Line losses from the point of interconnection to Lower Mainland will be deducted. No amount will be payable if average mid-C price is less than zero.

“On-Peak Hours” means the hours commencing at 06:00 Pacific time and ending at 22:00 Pacific time Monday through Saturday inclusive, but excluding British Columbia statutory holidays.

Time of Delivery Factors	Peak	Super Peak	On-Peak
Jan	122%	141%	127%
Feb	113%	124%	116%
Mar	112%	124%	115%
Apr	95%	104%	97%
May	82%	90%	84%
Jun	81%	87%	83%
Jul	96%	105%	98%
Aug	101%	110%	103%
Sep	107%	116%	109%
Oct	112%	127%	116%
Nov	112%	129%	116%
Dec	120%	142%	126%

*[The above Table provides indicative percentages only. The Table is subject to change prior to or at issue of the Specimen EPA.]*

- Seller may elect to have 0% to 100% (in 10% increments) of the non-firm energy priced according to Option A above with the remainder of the non-firm energy priced according to Option B above.

Flow Throughs: No flow through or other charges.

**Environmental Attributes:**

- No requirement for EcoLogo<sup>M</sup> certification except to the extent certification is required for the energy from Seller’s plant to be considered clean or renewable electricity in accordance with guidelines published by BC Ministry of Energy, Mines and Petroleum Resources. If certification is required for the energy to be considered clean or renewable electricity, Seller pays certification costs.
- Ownership of all environmental attributes to vest in BC Hydro.

- If EcoLogo<sup>M</sup> certification is not required for energy to be considered clean or renewable electricity, BC Hydro may require Seller to obtain EcoLogo<sup>M</sup> certification at BC Hydro's cost.

**Payment Terms:**

Monthly. Set off and netting applies. Interest on all overdue accounts at bank prime plus 2%. Proposal price for firm energy does not include GST.

For projects that are seasonally firm energy projects, monthly billing will apply. For monthly billing purposes, all non-firm energy will be paid using non-firm energy pricing Option A described above regardless of the non-firm energy pricing option selected by Seller.

A reconciliation will occur at the end of each season based on actual deliveries during the season and the non-firm energy pricing options selected by Seller.

**Performance Security and Interconnection Security:**

Performance Security: Seller to provide performance security at the time of EPA signing in the amount of \$2.50/MWh multiplied by annual firm energy as set out in the Seller's energy profile.

Within 15 days after the date of expiry of Seller's right to terminate for failure to obtain material permits, performance security amount to be increased to \$8.00/MWh multiplied by the annual firm energy.

On the first anniversary of COD, performance security amount reduced to \$6.00/MWh (adjusted for BC CPI from January 1, 2008) multiplied by the annual firm energy.

At the end of each 5-year period during the EPA term with the first such period commencing on the first anniversary of COD, if the cumulative firm energy delivered since the first anniversary of COD averages at least 95% of the annual firm energy amount for the next succeeding 5-year period, the performance security for the next 5-year period will be \$4.00/MWh (adjusted for BC CPI from January 1, 2008). If the cumulative firm energy delivered since the first anniversary of COD averages less than 95% of the annual firm energy amount for the next succeeding 5-year period, then the performance security for the next 5-year period will be \$6.00/MWh (adjusted for BC CPI from January 1, 2008). For the purposes of the foregoing calculation, the amount of energy Seller can demonstrate could have been generated and delivered but for force majeure events, authorized planned outages or other events specified in the EPA that excuse Seller from its delivery obligation will be included in the "firm energy delivered" for purposes of the foregoing calculation.

Interconnection Security: Seller to provide a separate interconnection security to BC Hydro in the amount of the estimated interconnection network upgrade costs as set out in the interconnection facilities study completed by BCTC or BC Hydro, as the case may be, after EPA award.

Interconnection security to be delivered to BC Hydro prior to Seller entering into any interconnection or facilities agreement with BCTC or BC Hydro. Interconnection security to be returned to Seller on the earlier of the fifth anniversary of COD or the end of the 12-month period in which Seller has delivered 95% of the firm energy volume for that 12-month period (excluding energy that could not be delivered due to force majeure and other events specified in the EPA that excuse Seller from its delivery obligation), as notified by Seller and verified by the meter readings for that 12-month period. If the EPA is terminated prior to the date specified for the return of the interconnection security for any reason other than BC Hydro default, Seller to pay interconnection network upgrade costs for Seller's plant incurred to the date of termination and any incremental interconnection network upgrade and transmission network upgrade costs associated with other projects arising from termination of the EPA not exceeding the amount of the interconnection security. BC Hydro entitled to draw on the interconnection security for those costs if Seller fails to pay.

For the term of the EPA, BC Hydro will pay the \$/MWh amount specified in Seller's Proposal for each \$1,000,000 of interconnection security the Seller is required to provide to BC Hydro. Such amount will be added to the firm energy price.

Performance security and interconnection security to be in prescribed letter of credit form from a qualifying financial institution. Performance security to be replenished if called.

**Interconnection Costs:**

BC Hydro will be responsible for interconnection and transmission costs on the transmission or distribution side of the point of interconnection with the BCTC transmission system or the BC Hydro distribution system, as applicable. BC Hydro's cost responsibility will be based on the project as described in the completed interconnection study. Seller will be responsible for all costs of all interconnection facilities to the point of interconnection with the BCTC transmission system or the BC Hydro distribution system and for any additional interconnection and/or transmission costs arising from any changes made to the project, including project size, point of interconnection and schedule as described in the Feasibility Interconnection Study prepared by BCTC or the Preliminary Interconnection Study prepared by BC Hydro, Distribution as applicable.



**Liquidated Damages:**

Delivery Shortfalls: From and after the first anniversary of COD, subject only to force majeure and authorized planned outages, liquidated damages (“LDs”) payable on a seasonal or hourly basis (as elected by Seller in its Proposal) for delivery shortfalls in firm energy.

Amount of LDs is the greater of: (i) market price less the EPA firm energy price (adjusted to reflect differences in product attributes and contractual terms and conditions) and (ii) \$5.00 (adjusted annually for BC CPI from January 1, 2008) for each MWh of shortfall.

Except only in the case of deliberate breach by Seller, annual aggregate LDs capped at 200% of then current performance security amount.

COD Delay: Subject only to delays caused by force majeure, if COD does not occur on or before guaranteed COD, Seller to pay LDs calculated in the same manner as delivery shortfall LDs from guaranteed COD until BC Hydro’s right to terminate for Seller’s failure to achieve COD arises.

**Delay in Network Upgrades:**

D-Connected Projects: If Seller can not achieve COD by guaranteed COD (as adjusted following completion of detailed interconnection studies) solely as a result of a delay in interconnection network upgrades and/or transmission network upgrades and such delay is caused by BC Hydro or BCTC in whole or in part, BC Hydro to pay post-COD price for energy that could have been generated and delivered by Seller’s plant from and after guaranteed COD but for the delay in completion of the interconnection network upgrades and/or transmission network upgrades to the extent BC Hydro or BCTC caused such delay. Costs avoided or that reasonably could have been avoided by Seller will be deducted from the amount payable by BC Hydro.

There will be no payments to Seller if delays are attributable to any reason other than as set out above including, for greater certainty, delays that are caused by events beyond the control of BC Hydro or BCTC.

Where BC Hydro is required to make payments as set out above:

- Seller will be required to satisfy all COD requirements within 30 days after all interconnection and transmission network upgrades are complete. If Seller’s plant does not satisfy the requirements for COD within that 30 day period, Seller to repay all amounts paid by BC Hydro pursuant to the provisions described above.
- if Seller’s plant satisfies all COD requirements within 30 days after all interconnection and transmission network upgrades are complete, COD will be deemed to have occurred on the guaranteed COD.

T-Connected Projects: BC Hydro will have no liability for delays in any interconnection facilities, including any interconnection and/or transmission network upgrades.

For both D-connected projects and T-connected projects, delay in completion of interconnection facilities that is beyond the control of Seller is a force majeure event so that Seller is excused from delivery shortfall LDs and time for achieving COD is extended.

**Transmission Interruptions:**

For transmission/distribution interruptions, disconnections, or constraints (“T/D Outage”) after COD that are not caused by Seller or events beyond the control of BC Hydro and BCTC, BC Hydro to pay for energy that could have been delivered but for the T/D Outage at the applicable post-COD energy price less costs avoided, or that reasonably could have been avoided, by Seller.

If T/D Outages are caused by Seller or by events beyond the control of BC Hydro or BCTC, no payment due to Seller from BC Hydro.

**Force Majeure:**

Typical events, but excluding economic hardship, delay or failure to obtain material permits and unavailability of fuel source.

**Termination by Seller:**

Seller may terminate for:

- Seller’s failure, after using commercially reasonable efforts, to obtain material permits by the earlier of (i) 180 days prior to guaranteed COD and (ii) the second anniversary of EPA, or
- Prolonged force majeure declared by BC Hydro or Seller or prolonged T/D Outages that are caused by force majeure events (in either case “prolonged” means 730 days), or
- Major damage to Seller’s plant caused by a force majeure event. “Major damage” occurs where the cost to repair the damage exceeds the net present value of the expected revenue less operating and maintenance costs over the remainder of the term of the EPA, or
- BC Hydro failure to pay amounts owing by BC Hydro, subject to reasonable cure period, or
- BC Hydro bankruptcy or insolvency, or, subject to reasonable cure period, BC Hydro material default.

**Termination by BC Hydro:**

BC Hydro may terminate for:

- Seller’s failure to obtain material permits by the earlier of (i) third anniversary of EPA or (ii) guaranteed COD (provided Seller has not elected to terminate as set out above), or

- Seller failure to provide interconnection security by required date, or
- Seller failure to provide additional performance security within 30 days after expiry of Seller's right to terminate for inability to obtain material permits, subject to reasonable cure period, or
- Seller's failure to provide additional performance security if required following each five year performance security review as described in the "Performance Security" section of this term sheet, or
- Seller's failure to complete any step in the process for interconnecting Seller's plant to the transmission system or the distribution system in accordance with the requirements and time limits specified by BCTC or BC Hydro, if such failure results in Seller's plant losing its position in the transmission/distribution interconnection queue, or
- Prolonged force majeure declared by Seller or BC Hydro or prolonged T/D Outages that are caused by force majeure, (in either case "prolonged" means 730 days), or
- Seller fails to achieve COD by 365 days after guaranteed COD (plus all force majeure days not exceeding another 180 days) unless Seller can 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 can so demonstrate, BC Hydro may only terminate the EPA if Seller fails to achieve COD within a further 180 days plus any further force majeure days not exceeding 180 days, or
- Seller failure to pay amounts owing by Seller, subject to reasonable cure period, or
- Seller's failure to maintain performance security and interconnection security as required under EPA, subject to reasonable cure period, or
- Seller bankruptcy or insolvency, material misrepresentation in Proposal documents, material breach of Confidentiality and Compliance Agreement, or, subject to reasonable cure period, Seller material default, including letter of credit failure.

**Termination Payment:**

Force Majeure: Upon termination by either party for prolonged force majeure or prolonged T/D Outages, no termination payment is due by either party. On termination by Seller based on major damage to Seller's plant caused by a force majeure event, no termination payment is due by either party. In any of the above situations, where termination occurs prior to the fifth anniversary of COD, Seller must pay unamortized interconnection network upgrade costs. 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.

Seller Material Permit Termination: Upon termination by Seller for failure to obtain material permits, Seller to pay a termination fee of \$2.50/MWh multiplied by the annual firm energy. Seller also to pay any interconnection network upgrade costs incurred to the date of termination plus any incremental interconnection and/or transmission network upgrade cost liability associated with any other project suffered or incurred by BC Hydro as a result of Seller's termination of the EPA to a maximum of the interconnection security.

Seller Termination for BC Hydro Default: Upon termination by Seller before COD for BC Hydro bankruptcy or insolvency or material default, 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, contract quantities 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.

BC Hydro Termination: Upon termination by BC Hydro, other than for force majeure or a T/D Outage caused by force majeure, Seller to pay a termination payment equal to the lesser of: (i) the required amount of performance security at time of termination, and (ii) the loss, if any, suffered by BC Hydro determined by comparing the value of the remaining EPA term, contract quantities 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.

Seller also to pay any unamortized interconnection network upgrade costs incurred to the date of termination plus any incremental interconnection network and/or transmission network upgrade cost liability associated with any other project suffered or incurred by BC Hydro as a result of the termination of the EPA to a maximum of the interconnection security.

In cases of deliberate breach of the EPA by Seller, the foregoing payment does not limit Seller's liability.

**Suspension**

- 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.
- Seller may suspend its obligation to deliver 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.

**Development Covenants:**

- Seller to develop plant and achieve COD by guaranteed COD.
- Plant to conform to specified description, including capacity, fuel type, point of interconnection and other specified matters. See "Firm Energy/Plant Changes" in this Term Sheet for a description of permitted changes to plant, including plant capacity.
- Seller to construct and/or modify Seller's plant such that output from Seller's plant will be considered clean or renewable electricity, based on requirements in effect at date of execution of the EPA.
- Seller to obtain, maintain and comply with all required permits and comply with all applicable laws as well as interconnection agreements, good utility practice, and Code of Conduct Guidelines Applicable to BC Hydro Contracts.
- Seller to provide periodic development status reports and BC Hydro access for inspection during development phase and to witness COD testing.

**Operating Covenants:**

- Seller to own plant and operate or engage contract operator, in either case with qualified and experienced personnel.
- No third party energy sales or deliveries, other than as permitted pre-COD, during force majeure declared by BC Hydro or during any period of BC Hydro default with respect to its obligation to accept energy.

- Seller to ensure that metering equipment leased from BC Hydro is installed, maintained and calibrated as required to measure energy deliveries from Seller's plant at the point of interconnection independent of all other generating facilities. Meter location to be approved by BC Hydro. BC Hydro to have right to install duplicate metering.
- For hourly firm projects, Seller may not take planned outages in the period from November 1 to March 31 inclusive except: (i) in periods where there is no firm energy delivery specified for delivery to BC Hydro, or (ii) with BC Hydro consent. (There are no restrictions on the timing of planned outages for seasonally firm projects.)
- For both hourly and seasonally firm projects, Seller to provide a planned outage schedule in a manner to be determined by BC Hydro.
- Seller to maintain and operate plant in accordance with all required permits and comply with all applicable laws, including laws pertaining to greenhouse gases and other environmental matters, as well as interconnection agreements, good utility practice, Code of Conduct Guidelines Applicable to BC Hydro Contracts.
- Seller to provide and update long-term and annual operating plans.
- Seller to provide prompt notice of all outages. Seller to use web-based application for communicating outages to BC Hydro.
- Seller to provide weekly and day-ahead energy delivery schedules for planning purposes.
- Seller not to take any action that would render it subject to regulation as a public utility.
- Seller to authorize BC Hydro access to all data provided to BCTC (or other transmission authority).
- Seller to provide BC Hydro access to plant and records, and reports, as required for administration and enforcement of the EPA.
- Seller to operate Seller's plant such that output from Seller's plant will be considered clean or renewable electricity based on requirements in effect at date of execution of EPA.
- Seller to maintain specified property damage and comprehensive general liability insurance.

**Insurance and Indemnities:**

- Mutual indemnities for third party claims for personal injury or property damage.

**Assignment:**

Sale of Seller's plant and/or assignment of EPA or revenue from the EPA subject to BC Hydro consent, such consent not to be unreasonably withheld. Assignee to assume all obligations and liabilities of the assignor. Assignment is subject to the assignee demonstrating its capability (financial, technical and otherwise) to fulfill the obligations of the assignor under the EPA.

Except as set out below, any direct or indirect change of control, amalgamation or other reorganization of Seller and any mortgage or grant of a security interest in Seller's plant is deemed to be an assignment of the EPA.

Provision for permitted assignment to lenders and specified form of tripartite lender consent agreement.

**Representations and Warranties:**

Standard corporate representations and warranties.

**Confidentiality:**

Confidentiality obligations under the Confidentiality and Compliance Agreement to be brought forward to the EPA.

BC Hydro may require the Seller to keep the EPA confidential.

BC Hydro to keep confidential Seller's confidential technical and financial information that BC Hydro has access to during the term of the EPA, but excluding the EPA price.

Confidentiality obligations are subject to exceptions such as regulatory/legal requirements, clean or renewable electricity verification, information that enters into the public domain without breach of the EPA, etc.

**Law and Dispute Resolution:**

BC law applies. Dispute resolution by arbitration.

**BC Hydro Turn-Down Right:**

BC Hydro right to require Seller to turn down or shut off Seller's plant at any time, subject to operational, technical, regulatory or fuel storage constraints, during the term of the EPA on appropriate notice to Seller. BC Hydro's right to require such turn down or shut off will be subject to operational, technical, regulatory and fuel storage constraints that clearly prevent or limit Seller's ability to turn down or shut off Seller's plant. BC Hydro to pay for all energy that could have been generated but for BC Hydro's notice. Costs avoided or that reasonably could have been avoided by Seller will be deducted from amounts otherwise payable by BC Hydro.

**Other Terms:**

Other terms typical of similar agreements.

**SPECIAL TERMS AND CONDITIONS**

*The provisions in the balance of this Term Sheet apply only to certain project types and configurations. This is not intended to be an exhaustive list of all amendments to the EPA that may be required for particular projects.*

**Phased Projects:**

For projects with multiple generators to be constructed in phases such that each phase will be complete and capable of delivering energy to the point of interconnection independent of the other phases of the project, BC Hydro will commence payments for energy delivered at post-COD prices upon completion of a phase(s) of the project, subject to the following terms and conditions:

- A “completed” phase of the project means a phase that has satisfied all requirements for COD set out above including the 72-hour operating test.
- BC Hydro will not be required to pay post-COD prices for any energy delivered from a phase more than 90 days prior to the expected in service date for that phase as specified in Seller’s Proposal.
- All rights to sell energy to third parties cease upon commencement of payments by BC Hydro for the first completed phase of the project.
- For each phase that has met the COD requirements, the volume of energy that will be paid the firm energy price will be based on Seller’s firm energy profile for that phase.
- Firm energy delivery shortfall LDs will apply upon commencement of payments by BC Hydro for each completed phase of the project. Seller’s delivery commitment for LD purposes for each completed phase will be based on Seller’s firm energy profile for that phase. After the first phase is in service, and each subsequent phase comes into service, the firm energy profile for that phase and all prior phases will be merged.
- Failure to meet the expected in-service dates specified in Seller’s Proposal for each phase of the Project will not result in delivery shortfall LDs. However, delivery shortfall LDs will apply if the entire project does not achieve COD by guaranteed COD.
- BC Hydro may terminate the EPA if the entire project does not achieve COD by the date specified for exercise of BC Hydro’s termination right based on failure to achieve COD (see above under “Termination by BC Hydro”). BC Hydro may not terminate the EPA if the completed phases of the project are



capable of delivering at least 80% of the firm energy proposed for the entire project at an 80% confidence level. In that case, if Seller fails to achieve COD for the entire project within 2 years after guaranteed COD, the firm energy amount will be reduced to an amount equal to the firm energy amount delivered during the second year after guaranteed COD and COD will be deemed to have occurred on guaranteed COD. Seller will be required to make a payment to BC Hydro within 30 days after the second anniversary of guaranteed COD equal to the payment that would be payable by Seller for termination of the EPA by BC Hydro with respect to the firm energy reduction amount.

- If: (i) the entire project has not achieved COD by the date specified for exercise of BC Hydro's termination right based on failure to achieve COD, and (ii) the completed phases of the project at that time are not capable of delivering at least 80% of the firm energy proposed for the entire project, and (iii) BC Hydro does not exercise its right to terminate the EPA by the second anniversary of guaranteed COD, then COD will be deemed to have occurred on guaranteed COD. In that case, the firm energy amount will be adjusted to an amount equal to the firm energy amount delivered during the second year after guaranteed COD and Seller will be required to make a payment to BC Hydro within 30 days after the second anniversary of guaranteed COD equal to the payment that would be payable by Seller for termination of the EPA by BC Hydro with respect to the firm energy reduction amount.
- Pre-COD escalation will apply to the firm energy price until the earlier of (i) the actual in-service date for each phase of the project and (ii) the in-service date specified in Seller's Proposal for each phase of the project. Post-COD escalation will apply after the earlier of these dates.
- BC Hydro is not required to make firm energy payments to Seller if in-service date for any phase is delayed or if power cannot be delivered to the POI after any in-service date due to delays in completion of interconnection facilities, transmission facilities or due to any T/D Outage.
- Seller is required to reimburse BC Hydro for all third party and internal costs incurred by BC Hydro with respect to any commissioning, testing, inspections or other steps taken by BC Hydro in connection with the commissioning of all phases of a project other than the final phase of the project.

- Seller is responsible for all incremental interconnection and transmission costs required to enable phases of a project to come into service in advance of the guaranteed COD for the entire project. “Incremental costs” means all costs in excess of those costs, if any, expressly identified for phased in-service dates in the interconnection feasibility study.

**Wind Energy Projects:**

- Seller to provide BC Hydro and/or any contractor designated by BC Hydro with real-time data access to meteorological data (including, but not limited to, wind speed and wind direction, power output, and turbine availability) from seller’s wind farm data collection system for the purpose of wind power forecasting.
- After EPA award, BC Hydro reserves the right to conduct a wind data collection system design study with respect to Seller’s plant at BC Hydro’s cost to compare Seller’s proposed wind data collection system as described in Seller’s Proposal to BC Hydro’s requirements for Seller’s Plant. Seller to provide all data required for the study and otherwise fully cooperate with BC Hydro with respect to the study.
- Seller to construct meteorological data collection system prior to COD that conforms with the description in the Seller’s proposal or, if BC Hydro has conducted a study as described above, with the specifications resulting from that study. Completion of construction and testing of the system will be a requirement for COD.
- BC Hydro will reimburse Seller for the reasonable incremental costs incurred by Seller to comply with any data collection system requirements of BC Hydro that are additional to the system proposed by Seller in the Seller’s Proposal.
- BC Hydro to keep data provided by Seller confidential and will require its contractor to keep data provided by Seller confidential.
- Failure to properly operate and maintain the data collection system or to provide data as required under the EPA will be a material default under the EPA and will entitle BC Hydro to withhold payments under the EPA until the defects are corrected and the relevant data provided.

**Projects with an Indirect Interconnection through an Electrical Host**

Where a Seller has an indirect connection to the transmission system or distribution system through a BC Hydro customer facility (i.e., where Seller is not itself a customer at the facility), Seller must ensure that the customer and BC Hydro enter into a new or amended Electricity Supply Agreement on terms and conditions satisfactory to BC Hydro. BC Hydro may terminate the EPA if such an agreement has not been entered into within 120 days after the EPA filing with the BCUC unless Seller can demonstrate that it can and will secure a direct connection to the transmission system or distribution system within sufficient time to achieve COD by the guaranteed COD. Seller will be responsible for all costs of such direct interconnection. If the EPA is terminated, Seller will pay a termination payment equal to the outstanding performance security amount.

**Projects with an Electrical Host**

Where Seller connects to the transmission system or distribution system through its own electrical host, Seller may be required to enter into an amendment to its Electricity Supply Agreement to reflect appropriate metering and billing arrangements.

**Project with an Indirect Interconnection through a Private Line or Third Party Utility System**

Where a Seller has an indirect connection to the transmission system or distribution system through a private line or a third party utility system, Seller is solely responsible for all arrangements and costs associated with delivery of the energy to a point of delivery on the transmission system or distribution system. BC Hydro will not be responsible for any costs associated with interconnecting Seller's plant to the private line or to the third party utility system.

**Customer-based Generation:**

A BC Hydro industrial customers intending to submit a Proposal will be required to obtain from BC Hydro before Proposal submission a determination of its generation base line ("GBL"), expressed as an annual energy amount. Proposals may be submitted for delivery of new or incremental energy meeting all eligibility requirements that is in excess of the GBL, by reference to a GBL seasonal or hourly profile to be submitted by the Proponent with its Proposal, which is consistent with the annual GBL determined by BC Hydro. Under the EPA, the GBL profile may be modified annually, but must always be consistent with the annual GBL determined by BC Hydro before Proposal submission.

**Existing Contracts:**

A Proponent with an existing electricity purchase agreement with BC Hydro having a term that would be wholly or partly concurrent with the term of any EPA awarded under the RFP may submit a Proposal for new or incremental energy meeting all eligibility requirements. In that case, the Proponent must obtain from BC Hydro an existing contract generation baseline (“ECGBL”), based on delivery and acceptance rights and obligations under the existing contract. Proposals may be submitted for delivery of new or incremental energy meeting all eligibility requirements that is in excess of the ECGBL. Upon expiry of the existing contract during the term of an EPA awarded under the RFP, ECGBL will drop to 0. Accordingly, energy previously contracted under the existing contract may then be delivered under the EPA awarded under the RFP. Proponents may submit with their Proposals two firm energy profiles – the first applicable during the term of the existing contract and the second applicable thereafter.

**Non-Firm Energy Pricing Option A (Fixed Price Option)**

All amounts are expressed in \$/MWh, and are to be escalated at BC CPI from January 1, 2008.

Decade	Nth Year of the Decade									
	0	1	2	3	4	5	6	7	8	9
200N	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	49.62	49.86
201N	43.52	40.17	43.02	45.45	48.55	48.45	45.55	47.84	49.66	53.58
202N	59.13	59.17	59.46	60.20	60.32	61.67	62.59	63.76	64.57	65.56
203N	66.56	67.58	68.61	69.30	69.99	70.69	71.40	72.11	72.83	73.56
204N	74.30	75.04	75.79	76.55	77.32	78.09	78.87	79.66	80.45	81.26
205N	82.07	82.89	83.72	84.56	85.40	86.26	87.12	87.99	88.87	89.76

*Note: The above Table provides indicatives prices only. The Table is subject to change prior to or at issue of the Specimen EPA.*