

2024 Call for Power | Planning

Phase 2 Engagement: September 2023 to January 2024

Engagement Summary



March 2024

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Executive Summary

On June 15, 2023, the Province of B.C. and BC Hydro announced that BC Hydro will move forward with a call for new sources of clean or renewable electricity. We're in the midst of an energy transition in B.C. – across Canada and the world – as more and more people and businesses look to transition from fossil fuels to reduce their impact on the environment. In fact, with the interest accelerating, we are now forecasting to need new renewable energy resources starting as early as 2028.

Phase 1 of our Engagement took place between June and August 2023. The focus of Phase 1 was to provide information on the upcoming Call for Power (Call) and solicit feedback on key elements of the Call. We hosted several engagement sessions with First Nations, Independent Power Producers (IPPs), and other stakeholders. You can find a summary of the Phase 1 Engagement on our website [here](#).

Phase 2 of our Engagement took place between September 2023 and January 2024. The focus of the engagement in Phase 2 was to seek input and feedback on our draft terms for the Specimen Electricity Purchase Agreement and Request for Proposals documents. We hosted several more in-person and virtual workshops to share the key elements of the Call as they were being developed.

All of the feedback received during Phase 1 and Phase 2 was considered along with customer interests, regulatory considerations, and our policy framework as we revised the terms and finalized draft documents for further engagement.

| BC Hydro's Engagement on the Call for Power June 2023 to January 2024 | |
|---|--|
|  31 information sessions, focus groups and engagement sessions |  99 First Nations engaged |
|  42 individual First Nations meetings |  Over 650 attendees at events |
|  5 surveys |  Over 2500 individual pieces of feedback received |

CS-4242

Background

We're seeing rapid change in a period of energy transition and uncertainty. With the Clean BC emissions targets, government policy and industry trends we anticipate an increase in demand due to electrification. One of the ways we are meeting the growing need for power is through this Call process.

The June 15 announcement by the Province of B.C. and BC Hydro to move forward with a call for new sources of clean or renewable electricity kicked off the engagement on the design of the Call. We invited all First Nations in the province, IPPs and stakeholders to participate in a variety of engagement activities between June 2023 and January 2024.

The scope of the Call is to acquire approximately 3,000 gigawatt hours of clean or renewable energy as early as Fall 2028, and this may be followed by subsequent calls for power, if the need for additional power arises.

Advancing reconciliation with First Nations is a key priority for BC Hydro and we were committed to exploring meaningful economic reconciliation opportunities as part of this Call. BC Hydro worked in close collaboration with First Nations on the Call, including exploring approaches that allow First Nations to have the opportunity to participate in and receive meaningful economic benefits from projects that would occur in their territory.

What we did

The feedback received in Phase 1 of the Call engagement was summarized and is available on our website.

This document summarizes the feedback collected in Phase 2 of the Engagement that took place between September 2023 and January 2024. For each of the sessions listed below we notified our email distribution list. From September 2023 to January 2024, we sent 13 emails providing updates and information about the Call Engagement and Design Process. As of January 2024, our distribution lists consisted of over 650 people.

| Timing | Audience | Engagement objective |
|--|--|---|
| September: Workshops | First Nations | To gather further feedback on options for First Nations economic participation requirements. This included discussions around partnerships, project procurement opportunities, benefits-sharing agreements, and appropriate evaluation criteria for First Nations participation. A feedback survey was available from September 27 until October 11. |
| September – January: Ongoing 1:1 First Nations Meetings | First Nations | First Nations across the province were invited to request meetings for more information on the Call for Power. At these meetings, BC Hydro provided the background to the Call for Power, confirmed the schedule of upcoming activities for First Nations, and solicited feedback on how best to structure First Nations participation on the Call for Power. |
| October: Workshops | First Nations, IPPs, and industry stakeholders | To introduce and solicit feedback on the draft terms for the Electricity Purchase Agreement and Request for Proposals. A feedback survey was available from October 12 until October 25, 2023. |
| November: Workshops | First Nations, IPPs, and industry stakeholders | To solicit further feedback on an updated draft term sheet for the Electricity Purchase Agreement, and further key terms from the Request for Proposals. A feedback survey was available from November 21 until December 7, 2023. |
| December: System Information and Pre-Competitive Electricity Acquisition Process (CEAP) Information Requests | First Nations, IPPs, and industry stakeholders | In response to feedback and questions, BC Hydro shared high-level Transmission system information to support developers in planning their projects. In addition, BC Hydro created a Pre-CEAP Information Request Process where parties considering submitting a future Interconnection Request for the purposes of participating in the 2024 Call for Power were provided an opportunity to receive information on BC Hydro's transmission system. |
| January: Written comments on Final Draft Documents | First Nations, IPPs, and industry stakeholders | To provide full drafts of the specimen Electricity Purchase Agreement, and Request for Proposals. A written comment period was provided for final comments on these two documents. Written comments were accepted from January 8 until January 22, 2024. |
| First Nations Information Session on Final Draft Documents | First Nations | To provide full drafts of the specimen Electricity Purchase Agreement, and Request for Proposals, as well as provide updates on the First Nations economic participation model. |

What we heard from First Nations

During Phase 2 of our engagement, the following topics generated the most discussion and interest from First Nations:

1. First Nations economic participation in projects

- Nations expressed that the First Nations economic participation model is seen as an important step towards economic reconciliation.
- Participants noted that many First Nations require financing support to make mandatory equity ownership viable, and that the Canada Infrastructure Bank could play an important role in supporting First Nations participation in the Call. Future federal and provincial loan guarantee programs are also desired.
- Participants provided feedback on which Nations would benefit from the Call, noting that documentation for equity ownership should include a letter of support from other impacted First Nations, and that a competitive bid process could put First Nations in competition with each other or only benefit a few First Nations.
- Looking ahead, First Nations suggested that a carve-out or set-aside process for First Nations should be contemplated for the next call since it wasn't possible under this Call. This will allow for a more tailored approach to accommodate First Nations' interests.

2. Timelines and capacity

- Participants continued to highlight the tight timelines for the Call and reiterated that timing is a critical factor that impacts whether First Nations will participate in this Call. In particular, concerns were raised around the feasibility of establishing meaningful partnerships between IPPs and First Nations within the given timeframe.
- Some participants expressed a need for resources and education to help First Nations build capacity for participation in future calls, noting that organizations such as BC Hydro, Clean Energy BC, the First Nations Energy and Mining Council, and the First Nations Power Authority should act as catalysts for information sharing and capacity building.

3. Call parameters and documents

- Multiple participants expressed concerns about the minimum project size, stating that it limits opportunities for some First Nations to participate.
- Some participants expressed concerns over the exclusivity requirement, namely the restriction to sell power only to BC Hydro.
- Some participants suggested that the cost of incremental firm transmission evaluation adjuster should be reduced or removed for areas north and east of the Kelly Nicola region.
- Generally, participants felt that longer Electricity Purchase Agreement terms are desirable.

What we heard from IPPs and stakeholders

During Phase 2 of our engagement, the following topics generated the most discussion and interest across the various stakeholder groups and First Nations:

1. First Nations participation and engagement

Please note, the summary below reflects what was heard at the joint sessions with IPPs and First Nations and does not include 1:1 meetings and First Nations focus groups. Refer to the previous section and Appendices for more detail on First Nations engagement.

- Overall, the response to the recommended First Nations economic participation model was positive, both from First Nations and IPPs. Feedback themes to improve the model pertained to the definition of equity, and to the additional equity and non-equity adjusters.
- About the definition of equity, a range of views were presented on how much authority BC Hydro should prescribe to the types of equity partnerships counting for credit in the evaluation model. Much of the feedback supported BC Hydro's chosen approach of allowing First Nations a wider latitude to negotiate agreements. In a few instances, BC Hydro was told that it should enforce a prescriptive definition of equity to only give credit to equity agreements that provide formal decision-making authority to First Nations.
- Several engagement participants questioned why the equity adjuster stops at 51% and does not go to 100%.
- The non-equity benefits letter adjuster was also questioned for its lack of specifics (i.e., the vagueness as to the type of benefits being targeted).
- Further, the overall value of the credit provided by each adjuster was raised as a concern (i.e., a criticism that neither First Nations benefit adjuster was providing enough credit to incent the desired outcomes).

2. Project Development and Call Process

- a. Bid Security
 - Feedback on security was diverse as some felt that the bid security was too high, and others felt it should be higher in order to ensure that bidders were serious.
- b. Project size
 - Feedback was split between developers wanting smaller sized projects and those that wanted larger. Some First Nations also expressed a desire for even smaller projects that would make it easier for First Nations to participate.
- c. Commercial Operation Date (COD)
 - A few potential proponents told us they could make a 2028 COD. Others felt that the timeline was too rushed, and they would not be able to receive their permits, procure materials, fulfill their interconnection requirements, and finish construction.
- d. Term
 - The majority of proponents advocated for longer terms as a means to attract financial institutions to provide favorable project financing which in turn should result in lower bid prices.
- e. Evaluation model
 - The majority of feedback received on evaluation has been in relation to the evaluation adjusters, particularly those pertaining to First Nations interests and locational considerations.
- f. Call schedule
 - We heard from many potential proponents that the schedule has insufficient time for bid development, and to enable relationships to be developed between IPPs and First Nations.
 - We also heard that there should be more time between BC Hydro's delivery of the Interconnection Feasibility Study results (expected mid-July 2024), which indicate at a high level the expected network upgrades that would be required for interconnection, and the Closing Date, so IPPs could have more time to consider the implications of the results.

3. Bid Pricing

- Time of delivery table: BC Hydro heard at the November sessions that the originally proposed time of delivery table results in a competitive disadvantage for certain resources such as solar.
- Basis for escalation: Some feedback stated that other procurements have linked portions of the price to known and trackable indices or key lending rates, which enables bidders to reduce the contingency included in their bids.
- Post COD escalation: Several developers commented that the energy price escalation for post-COD energy is too low.

4. Subsequent calls

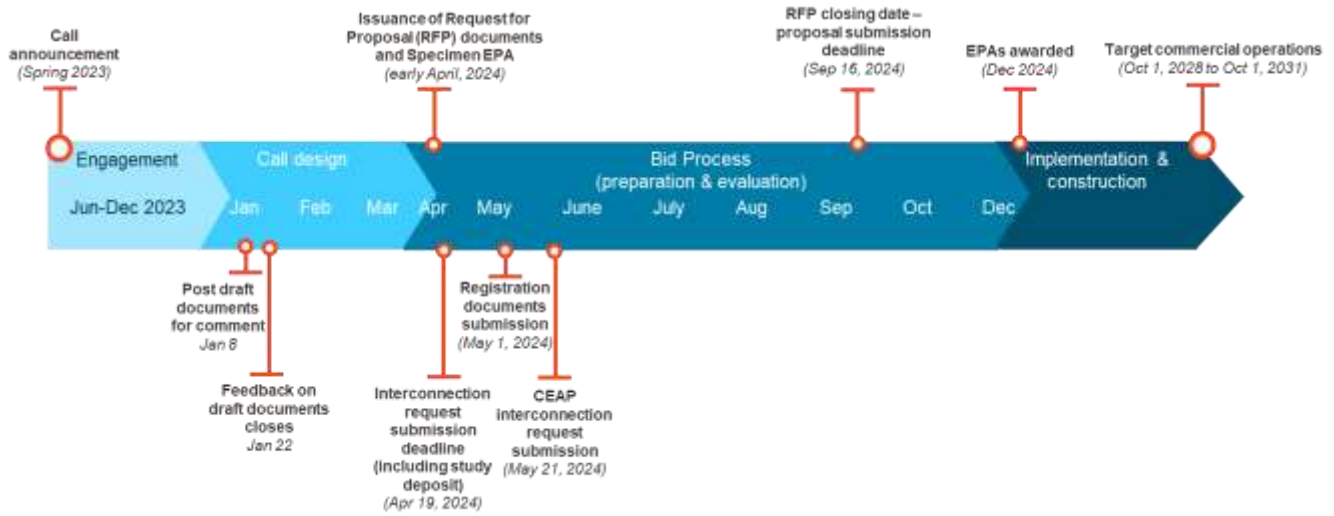
- A significant theme of the feedback was that developers would like more certainty around subsequent calls, their timing and how they will be structured.

Further detail about the key feedback themes is available in the Appendices.

Next Steps

We've completed our engagement process to gather input from First Nations, Independent Power Producers and stakeholders on our planned approach to acquire approximately 3,000 gigawatt-hours (GWh) per year. All the feedback received during Phase 1 and Phase 2 was considered along with customer interests, regulatory considerations, and our policy framework as we revised the terms and documents. We will issue a competitive call for power at the beginning of April 2024. See the schedule below:

Call for Power Schedule



Please refer to the [Call for Power](#) website for more information on the previous engagement activities.

Appendix A: BC Hydro Call for Power First Nations Phase 2 Engagement Summary

October 2023 – January 2024

Engagement Summary: dates and attendees

| October 2023 – January 2024 | One-on-one meetings – 9 First Nations |
|-----------------------------|--|
| October 11, 2024 | Call for Power information presented at North Coast Leadership Table meeting |
| October 12, 2023 | First Nations and Industry ¹ workshop – 5 attendees representing First Nations |
| October 17, 2023 | First Nations and Industry workshop – 8 attendees representing First Nations |
| October 19, 2023 | First Nations workshop – 10 attendees |
| November 15, 2023 | First Nations September workshop participant follow-up – 7 attendees |
| November 16, 2023 | Call for Power information presented at North Coast Leadership Table meeting |
| November 28, 2023 | First Nations workshop on draft RFP and EPA key terms – 30 attendees |
| November 29, 2023 | First Nations and Industry workshop on draft RFP and EPA key terms – 15 attendees representing First Nations |
| November 30, 2023 | First Nations and Industry workshop on draft RFP and EPA key terms – 15 attendees representing First Nations |
| December 1, 2023 | Call for Power information meeting for First Nations Major Projects Coalition |
| December 19, 2023 | Call for Power information presented to North Coast – Nechako Nations |
| January 15, 2024 | Call for Power information update meeting for First Nations Major Projects Coalition |
| January 16, 2024 | First Nations information session on the draft RFP and Specimen EPA – 19 attendees |

Copies of the presentations from workshops and information sessions are available on the [Call for Power webpage](#) on bchydro.com.

INTRODUCTION

We continued engagement on our planned approach to acquire approximately 3,000 GWh/year of clean or renewable energy that can be on-line as early as Fall 2028. Engagement with First Nations during Phase 2 engagement included the following: 1:1 meetings with interested First Nations, joint workshops with First Nations and Industry, a follow-up meeting from the September workshops to provide an update on key themes that emerged during the sessions, a First Nations-only workshop seeking feedback on draft Request for Proposals (RFP) and Electricity Purchase Agreement (EPA) key terms, as well as a joint workshop for First Nations and Industry covering the same material, and a First Nations information session in January on the draft RFP and EPA, including updates to the First Nations economic participation model².

This Appendix summarizes the key themes of the feedback we heard, and some of the common questions received during these engagement sessions.

¹ The term “Industry” used throughout this report refers to the independent power producer industry

² Please refer to Page 4 for engagement with First Nations Energy and Mining Council

FEEDBACK THEMES AND REGULARLY ASKED QUESTIONS

Feedback Themes on First Nations Economic Participation:

- The economic participation model is seen as an important step towards economic reconciliation.
- Equity participation must be from a First Nation impacted by the project to ensure it's meaningful.
- Documentation for equity ownership should include a letter of support from other impacted First Nations.
- Early outreach with other potentially impacted First Nations is needed.
- Majority First Nations equity ownership (51%) should receive a higher evaluation credit than 26-50%, and there should be evaluation credits given for levels of First Nations equity ownership higher than 51%.
- Economic benefits and equity ownership should not be considered equal.
- Financing and knowledge capacity gaps may impact the ability for First Nations to participate in the Call.
- First Nations require financing support to make mandatory equity ownership viable.
- The Canada Infrastructure Bank (CIB) can play an important role in supporting First Nations participation in the Call for Power.
- A carve-out or set-aside process for First Nations should be contemplated for the next call since it wasn't possible under this Call. This will allow for a more tailored approach to accommodate First Nations' interests.
- The model should be flexible enough to accommodate different First Nations' capacity, needs and goals.
- It's important to establish partnerships in a positive way and ensure that First Nations are supported by experienced individuals in equity ownership.
- The competitive bid process could put First Nations in competition with each other or only benefit a few First Nations.
- Some participants expressed disappointment that the Call didn't focus on advancing energy self-reliance among First Nations communities and suggested that BC Hydro missed an opportunity in this regard.

Feedback Themes on the Call timelines:

- Participants continued to highlight the tight timelines for the Call and that timing is a critical factor that impacts whether First Nations will participate in this Call.
- There is a concern around the feasibility of establishing meaningful partnerships between Independent Power Producers (IPPs) and First Nations within the given timeframe.
- The timeline for the interconnection process is an issue and requests were made to streamline the process to make it more feasible for potential projects.

Feedback Themes on Capacity:

- Some participants expressed a need for resources and education to help First Nations build capacity for participation in future calls.
- Organizations such as BC Hydro, Clean Energy BC, the First Nations Energy and Mining Council, and the First Nations Power Authority should act as catalysts for information sharing and capacity building.
- There is a desire for more active involvement from BC Hydro in bringing together IPPs and First Nations.

Feedback Themes on Project Size, Type, and Exclusivity:

- Multiple participants expressed concerns about the minimum project size, stating that it limits opportunities for some First Nations to participate.
- Some participants were critical that projects will support the big load centres (i.e., the Lower Mainland) while smaller communities experience reliability issues.
- Some participants expressed concerns over the exclusivity requirement, namely the restriction to sell power only to BC Hydro.

Feedback Themes on Financing:

- Collaboration between BC Hydro and the CIB for loan support is as a positive step.
- Future federal and provincial loan guarantee programs are desired.

Feedback Themes on Draft Request for Proposals (RFP) / Electricity Purchase Agreement (EPA):

- It is important for the Call documents to be living documents, allowing for continuous refinement based on new information and feedback.
- Cost of Incremental Firm Transmission evaluation adjuster should be reduced or removed (for areas north and east of the Kelly Nicola region).
- First Nations should be given the right of first refusal for any IPP or First Nation selling their project/equity shares.
- There should be Indigenous representation/observer on the proposal evaluation committee.
- Longer EPA term is desirable.
- First Nation equity ownership holding period should be at least 5 years.

Response to Some Often-Asked Questions About First Nations Participation:

Is BC Hydro matching IPPs to First Nations partners in areas where projects are being considered?

- No, BC Hydro is not proactively matching IPPs with First Nations. Part of the approach through our joint engagement sessions was to have First Nations and IPPs connect to allow for networking.

What if a First Nation chooses not to get involved in a project, or developers are not sharing benefits?

- The goal of the Call for Power First Nations economic participation is to ensure benefits flow to First Nations from the Call. This is part of BC Hydro’s commitment to advance economic reconciliation.
- Separately and regardless of whether a First Nation is involved or receives benefits from an IPP, BC Hydro will assess the consultation carried out by IPPs with First Nations on the potential impacts of the project to each First Nation. BC Hydro will also consider any consultation undertaken by and any decisions made by permitting agencies for the IPP’s project. BC Hydro will not issue an EPA unless BC Hydro’s consultation obligations have been met.

Will there be other funds available to First Nations/IPP’s other than those offered by the CIB?

- The CIB is only one lender; there are financing products offered by other banks and/or the IPP partners. BC Hydro is not producing an exhaustive list of lenders.

What if the minimum equity requirement is fulfilled by First Nations outside of the territory where the project is located?

- BC Hydro requires that equity be held by one or more First Nations in whose territories the project is located.

Who gets to hold the First Nation equity ownership stake?

- BC Hydro expects that the equity is owned by a First Nation government or by a First Nation business that is approved in writing by the First Nation government.

First Nations Energy and Mining Council

Throughout the October 2023 – January 2024 engagement period, BC Hydro has continued to discuss First Nations economic participation in the Call for Power with representatives of the First Nations Energy and Mining Council (FNEMC). Meetings with FNEMC have included:

| | |
|--------------------------|---|
| October 10, 2023 | Technical Meeting with FNEMC Advisory Committee |
| November 2, 2023 | Meeting between FNEMC Advisory Committee and BC Hydro President Chris O’Riley |
| November 10, 2023 | Technical Meeting with FNEMC Advisory Committee |
| November 30, 2023 | Meeting between FNEMC CEO Dave Porter and BC Hydro President Chris O’Riley |
| December 12, 2023 | Technical Meeting with FNEMC Advisory Committee |
| December 21, 2023 | Meeting between FNEMC Advisory Committee and BC Hydro President Chris O’Riley |

At these meetings, BC Hydro and the FNEMC Advisory Committee discussed the design of upcoming First Nations engagement activities and the current thinking on the design of the First Nations economic participation model.

Feedback heard from FNEMC in the October 2023 – January 2024 period included:

- The timeline of the Call for Power is arbitrarily rushed and imposes unfair disadvantages on First Nations with lower capacity or with limited experience working with sophisticated companies.
- Access to capital remains a serious challenge for many First Nations who are interested in obtaining equity in Call for Power projects.
- First Nations remain concerned about the permitting process and Call for Power projects being approved in a timely manner.
- An appropriately designed Call for Power would set aside a meaningful amount of power for proposals that are 100% owned by First Nations.
- FNEMC should have a role in the evaluation of proposals.
- The minimum project size of 40 MW alienates projects supported by First Nations that are smaller than this size but still of great value to communities.
- BC Hydro must ensure that First Nations play a meaningful role in the design of future Calls for Power.

Appendix B: BC Hydro Call for Power Workshop Summary of Key Feedback Themes

October Workshops

| | |
|---------------------------------|---|
| Meeting | Workshops to Review Engagement package A: Call Elements and Draft Terms for Feedback |
| Dates | <p>First Nations</p> <ul style="list-style-type: none"> • Thursday, October 19 <ul style="list-style-type: none"> ○ Virtual workshop <p>First Nations and Independent Power Producers (IPPs)</p> <ul style="list-style-type: none"> • Thursday, October 12 <ul style="list-style-type: none"> ○ In-person workshop • Tuesday, October 17 <ul style="list-style-type: none"> ○ Virtual workshop |
| BC Hydro Representatives | <p>Facilitator: Brandee Clayton</p> <p>Presenters:</p> <ul style="list-style-type: none"> • Frank Lin • Monique Stevenson • Dina Matterson • Chris Revell • Alan Tan • Greg Schabas • Bruce Chow • Sachie Morii <p>Note takers:</p> <ul style="list-style-type: none"> • Alevtina Akbulatova • Jen Thompson |
| Attendees | <p>Oct 12: 38 attendees representing First Nations and IPPs</p> <p>Oct 17: 86 attendees representing First Nations and IPPs</p> <p>Oct 19: 15 attendees representing First Nations</p> |

A copy of the presentation is available on the [Call for Power webpage](#) on the bchydro.com website as well as the [CFP October Engagement Guide \(bchydro.com\)](#)

INTRODUCTION

As part of the second phase of engagement, we invited interested First Nations, Independent Power Producers (IPPs) and stakeholders to participate in three workshops to seek input on our first package of draft Call elements. Engagement Package A focused on options for First Nations Economic Participation, draft eligibility requirements, specimen electricity purchase agreement (EPA) and request for proposals (RFP) draft key terms and interconnection requirements. Feedback from these sessions was considered along with customer interests, regulatory considerations, and our policy framework as we revised the terms.

Each session opened with a welcome, an Indigenous territory acknowledgement and introduction of the panel members. We then reiterated our long-term planning process, our plan for a power

call, and that we're seeking input from First Nations and the Independent Power Producers (IPP) community on key elements of our call and for the next few months.

This document summarizes the common themes of feedback we heard, and questions received across the workshops. Please note that information provided during these workshops should be considered preliminary in nature and are subject to modification as BC Hydro continued to draft terms and engage with First Nations, Independent Power Producers, and stakeholders.

FEEDBACK THEMES AND SOME OF THE QUESTIONS REGULARLY ASKED

Key Feedback Themes on the Three First Nation Economic Participation Models

- The three First Nations economic participation models should be combined as all three models have value and there is no one preferred model.
- A minimum equity percentage is endorsed however the final model needs to have a mechanism that will value additional equity over and above the minimum as well as valuing other benefits the First Nations receive.
- First Nations require funding support for participating in the Call. It is good news that the Canadian Infrastructure Bank may provide some of this. This funding should reflect and address the Nation's unique circumstances and should not result in high risk. The Province should also provide funding support.
- Nations will require capacity funding to participate in the initial negotiations with Independent Power Producers and participate in the permitting requirements.
- The benefit model should support coordination amongst Nations and not cause division.

Response to Common Question asked on the three First Nation economic participation models:

How will BC Hydro deal with overlapping territories among multiple First Nations?

- BC Hydro does not intend to make any determinations regarding the nature and boundaries of First Nation traditional territories in the Call process. With respect to First Nation economic participation in the Call, BC Hydro is proposing that equity be held by one or more First Nations in whose territories the project is located.
- BC Hydro has a legal obligation to consult with every First Nation potentially impacted by the project.

Key Feedback Themes on Eligibility and Evaluation:

- As the timing for this call is so tight, a full year of resource data may not be possible for some projects.
- An RFQ or pre-qualification process should take place as this would screen projects and allow more confidence for those who qualify to put forward the significant investment required.
- The minimum and maximum project sizes should not be defined by megawatts, rather they should depend on the generation technology.

- BC Hydro should coordinate with other regulatory bodies about aligning the RFP with existing permitting timelines.
- A longer term for the EPA will result in lower project bids.
- The 72-hour turn down right within the EPA requires further bounds around it. In its current draft form it will make financing challenging.
- The proposed security deposits are too high.
- Consumer Price Index (CPI) escalation approach post-COD should be higher.

Some of the clarifying questions regularly asked on eligibility and evaluation:

Can you combine multiple projects in one RFP to meet the minimum eligible project size?

- We are currently contemplating having the size eligibility criterion apply to a single plant/project.

What resources will be eligible for the Call?

- Clean or renewable resources, as defined in BC Clean Energy Act (e.g., hydro, wind, solar, biomass, and geothermal).

Will there be requirement for wind and solar data at bid time?

- Bidders should have confidence in the data they are using to base their bids on. From BC Hydro's perspective, this information and data would be considered as part of deliverability risk, energy resource risk, if what is being bid has a reasonable chance of being realized over the life of the contract.

How will you value capacity?

- Capacity will be valued in the evaluation only (i.e., no additional energy payments will be provided for capacity). The evaluation credit and approach has not been determined yet, but will reflect the fact that, as an energy call, the focus is not on capacity.

Key feedback themes on interconnections:

- Two weeks between Feasibility study results and bid submission is too short. Suggest BC Hydro pull forward the feasibility study results earlier in the process so developers can invest time and effort into the best sites.
- BC Hydro should make transmission grid capacity information available to developers to aid site feasibility selection.

Some of the clarifying questions regularly asked on interconnections:

Can you apply for a study before the RFP is issued?

- Yes, the Competitive Electricity Acquisition Process does allow for interconnection requests to be made prior to RFP issuance, however some IPPs may not want to submit their interconnection request until they see the RFP.

How will you evaluate Interconnection costs?

- We expect for this call that projects will connect at the transmission level. The proponent will need to build a line to connect to the BC Hydro system. Everything else on the BC Hydro side is considered network upgrades, identified through the Feasibility Study. BC Hydro pays for these upgrades; however, these costs will be factored into the evaluation of the overall cost-effectiveness of your project.

Appendix B: BC Hydro Call for Power Summary of Key Themes from the Written Feedback

October Survey on Engagement Package A

| | |
|---------------------|---|
| Dates | Survey open from October 12 to October 25, 2023 |
| Distribution | Survey link emailed to our entire mailing list |

A link to an online survey was distributed to First Nations, Independent Power Producers (IPPs) and industry stakeholders to solicit their feedback on the draft Request for Proposals and draft Specimen Electricity Purchase Agreement.

Respondents to the feedback form were asked to review Engagement Package A and provide input into several questions through an on-line feedback survey. BC Hydro committed to keeping individual responses confidential but stated we would publish a summary. For clarity, the responses summarized below are those of survey participants and are not necessarily reflective of BC Hydro's positions. We received 34 responses to the survey.

| Key Feedback Themes | Feedback Summary |
|---|---|
| Eligible Project Size | <p>Feedback was split between developers wanting smaller sized projects and those that wanted larger. Some First Nations also expressed a desire for even smaller projects that would make it easier for First Nations to participate.</p> <p>Most feedback suggested that BC Hydro should not have a cap on the size of eligible projects, with a few respondents stating that 200 MW was a reasonable maximum size.</p> |
| Guaranteed Commercial Operation Date (COD) | <p>The three-year window from 2028 to 2031 was well received. A few potential proponents told us they could make a 2028 COD. Others felt that the timeline was too rushed, and they would not be able to receive their permits, procure materials, fulfill their interconnection requirements, and finish construction.</p> |
| Term | <p>The majority of respondents advocated for longer terms to provide better financeability of projects, which should result in lower bid prices as a result.</p> |
| Energy Price Escalation | <p>Basis for escalation: Some feedback stated that other procurements have linked portions of the price to known and trackable indices or key lending rates, which enables bidders to reduce the contingency included in their bids.</p> <p>Post COD Escalation: Several developers commented that the energy price escalation for post-COD energy at 25% is too low.</p> |
| Bid Security | <p>Feedback on security was diverse as some felt that the bid security was too high, and others felt it should be higher in order to ensure that bidders were serious.</p> |
| Evaluation Price Adjustors | <p>Several pieces of feedback stated that the capacity credit was not clear. Other comments inquired about whether wind or solar with batteries would be considered for the capacity credit?</p> <p>Some feedback stated that the \$2 per MWh integration costs for wind and solar should not be used in the evaluation.</p> |

| Key Feedback Themes | Feedback Summary |
|--------------------------------|---|
| <p>Schedule</p> | <p>The majority of respondents stated that the timeline was too tight. Some of the examples cited included building relationships with First Nations, which takes time, supply chain risks and permitting uncertainty.</p> |
| <p>Interconnections</p> | <p>Respondents are concerned that the interconnection process will be slow and increase the risk of their projects not meeting COD.</p> <p>Many requests for information about which part of BC Hydro's transmission system is constrained.</p> <p>Developers asked for more time between study results and bid submission.</p> |

Appendix C: BC Hydro Call for Power Workshop Summary of Key Feedback Themes

November Workshops

| | |
|--|---|
| Meeting | Workshops to Review Engagement Package B: First Nations Participation Model, EPA Term Sheet, and RFP Summary |
| Dates | <p>First Nations</p> <ul style="list-style-type: none"> • Wednesday, November 29 <ul style="list-style-type: none"> ○ Virtual workshop <p>First Nations and Independent Power Producers (IPPs)</p> <ul style="list-style-type: none"> • Tuesday, November 28 <ul style="list-style-type: none"> ○ In-person workshop • Thursday, November 30 <ul style="list-style-type: none"> ○ Virtual workshop |
| BC Hydro Representatives | <p>Facilitator: Brandee Clayton</p> <p>BC Hydro Presenters:</p> <ul style="list-style-type: none"> • Monique Stevenson • Dina Matterson • Alan Tan • Chris Revell • Mike Guite • Sachie Morii <p>Note takers:</p> <ul style="list-style-type: none"> • Elizabeth Iseli • Jen Thompson |
| Environmental Assessment Office Representatives | <p>Facilitator: Wanda Gorsuch</p> <p>Environmental Assessment Office (EAO) Presenters:</p> <ul style="list-style-type: none"> • Kris MacLellan • Meaghan Hoyle |
| Attendees | <p>Nov 28: 30 attendees representing First Nations</p> <p>Nov 29: 65 attendees representing First Nations and IPPs</p> <p>Nov 30: 126 attendees representing First Nations and IPPs</p> |

A copy of the presentation is available on the [Call for Power webpage](#) on the bchydro.com website at [November Engagement Package B \(bchydro.com\)](#).

INTRODUCTION

We continued our engagement on our planned approach to acquire approximately 3,000 GWh/year of clean or renewable energy that can be on-line as early as Fall 2028. As part of the second phase of engagement, we invited interested First Nations, Independent Power Producers (IPPs) and stakeholders to participate in three workshops to seek input on our second package of draft Call elements, Engagement Package B. Feedback from these sessions was considered along with customer interests, regulatory considerations, and our policy framework as we revised the terms.

This document summarizes the key themes of the feedback we heard, and some of the common questions received across the workshops. Please note that information provided during these workshops should be considered preliminary in nature and is subject to modification as BC Hydro continues to draft terms and engage with First Nations, Independent Power Producers, and stakeholders.

FEEDBACK THEMES AND FREQUENTLY ASKED QUESTIONS

Feedback Themes on First Nations Participation:

- First Nations may not want to take part in the minimum 25% equity ownership but may want other benefits.
- The timeline for this Call is tight and building relationships and creating agreements between First Nations and IPPs will take time.
- The minimum project size of 40 MW does not allow First Nations to participate in this Call and grow their capacity in energy projects. Smaller projects should be allowed.
- The participation requirement in this Call should ensure there are benefits flowing to First Nations that are impacted by the project.
- BC Hydro should consider whether the economic benefits letter only applies to First Nations that are not equity owners.
- BC Hydro should do a carve-out of this Call for First Nations.
- BC Hydro or the Province should offer equity loans.

Some Clarifying Questions Regularly Asked About First Nations Participation:

Is BC Hydro matching IPPs to First Nation partners in areas where projects are being considered?

- No, BC Hydro is not proactively matching IPPs with First Nations. Part of the approach through our joint engagement sessions is to have First Nations and IPPs connect to allow for networking.

What if a First Nation chooses not to get involved in a project, or developers are not sharing benefits?

- The goal of the Call for Power First Nations economic participation is to ensure benefits flow to First Nations from the Call. This is part of BC Hydro's commitment to advance economic reconciliation.
- Separately and regardless of whether a First Nation is involved or receives benefits from an IPP, BC Hydro will assess the consultation carried out by IPPs with First Nations on the potential impacts of the project to each First Nation. BC Hydro will also consider any consultation undertaken by and any decisions made by permitting agencies for the IPP's project. BC Hydro will not issue an EPA unless BC Hydro's consultation obligations have been met.

In the case of shared territory, which First Nation should a developer work with?

- In the case of shared territory, one or more of the Nations in the Province's iMapBC database would need to be involved. We're not stipulating which of the Nations in the database you work with. We just need to see a total minimum of 25% of one or more of these Nations.

Will there be other funds available to First Nations/IPPs other than the Canada Infrastructure Bank (CIB)?

- The CIB is only one lender, there are also other banks, and a proposed federal loan guarantee program. BC Hydro is not producing an exhaustive list of lenders.

Feedback Themes on the Draft EPA and RFP Terms:

- Developers should be allowed to keep the Environmental Attributes for their projects.
- Some of the Termination clauses are unreasonable and will affect the Developer's ability to get financing.
- The Liquidated Damages proposed on permitting milestones will also affect the Developer's ability to get financing.
- The Time of Delivery factors penalize solar and are different than what was used in the past.
- The energy profile for a resource may change over time. Revisions should be allowed.
- There should be recognition and credit for project proposals that include other benefits to BC Hydro, such as increasing grid stability, displacing local load, etc.
- EPA term should be longer to reflect lifecycle of renewable technologies.

Some of the Clarifying Questions Regularly Asked About the Draft RFP Terms:

Is there any preference for the type of generation in the call (i.e., wind, solar, biomass etc.)?

- We aren't prescribing a preferred type, but a project must meet the Province's definition of clean and renewable. Our Integrated Resource Plan indicates that onshore wind and solar seem to be the more cost-effective resource options, but we are open to any clean or renewable project type and will compare all bids.

What weighting will be applied to the evaluation criteria?

- We are not anticipating applying weights in overall evaluation, instead we are doing evaluations through the adjusters.
- By applying adjusters, it will make those projects with higher degrees of First Nations participation more attractive.

Does the proposed project need to have all the research / analysis complete (i.e., wind research) before the bid is submitted?

- We recognize that developers won't have all the information for their projects at the time of bid submission. We anticipate that there will be a range of advancement among projects (some will be more advanced than others). We are considering how we assess projects at varying stages

and how we balance different levels of readiness and data available within the evaluation framework.

Do we need to have our financing in place before bid submission or can we look for financing after bid submission?

- Financing can be sought at any point in the process. In terms of the evaluation, a Proponent's financing plan will be reviewed as part of the evaluation and we will need some sort of indication of where and when financing will be available.

Some of the Clarifying Questions Regularly Asked About Interconnections:

Does BC Hydro work closely with our consultants for the technical information required?

- No. BC Hydro provides an overview of the information required for a feasibility study. It is the Proponent's responsibility to gather this information. We have a CEAP workshop in February where we will provide the same information to everyone.

Will feasibility study results be received before bids are due?

- Yes, BC Hydro is planning to provide study results to Proponents prior to the bid submission deadline.

How will the pre-CEAP process work?

- BC Hydro will respond with possible/maybe possible/not possible based on a thermal assessment of our system radius. For example, if a 60 MW interconnection may not be possible due to a major system upgrade being needed, but 50 MW may be possible, we will indicate that. Assessment published is thermal assessment and line ratings/loadings based on today.

Appendix C: BC Hydro Call for Power Summary of Key Themes from Written Feedback

November Survey on Engagement Package B

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|---------------------|---|
| Dates | Survey open from November 21 until December 7, 2023 |
| Distribution | Survey link emailed to our entire mailing list |

A link to an online survey was distributed to First Nations, Independent Power Producers (IPPs) and industry stakeholders to solicit their feedback on Engagement Package B: First Nations Participation Model, EPA Term Sheet, and RFP Summary.

Respondents to the feedback form were asked to review Engagement Package B and provide input into several questions through an on-line feedback survey. BC Hydro committed to keeping individual responses confidential but stated we would publish a summary. For clarity, the responses summarized below are those of survey participants and are not necessarily reflective of BC Hydro's positions. We received 27 responses to the survey.

| Key Feedback Themes | Feedback Summary |
|---|--|
| First Nations Participation Models | <p>The IPP industry is experienced in partnering with First Nations.</p> <p>General support for a minimum equity requirement of 25% however respondents stated this will take time and will require capital be available to Nations. Other forms of benefits besides equity should also be considered as different First Nations have different priorities and interests. Not all Nations are seeking equity.</p> <p>Feedback varied on the proof or documentation requirement of the equity position. Most felt proof should be minimal at bid submission and can be finalized later with a penalty if it is not met. Others felt proof should be detailed.</p> |
| Economic Benefits Letter | Varied feedback on whether the letter should be high-level, expressing support for the project or if it should specify the benefits being provided to the First Nation. |
| Guaranteed Commercial Operation Date (COD) | Some felt that the proposed incentives for delivery in in 2028 and 2029 should be higher. Others felt that the timeline was too rushed, and they would not be able to receive their permits, procure materials, fulfill their interconnection requirements, and finish construction. |
| Project Size | Several developers wanted to see the minimum project size decreased, and the maximum increased. Some suggested the size should be based on energy not capacity. |
| Term | Many respondents advocated for longer terms to provide better financeability of projects, and many were satisfied with the proposed 30-year term. |
| Bid Security | Feedback on security was varied. Some felt that the bid security was too high, and others felt it should be higher in order to ensure that bidders were serious. Some noted a qualification round would reduce the need for bid security. |
| Evaluation Price Adjustors | <p>Several pieces of feedback stated that the capacity credit, how it would apply, and reasons for not valuing capacity higher were not clear.</p> <p>Some feedback stated that the \$2 per MWh integration costs for wind and solar</p> |

| Key Feedback Themes | Feedback Summary |
|---|---|
| | <p>should not be used in the evaluation.</p> <p>Several comments received on the use and magnitude of the Cost of Incremental Firm Transmission (CIFT) adjuster; as it will disadvantage projects.</p> |
| Schedule | <p>Many respondents stated that the timeline was too tight. Some of the examples cited included building relationships with First Nations, which takes time, supply chain risks and permitting timeframe. Some suggested the RFP schedule was reasonable.</p> <p>Several respondents also asked that the bid submission date be pushed out to allow for more accurate bids and to allow for more time between feasibility study completion and bid submission deadline.</p> |
| Energy Price Escalation | <p>Some feedback stated that other procurements have linked portions of the price to known and trackable indices or key lending rates, which enables bidders to reduce the contingency included in their bids.</p> <p>Several developers commented that the energy price escalation for post-COD energy is still too low.</p> |
| Milestone Liquidated Damages (LDs) | <p>Developers felt the milestone liquidated damages greatly increased the risk for their projects.</p> |
| Deemed Energy (Turn-Down and BC Hydro System Constraint) | <p>Many respondents shared that the current aggregate 72 hour turn down right is a significant risk that will impact the ability for developers to finance their projects as well as potentially result in inflated bid prices.</p> |
| Time of Delivery Table | <p>Respondents stated the table should be more forward looking, and account for impacts of climate change, for example. Respondents also noted their views that the table penalized solar and hydro developers.</p> |
| Interconnections | <p>Respondents are concerned that the interconnection process will be slow and put their projects at risk of not meeting COD, noting that the RFP should provide ability to adjust if BC Hydro fails to complete interconnect studies in time.</p> <p>Developers asked for more time between study results and bid submission deadline (e.g., at least 6 weeks).</p> |
| Subsequent Calls for Power | <p>Developers stated they would like to see further information on potential subsequent Calls for Power.</p> |

Appendix D: BC Hydro Call for Power Summary of Key Themes from Written Feedback

January Release of Draft Documents Survey

| | |
|---------------------|--|
| Dates | Survey open from January 8 - 22 |
| Distribution | Survey link emailed to our entire mailing list |

A link to an online survey was distributed to First Nations, Independent Power Producers (IPPs) and industry stakeholders to solicit their feedback on the draft Request for Proposals and draft Specimen Electricity Purchase Agreement.

Respondents to the feedback form were asked to review the draft Specimen Electricity Purchase Agreement and Draft Request for Proposals documents and then provide feedback per section of the document. BC Hydro committed to keeping individual responses confidential but would publish a summary. For clarity, the responses summarized below are those of survey participants and are not necessarily reflective of BC Hydro's positions. We received 22 responses to the survey.

Feedback Summary on the Draft Specimen Electricity Purchase Agreement

| Key Feedback Themes | Feedback Summary |
|---|---|
| Time of Delivery | BC Hydro didn't have additional comments on the time of delivery that were different from the feedback received in other phases of engagement. |
| Commercial Operation Date Incentives | Developers suggested that the higher the incentives, the more projects will come online early. |
| Regulatory Filing | Limited feedback from developers that the regulatory process presented a schedule risk for them. |
| Curtailment for Emergency Condition | We received some feedback that proponents should not be required to take the risk of reduced revenue associated with emergencies. Other feedback suggested a time limit for curtailment in an emergency. |
| Deemed Energy (Turn-Down and BC Hydro System Constraint) | Strong feedback that BC Hydro's proposed right to turn-down all or a portion of the seller's generation for up to 72 hours within a month due to a BC Hydro system constraint without payment is problematic. Some developers suggested that we should provide an annual 'cap' in the Electricity Purchase Agreement on the amount of times BC Hydro can exercise this clause. |
| Liquidated Damages | BC Hydro received a variety of feedback from potential proponents asking us to limit Liquidated Damages, but generally were in support of not having Liquidated Damages for firm energy delivery shortfalls (a feature of previous Calls for Power but not needed given focus on energy for this Call). |
| Termination Rights | Proponents expressed a variety of feedback on termination rights, particularly in the context of the impact to the financeability of projects. |
| Force Majeure | Much feedback was received in engagement pertaining to the allocation of risks and clarity of when the Force Majeure provisions would apply. |

| Key Feedback Themes | Feedback Summary |
|---------------------------------|---|
| Performance Security | Feedback received on the Performance Security was generally related to the amount and need for security. |
| Environmental Attributes | Some potential proponents expressed a desire to keep the Environmental Attributes which may be sold separately. |

Feedback on the Draft Request for Proposals

| Key Feedback Themes | Feedback Summary |
|--|---|
| Bid Security | <p>Feedback on security was diverse as some felt that the bid security was too high, and others felt it should be higher in order to ensure that bidders were serious.</p> <p>In addition, we heard that projects which are disqualified should not be subjected to bid security penalty as the project will not be awarded an Electricity Purchase Agreement based on the disqualification.</p> |
| Request for Proposals Schedule | <p>We heard from many potential proponents that the schedule has insufficient time for bid development, and to enable relationships to be developed between Independent Power Producers and First Nations.</p> <p>We also heard that there should be more time between BC Hydro's provision of the Interconnection Feasibility Study results (expected mid-July 2024), which indicate at a high level the expected Network Upgrades that would be required for interconnection, and the Closing Date, so Independent Power Producers could have more time to consider the implications of the results.</p> |
| Evaluation Model | The majority of feedback received on evaluation has been in relation to the evaluation adjusters, particularly those pertaining to First Nations interests and locational considerations. A supplementary document was prepared to help potential proponents to understand how the Evaluation Price will be determined for each project. |
| First Nations Consultation Adequacy | Questions were received relating to what information would be required for BC Hydro to confirm that the consultation conducted by developers was adequate. Details were provided in the draft Request for Proposals document that was posted for comment in January. |
| First Nations Participation Model | <p>Overall, the response to the recommended model was positive, both from First Nations and Independent Power Producers. Feedback themes to improve the model pertained to the definition of equity, and to the additional equity and non-equity adjusters.</p> <p>About the definition of equity, a range of views was presented on how much BC Hydro should prescribe to the types of equity partnerships counting for credit in the model. Much of the feedback supported BC Hydro's chosen approach of allowing First Nations a wider latitude to negotiate agreements. In a few instances, BC Hydro was told that they should enforce a prescriptive definition of equity to only give credit to equity agreements that provide formal decision-making authority to First Nations.</p> <p>Several engagement participants questioned why the equity adjuster stops at 51% and does not go to 100%.</p> |

| Key Feedback Themes | Feedback Summary |
|--|---|
| | <p>The non-equity benefits letter adjuster was also questioned for its lack of specifics (i.e., the vagueness as to the type of benefits being targeted).</p> <p>Further, the overall value of the credit provided by each adjuster was raised as a concern (i.e., a criticism that neither adjuster was providing enough credit to incent the desired outcomes).</p> |
| Network Upgrades evaluation adder | Potential proponents expressed strong interest in understanding where projects may be sited on the BC Hydro system in part to minimize Network Upgrade costs. |
| Cost of Incremental Firm Transmission evaluation adder/credit | Potential proponents expressed a view that Cost of Incremental Firm Transmission puts resources located outside of the Lower Mainland at a competitive disadvantage in the evaluation. |
| Resource Integration Costs evaluation adder | Wind and solar developers expressed a desire to not have the Resource Integration Cost adder applied as it may make them less competitive compared to other resources. |
| Capacity Credit evaluation credit | Feedback has been received that the credit is insufficient to incent the addition of batteries to wind and solar projects. |
| Losses evaluation adder/credit | Potential proponents expressed an interest in understanding how losses will be determined given that they are known to be one of the more significant evaluation adjusters. |