

2024 Call for Power | Planning

Phase 1 Engagement: July to August 2023

# Engagement Summary



September 13, 2023

# Table of Contents

Executive Summary..... i

Background..... 1

What we did ..... 2

What we heard

- First Nations ..... 3
- First Nations and Industry ..... 5

Next Steps ..... 7

## Appendices

### Appendix A: Information Sessions

- Information Sessions Summary
- Presentation, First Nations and Industry
- Presentation, Local Governments

### Appendix B: Information Sessions Input

- Information Sessions Input Summary
- Online survey

### Appendix C: Focus Groups

- Industry and First Nations Focus Groups Summary
- Presentation, Industry and First Nations
- First Nations Focus Groups Summary
- Presentation, First Nations

### Appendix D: Engagement with First Nations

- Approach
- Summary of 1:1 Meetings

### Appendix E: First Nations Energy and Mining Council submission

- BC Hydro 2023 Call for Power-A Framework for Advancing Indigenous Economic Opportunities

# Executive Summary

On June 15, 2023, the Province of B.C. and BC Hydro announced that BC Hydro will move forward in spring 2024 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.

Between June and August, we have hosted several engagement sessions with First Nations, Industry and other stakeholders to provide information on the upcoming Call for Power and solicit feedback on key elements of the Call.

These included:

- Notification to all First Nations in the province about the upcoming Call for Power and the opportunity to provide feedback about the key elements of the call.
- Meetings with 24 First Nations between June and August to provide a background to the Call for Power, confirm the schedule of upcoming activities for First Nations, and gather feedback on how best to structure First Nations participation;
- Four information sessions in late June and early July with participation from First Nations, local governments across B.C., Independent Power Producers (IPPs) and industry stakeholders;
- An online survey shared with First Nations, IPPs and industry stakeholders to solicit their input on key elements of the upcoming Call for Power shared at the information sessions; and,
- Seven focus groups throughout July and August with experienced IPPs and First Nations to learn from their past experiences with previous calls for power, including BC Hydro's Clean Power Call, and other calls across North America.

A website was also launched on June 15 to provide the latest information on our planning activities and to enable interested parties to sign up for updates.

The following key topics generated the most discussion and feedback to date:

1. First Nations partnership in projects and collaboration in designing the call
2. Project development
3. Call process
4. Bid pricing
5. Subsequent calls

The engagement feedback received in Phase 1 and summarized in this document is anticipated to evolve and be added to by First Nations and stakeholders as we proceed with Phase 2 of engagement. As planning for the Call for Power continues, we'll continue to provide updates and opportunities for First Nations and stakeholders to share additional feedback during Phase 2 of engagement, focusing on the development of the Request for Proposal document and the specimen Electricity Purchase Agreement. All of the feedback received during Phase 1 and Phase 2 will be used to inform the Call in Spring 2024.



# Background

We're in the midst of an energy transition here 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.

Delivering clean, renewable and affordable power to British Columbians is our priority, and our [Integrated Resource Plan](#) is about planning for a number of different scenarios – it's a flexible plan that allows us to monitor the changing conditions, pivot and adjust our planning to meet the future needs of our customers as they grow over time.

The growing transition to renewable forms of energy is a key pathway to achieving our CleanBC emission reduction targets – and we continue to see significant interest from the residential, commercial, transportation and industrial sectors in making the switch from using fossil fuels to clean electricity. In fact, with the interest accelerating, we are now forecasting that the need for new resources has moved up about three years. We now expect to need new renewable energy resources starting as early as Fall 2028.

As we look ahead in planning for this increase, we have a range of actions that we can leverage to ensure customer needs are met. This includes advancing needed investments and integrating new technologies into our electricity system, expanding energy management programs with our customers and preparing for a new call for power to acquire renewable electricity from new sources. This call for power will be informed by engagement with First Nations and stakeholders.

We are planning 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. This will position us to meet the potential electrification load from the CleanBC emission reduction targets.

In our upcoming spring 2024 Call for Power, we're seeking projects that address the following key elements:

- Energy profile aligned with our needs (winter peak): approximately 3,000 GWh/year
- Connect to BC Hydro's existing system
- Cost-effective energy
- Reliable delivery: starting as early as 2028
- Larger clean or renewable projects
- Advancing Economic Reconciliation through First Nations partnerships and collaboration

## Our Engagement Approach

We're looking for input from First Nations, IPPs and industry stakeholders to help us design the upcoming Call for Power. Areas of discussion to date have included the factors leading to the need for a power call, key elements of the call, the energy profile of projects, partnerships with First Nations, and the proposed call schedule. The engagement feedback received in Phase 1 and summarized in this document is anticipated to evolve and be added to by First Nations and stakeholders as we proceed with Phase 2 of engagement.

## First Nations Involvement

[Advancing reconciliation with First Nations is a key priority for BC Hydro.](#)

We've developed a draft UNDRIP Implementation Plan to help guide our work towards advancing this goal. As part of this Plan, we are committed to exploring meaningful economic opportunities with First Nations, including opportunities in the future call, where they align the needs of BC Hydro's business.

BC Hydro has been working in close collaboration with First Nations on the Call for Power, including exploring approaches such that First Nations have the opportunity to participate in and receive meaningful economic benefits from projects that would occur in their territory through the Call.

# What we did

On June 15, 2023, the Province of B.C. and BC Hydro announced that BC Hydro will move forward in Spring 2024 with a call for new sources of clean or renewable electricity. That announcement kicked off the first phase of engagement to support the development of the Call for Power. We invited all First Nations in the province, IPPs and stakeholders to participate in a variety of engagement activities between June and August 2023 to learn about key elements of the upcoming power call and share their feedback. The engagement feedback received in Phase 1 and summarized in this document is anticipated to evolve and be added to by First Nations and stakeholders as we proceed with Phase 2 of engagement.

## Information sessions



### First Nations/Industry

- June 29 – 10 a.m. to 11 a.m.
- July 06 – 1 p.m. to 2 p.m.

### Local Government

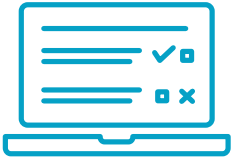
- June 28 – 2 p.m. to 3 p.m.
- July 11 – 9 a.m. to 10 a.m.

# 199

attendees

Information sessions were held to inform participants about key elements of the Call and to answer questions. Participants included First Nations, IPPs, industry stakeholders, local governments and interested members of the public. The presentation of information used for these sessions, and a summary of input are available in Appendix A.

## Information Sessions Input Survey



Available July 17 to July 31

# 61

responses

An online survey was distributed to First Nations, IPPs and industry stakeholders and other potential Call for Power participants to solicit their feedback on the proposed key elements outlined in the information sessions. A copy of the survey and the summary of input is included in Appendix B.

## Focus Groups



### First Nations/Industry

- July 24
- July 27
- August 1
- August 9
- August 16 (virtual)

### First Nations

- August 22 (virtual)
- August 24 (virtual)

# 25

companies

# 6

First Nations

Focus groups were held with IPPs, including First Nations, who had participated in BC Hydro's previous power calls, and power calls in other jurisdictions in North America. These sessions were designed to learn from their experiences and provide input into the Call for Power's design. Working with Clean Energy BC and the First Nations Energy and Mining Council, 49 IPPs and First Nations were invited to attend these sessions. The presentation used to guide the discussion, and a summary of input are included in Appendix C.

## First Nation Meetings



1:1 meetings between  
June 26 and August 23

# 24

meetings

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. A summary of engagement activities with First Nations and a summary of input are included in Appendix D.

# What we heard from First Nations

During Phase 1 of our engagement, the following topics generated the most discussion and interest from First Nations:

## 1. First Nations partnerships in projects, participation and collaboration with BC Hydro on the call

- Many Nations support an ownership participation model with a mandatory minimum.
- In addition to a minimum equity ownership requirement, there was a suggestion to include an equivalent non-equity benefit option for First Nations who are not interested in equity ownership but still want to participate and an option to buy additional equity beyond the minimum requirement.
- While there was support for equity ownership, some First Nations also expressed support for other types of economic benefits (e.g., royalties, employment, training).

## 2. Capacity and resource constraints

- Many First Nations are concerned about the lack of human resources capacity to participate in the engagement.
- Concerns were raised about capacity to carry out negotiations with IPPs.

## 3. Project development

- a. Financing
  - First Nations stressed that access to capital is needed for an equity ownership requirement to work properly.
  - Some First Nations suggested there is a role for Government in providing access to capital for this purpose, loan guarantees, or some other mechanism to support equity participation.
  - Government can support clean energy projects by influencing taxation.
- b. Interconnections
  - First Nations would like more information about the causes of the energy shortfall and the locations on the system where new generation can be connected with little to no system upgrades.
  - Some regions lack infrastructure when compared with other regions and this could negatively affect some First Nations' opportunities due to the insistence on connecting to the existing system and the cost / timeline involved in interconnections.
  - Some suggested information about where on the system new generation could be accommodated without major system upgrades would be useful.
  - Some areas are ideal for power generation, but there is no BC Hydro transmission infrastructure close by to make it practical.
- c. Permitting
  - Within current Call timelines, permitting is likely to be an issue.
  - First Nations noted that permitting will be critical to the success of the Call for Power and that permits should require First Nations consent.

## 4. Call Parameters/process

- a. Project size
  - First Nations and IPPs need to know the minimum project size early so they can start determining their partnership arrangements.
  - Some First Nations would like to understand why BC Hydro is only considering large projects in the Call. Many Nations have brought up smaller projects that are either in development or have the potential to be developed.
  - There was some support for a minimum project size.
- b. Timelines
  - Some First Nations felt that it would be difficult to get cost-effective projects and First Nations participation in such a tight timeline.
  - Some expressed that interconnection study timelines will be an issue.
  - There was a suggestion to carve out a percentage (e.g., 25%) of the 3000 GWh for First Nations projects (majority owned by First Nations) with a different timeline and different minimum size than the main Call for Power, which could help address concerns expressed by First Nations that the engagement process leading to the launch of the Call in Spring 2024 is too short.
- c. Types of Technologies
  - Some First Nations had questions about the types of technologies that would be accepted under the Call (e.g., nuclear, renewable gas) etc.
- d. Evaluation Criteria

- Some First Nations suggested a two-stage requirement for evaluation: eligibility (minimum equity ownership) and evaluation (scoring system to rate projects).
- BC Hydro should verify First Nation participation to ensure benefits are flowing to First Nations – suggested that this role be given to a third-party verifier and have penalties in the EPA if the agreement changes at project commissioning from what it was in the bid.
- Noted that there are resources available to support evaluation of First Nations benefits (e.g., First Nations clean energy working group, NRCAN review committees, etc).

## 5. General

- a. Relationships
  - First Nations wondering how relationships between IPPs and First Nations will be fostered throughout the Call process.
  - Suggestion that BC Hydro adopt an approach that has First Nations empowered to choose which companies they want to work with.
  - Request that BC Hydro not impede deal making between First Nations and private industry.
- b. Cumulative Effects
  - Some First Nations expressed concerns around cumulative effects from infrastructure from the Call.
  - Some First Nations expressed concern that the Call is distracting from more pressing issues such as redress for cumulative impacts and damages caused by previous activities and BC Hydro projects.
- c. General
  - Some First Nations expressed that the Call is distracting from more important work such as the creation of Indigenous utilities, development of a resource revenue sharing policy and compensation for cumulative effects (as mentioned above).
  - Some First Nations expressed concern over shared Territory issues and how this will be managed through the Call.

On August 25 the First Nations Energy and Mining Council (FNEMC) submitted a draft discussion paper to BC Hydro on the topic of increasing First Nations economic opportunities in the call to power. The FNEMC intends to further engage with First Nations on the components proposed in the discussion paper over September and fall engagement workshops further incorporating the feedback of rights and title holders into the final submission. This paper is included as an Appendix to this report.

# What we heard from IPPs and stakeholders

During Phase 1 of our engagement, the following topics generated the most discussion and interest across the various stakeholder groups and included invitations to First Nations to also participate:

## 1. First Nations participation and engagement

Please note, the summary below reflects what was heard at the joint sessions with Industry 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.

- Many participants urged BC Hydro to keep reconciliation objective in mind, and to consider community benefits, training and employment, and long-term support for First Nations communities striving for continuous improvement in economic and social outcomes.
- Some participants said that the First Nations participation requirement should be aimed at fostering meaningful relationships and ongoing dialogue between First Nations and IPPs.
- Comments around the ideal approach to First Nations participation varies from Nation to Nation, from majority equity in a project to simple royalty. “More is better” is not necessarily the right approach. There should be flexibility to respect different interests.
- Open, early, transparent, simple project selection process is needed to identify the appropriate partnership structure. There was a discussion on whether-First Nation participation should be an eligibility requirement, weighting evaluation criteria or a price adder/adjuster.
- Questions were raised regarding shared First Nation territory, including if all Nations that have an interest in an area would need to be involved in a project. Some identified that First Nations might want to partner with multiple developers and vice versa, and asked how that arrangement would be treated within the power call.
- There was interest in how the project is going to be financed if owned by a First Nation, some suggested there need to be differences in capacity / grant funding for First Nations.
- It was highlighted that the call team needs to consider timing of funding for First Nations projects in building the call schedule.
- A few participants commented that demonstrating First Nations equity at time of bid is challenging and inquired whether First Nations arrangements could be completed after bidding.
- Some comments were related to the impact of First Nations participation on the overall risk. There were suggestions that the only way to mitigate risk is indication of subsequent calls – First Nations could invest time to build knowledge, financing and relationships with developers.

## 2. Project Development

### a. Interconnections and transmission

- Some participants are concerned with length of time it takes to complete interconnections and transmission upgrades.
- Many noted that it was critical that interconnection studies are completed before the bids are due. Interconnections cost is a significant component of the overall project costs, and will impact the bid price being put in.
- Questions about how we plan to improve the interconnections process. Some participants shared their past experience with cost estimates being inaccurate.
- Some participants requested BC Hydro to share available transmission system capacity information early with a clear indication of no-go zones. Multiple jurisdictions in their recent energy procurement processes have shared this information. Some participants also added a need to know where BC Hydro is building new transmission.
- There were a number of comments on Competitive Electricity Acquisition Processes (CEAP), and whether a separate queue will be created for the call projects and how it will affect projects currently in the under the Standard Generator Interconnection Procedures (SGIP) queue.
- A few participants asked what modest or minimal system upgrades mean.
- Other questions were if BC Hydro will pay portion on network upgrades costs similar to previous energy procurement processes, how the network upgrades will be distributed amongst projects in the same cluster, and with respect to a shared private transmission line.

### b. Permitting

- Permitting timelines are a key concern for developers.
- It was highlighted that it is critical for proponents to know what level of permitting will be required to bid. Some jurisdictions don't require permitting at the time of bidding.
- Some participants suggested BC Hydro engage with various permitting agencies to ensure common understanding, proper resources, and overall alignment. Specific concerns were expressed with respect to Environmental Assessment timelines and associated costs.

### c. Financing

- The topic of financing was raised by a few attendees with a specific interest in bid security and other fees that may be required to participate in the Call.
- Concerns around impacts of increasing interest rates, supply chain issues.



- Some stated that First Nations usually rely on the developer to make the financing work, while others highlighted a need for government grants that would assist with ensuring First Nations financial capacity to ensure access.
- Federal incentives either exist or are in development that could support lower bid prices.
- Though there is interest from the financial community in financing renewable energy projects, there is also competition for funds given increased development of renewable projects across North America.
- Generally, BC Hydro's Electricity Purchase Agreements continue to be financeable.

### 3. Call process

- a. Product design
  - Delivery profile and system needs need to be clarified. Participants expressed concern with 4x12 table and ratchet clause that brought a lot of complexity in the past.
  - Need clarity on value of capacity, battery storage (size and duration), firm energy, curtailment/turn down ability, treatment of intermittent energy from wind and solar, regional adjustments.
  - Questions about eligibility of projects that have applied to previous calls but were not successful; and those projects that constitute an expansion of an existing generating facility.
- b. Project size
  - Many participants requested clarity of project size early. Several comments about concern that smaller projects won't be included in this call.
  - Other jurisdictions focus on larger projects (100 MW-200 MW); "large" could mean anything from 50-100 MW, depends on perspective and resource type.
  - Smaller projects may be more likely to be supported by First Nations.
- c. Specimen EPA - general
  - Comment on having one specimen EPA to cover all types of resources was challenging in the past.
  - Multiple participants expressed interest in a simpler contract, some added that complexity of EPA can hinder First Nations involvement.
  - There was discussion on escalation, renewal provisions, liquidated damages, security requirements, deemed deliveries and force majeure.
- d. Commercial Operation Date
  - Some participants noted a Fall 2028 COD may be difficult to achieve, considering permitting, development timelines, including interconnections work (which was viewed as outside of their control but rather driven by BC Hydro). Some stated a preference for a financial incentive to achieve the desired COD of 2028.
  - The timeline between the award of contracts and COD seems tight, given today's supply and labour constraints. The award might have to occur in 2024 to meet 2028 COD.
  - Some proponents expressed readiness to bring projects in operation by Fall 2028.
- e. Term
  - Attendees expressed that a longer term (25+ years) could potentially result in lower bid prices and would be beneficial to secure project financing.
  - Consider differentiating contract term by generation technology.
- f. Evaluation criteria
  - Many comments around the importance of clear criteria – e.g., be clear on what BC Hydro's system needs and objectives are and how proposals will be evaluated.
  - Participants expressed preference to be notified early if a project is not moving forward.
  - Need to focus on bid integrity and project deliverability.
- g. Call schedule
  - Comments from potential proponents were that a clearer schedule sooner rather than later would be preferred; Giving the bidding process lots of time would be important.
  - Comments that it won't be until potential proponents see the details of the Call documents that they can confirm viability of schedule.
  - In developing the Call schedule, consider allowing time for arrangements with First Nations, field season timing, as well as timing of interconnection studies with respect to bid submission.

### 4. Bid Pricing

- Attendees were interested in understanding how the pricing would be structured, and whether it will be based on current market and EPA renewal pricing.
- Concerns with incorporating interest rates, supply chain issues, construction and labour market challenges into the bid pricing.
- Comments on how long the pricing remains valid.
- Many noted that the product, contract term, escalation provisions, water rentals (where applicable) would be factored into the bid pricing.

## 5. Subsequent calls

- Many participants recommended BC Hydro indicate whether it is planning subsequent calls for power, which will help support a more robust market and inform investment decisions.
- It was highlighted that a clear roadmap of energy procurement will not only attract capital and remove unnecessary risk, but also give greater certainty in First Nations partnerships and overall improve bids from call to call. Less mature projects can defer and won't have to rush to market.

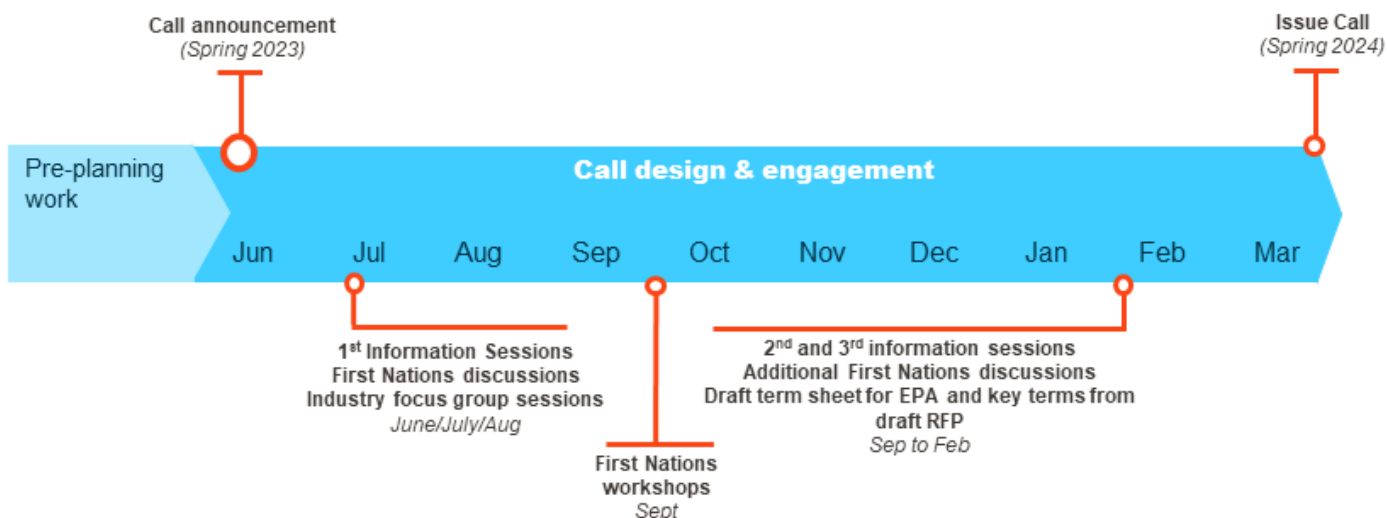
In addition to other topics that we heard about, more detail about these themes by engagement type is available in the Appendices.

# Next Steps

We continue to plan the upcoming Call for Power. Feedback from First Nations, IPPs, and stakeholders is a critical component of that plan.

Phase 2 of Engagement begins in September and will include a deeper dive into the call design. We expect to provide drafts of the key terms from the Request for Proposals and a draft term sheet that will form the basis of the specimen EPA later this fall where we'll be looking for feedback that we will take into consideration as we finalize these documents ahead of the launch of the Call for Power in the Spring of 2024.

## Call for Power Schedule



Here is our schedule for Fall/Winter engagement activities:

Timing	Audience	Engagement objective
September: Workshops	First Nations	To gather further feedback on options for First Nations economic participation requirements. This will include discussions around partnerships, project procurement opportunities, benefits-sharing agreements, and appropriate evaluation criteria for First Nations participation.
October: Workshops	First Nations, IPPs, and industry stakeholders	To introduce and solicit feedback on the draft term sheet for the EPA and key terms from the draft RFP.
November: Workshops	First Nations, IPPs, and industry stakeholders	To solicit further feedback on an updated draft term sheet, and key terms from the RFP.
January: Written comments on Final Draft Documents	First Nations, IPPs, and industry stakeholders	To provide final drafts of the specimen EPA, and RFP. A short, written comment period will be provided for final comments on these two documents.

Please refer to the [Call for Power](#) website for more information on these engagement activities, or to sign up for updates.

2024 Call for Power | Planning

Phase 1 Engagement: July to August 2023

# Appendices



September 13, 2023

# Appendices

## Appendix A: Information Sessions

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## Appendix E: First Nations Energy and Mining Council submission

- BC Hydro 2023 Call for Power – a Framework for Advancing Indigenous Economic Opportunities

## Appendix A: BC Hydro Call for Power Summary Notes Information Sessions

<b>Meeting</b>	Information sessions regarding the key elements of the Call for Power
<b>Dates</b>	<p>First Nations/Industry Information Sessions:</p> <ul style="list-style-type: none"> <li>• June 29, 2023 – 10 a.m. to 11 a.m.</li> <li>• July 06, 2023 – 1 p.m. to 2 p.m.</li> </ul> <p>Local Government Information Sessions:</p> <ul style="list-style-type: none"> <li>• June 28, 2023 – 2 p.m. to 3 p.m.</li> <li>• July 11, 2023 – 9 a.m. to 10 a.m.</li> </ul>
<b>Location</b>	Virtual (Microsoft Teams)
<b>BC Hydro Representatives</b>	<p>Judy Dobrowolski - Moderator</p> <p>Presenters:</p> <ul style="list-style-type: none"> <li>• Frank Lin</li> <li>• Monique Stevenson</li> <li>• Anne Wilson</li> <li>• Alex Tu</li> <li>• Chris Revell</li> <li>• Greg Schabas</li> <li>• Dina Matterson</li> <li>• Patrick Tomlinson</li> <li>• Sachie Morii</li> </ul> <p>Note takers:</p> <ul style="list-style-type: none"> <li>• Hugh Macdonald</li> <li>• Kathy Shaw</li> <li>• Jen Thompson</li> </ul>
<b>Attendees</b>	<p><b>June 28:</b> 23 attendees representing various local governments</p> <p><b>June 29:</b> 76 attendees</p> <ul style="list-style-type: none"> <li>• 58 attendees identified as representing Industry,</li> <li>• 12 attendees identified as representing a First Nation, and</li> <li>• 6 attendees did not disclose which group they represented.</li> </ul> <p><b>July 6:</b> 78 attendees</p> <ul style="list-style-type: none"> <li>• 53 attendees identified as representing Industry,</li> <li>• 12 attendees identified as representing a First Nation,</li> <li>• and 13 attendees did not disclose which group they represented.</li> </ul> <p><b>July 11:</b> 22 attendees representing various local governments</p>

A copy of the presentation is available on the [Call for Power webpage](#) on the bchydro.com website at [Call for Power-First Nations and IPP Information Sessions \(June 29 and July 6, 2023\) \(bchydro.com\)](#).

## INTRODUCTION

As part of the first phase of engagement, we invited interested First Nations, Independent Power Producers (IPPs) and stakeholders to participate in four information sessions to learn about key elements of the power call and share their feedback.

Each session opened with a welcome, an Indigenous territory acknowledgement and introduction of the panel members. We then outlined our long-term planning process, our plan for a power call, what we have learned from the past and others, what we are looking for and how we will be working closely with First Nations on the call for power.

This document summarizes the common questions received across the sessions, in order of the frequency with which they were asked. At times we have grouped questions and their answers may appear in these topics of interest. Our responses are listed below each topic. Please note that BC Hydro responses to questions received should be considered preliminary in nature and are subject to modification as BC Hydro proceeds with Phase 2 of engagement with First Nations and stakeholders.

Some of the questions were related to our Integrated Resource Plan as well as the recent North Coast Expression of Interest. These topics are not addressed in this summary but information can be found on the [Integrated Resource Plan](#) and [North Coast Expression of Interest](#) websites.

## QUESTIONS WE HEARD AND BC HYDRO'S RESPONSES

### What size of projects is BC Hydro going to be looking for?

- We're looking for approximately 3000 GWh per year of energy.
- We believe utility-scale projects will enable this amount of power to be provided in a cost-effective way.
- The Call for Power will be a competitive process targeting large projects because larger projects typically maximize economies of scale.
- Additionally, a small number of larger projects will allow us to deploy our resources more effectively when it comes to the studies and interconnections that will be required as part of the Call for Power.
- This approach is also aligned with what we're seeing in other jurisdictions, such as Alberta, Ontario, Quebec, and Nova Scotia, and we've seen a trend where contracts are being awarded for larger scale projects.
- With this in mind, we're interested in hearing from attendees on what project size would help to achieve our goals of delivering a large amount of power in a cost-effective way as early as 2028.

### What kinds of projects will be eligible?

- We're looking for new clean or renewable projects that can connect to the integrated transmission system, that can deliver energy in alignment with the needs of our customers whose demands are highest in winter, that can reliably deliver the expected amount of energy, and that can be online as early as 2028.
- When it comes to clean or renewable electricity, we're using the definition of clean or renewable resources as defined in the Clean Energy Act.
- This includes biomass, biogas, geothermal heat, hydro, solar, ocean, wind, or any other prescribed resource<sup>1</sup>.
- New projects include those that have not yet been constructed and may include an expansion of an existing project with the addition of new, incremental generators (i.e., the expansion project must be

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<sup>1</sup> The following resources are prescribed for the purposes of the definition of "clean or renewable resource" in section 1 (1) of the Act:

- (a) biogenic waste;
- (b) waste heat;
- (c) waste hydrogen.

distinguishable from the existing project and the energy from the expansion project can be separately metered).

- Projects that have applied to previous calls, but were not successful may be eligible, but will need to be reviewed on a case-by-case basis to assess whether they would meet the requirements to be established for this call for power. For example, projects that have already been developed would not be eligible.
- In this call, we're seeking energy resources. At this time, we haven't made decisions on other attributes such as storage or capacity.
- Some resources may offer other services such as storage, capacity, or other services that may be a benefit to the system.
- We're in listening mode and would be interested in hearing more about these other services as we continue to design the call for power.
- We are not being prescriptive when it comes to the type of clean or renewable generation technology that we're seeking.
  - We are looking for resources that align to the needs of our system, and those that are cost competitive.
  - Due to advancements in technology, and decreasing costs, we expect to see wind and solar resources bid into the call for power.
  - A proponent may submit more than one project into the call provided that they have the capacity to deliver multiple projects should more than one be selected as part of the competitive process.
- It is beneficial to have multiple subsequent calls for power so that's what we're planning to do, subject to the needs of our system. This has been reinforced by what we've heard during engagement sessions.
  - Our Integrated Resource Plan will inform the design of subsequent calls, as needed, including the type of product that we need to acquire.

### **What are the various key dates and timelines you'll be looking for IPPs to meet?**

- We're early on in our engagement process and are focused on sharing the principles that we will look to build into the call that will enable us to meet the needs of our customers.
- We will be issuing the call for power in Spring 2024. At this time, we have not set the closing date.
- We're seeking input from First Nations, the IPP industry, and stakeholders that will inform various elements of the call for power.
- Exact dates are not available at this time so that we can be open to what we hear at our engagement sessions that will continue throughout the rest of 2023.
- More information on the schedule will be shared as we proceed through the process.

### **How are First Nations invited to participate in projects and collaborate on the design of the call?**

- A variety of communications channels have been created as part of the call for power engagement to assure that First Nations across B.C. can stay informed and provide their input into the design of the call for power. For example, on June 15, when the call for power was first announced, we sent emails to all 200+ First Nations, providing some initial background information on the call for power engagement process, confirming the call for power web address, where updates will be posted, and providing the call for power contact email address ([FirstNationsCleanEnergy@BCHydro.com](mailto:FirstNationsCleanEnergy@BCHydro.com)) where First Nations can send their questions and feedback.
- Since June 15, we've been meeting with interested First Nations individually to discuss the schedule of the engagement period and to answer any initial questions about the call for power. These individual meetings will continue throughout the entire engagement period and we welcome requests from all Nations to meet individually.
- We're planning a series of First Nations workshops, scheduled for September, that will provide both in-person and virtual opportunities for First Nations to recommend specific options to maximize their



participation on the call for power and to provide input on the design of other aspects of the call for power.

- Starting in late-fall/ early-winter, we'll host a second round of information sessions with First Nations and IPPs to collectively review the proposed call for power rules, process, and eligibility criteria and to make any final recommendations on changes to the program design.
- It is important to note that we'll be in listening mode throughout the engagement period, so, on a number of key topics, we haven't landed on exactly how the call for power will be designed, but we're envisioning that First Nations may have their own projects or will partner with the IPP industry as one of the requirements for the call for power and so we will be keenly interested to hear from Nations about this particular theme.

### What happens if a project triggers the need for transmission upgrades?

- In order to connect new projects to the integrated system such that power can be made available as early as 2028, we're seeking projects that require no to modest system upgrades.
- We suggested it may be easier to start with an explanation of what is not "modest" and instead focus on the bookends of minor and major updates.
  - Minor upgrades would include upgrades to existing protection control or telecommunication systems without new land impact.
  - Major upgrades could be a new line which would include building up a new corridor. It could also include building a new substation that would involve acquiring new property, site clearing, etc. These are not modest upgrades.
- Modest upgrades have a range, and it is not necessarily based on the dollar amount.
  - It has more to do with the scope and complexity of work.
  - For example, there are already existing transmission lines that may not have enough capacity so we may have to raise structures or install some new equipment such as increasing the size of the conductor, we may install a new circuit breaker in an existing substation within the existing substation footprint and other upgrades that can be performed to our existing assets with minimum new land impacts.
  - These are a few examples of modest upgrades where we note that it really depends on the scope of work that is required.
- For the call for power we plan to follow a similar interconnections process as with previous calls for power.
- This means that all applicants in the call for power must submit an interconnection request within a certain time window and will be given the same position in the interconnection queue process.
- In terms of sequence, a feasibility study is the first study that will indicate if system upgrades are required.
- We're not planning on providing base cases so developers can see where to optimally place the project, but we are looking at what we can provide early to give proponents some signals on areas that may be constrained.
- Once EPAs are awarded, the rest of the interconnection process will follow. This will include a system impact study, a facilities study, and an implementation phase.

### What interconnection process will the Call follow?

- Consistent with our Open Access Transmission Tariff we will be following the Competitive Electricity Acquisition Process, or CEAP.
- If a project has already initiated an interconnection process with BC Hydro and has an existing interconnection queue position, that project will be included in the base case used for the power call. If the customer submits the same or similar project for a power call, it would be given a new queue position

under the CEAP, and the network upgrades identified would be double-counted unless the existing queued project is withdrawn prior to the time we set the base case for CEAP.

- If the existing queued project is withdrawn after CEAP starts, there may be a financial penalty to the existing queued project.
- Under CEAP, all projects receive a feasibility study, and these studies will be conducted on an individual basis.
- We're working with other utilities in Canada who have recently conducted power calls to understand the types of system information that were made available to help project proponents site projects where the system is not constrained.

### **How will you evaluate the projects? What kinds of criteria are you planning on using?**

- The selection criteria has not yet been determined. We're engaging with First Nations, the IPP industry and stakeholders to inform what criteria may be used to assess projects.
- Once defined, these criteria will be shared with all participants, currently expected sometime this fall, for comment.
- We expect to provide drafts of the Request for Proposals and a specimen EPA later this fall where we'll be looking for input that we will take into consideration as we finalize these documents ahead of the launch of the call for power in the Spring of 2024.

### **What length of contract term are you thinking of?**

- Recent calls from other jurisdictions have awarded contracts with terms of 20 to 25 years and we are currently considering aligning to a similar duration for the call for power. This would be across technologies.
- We expressed that a longer term would be preferred and we've heard during engagement sessions that a longer term would be beneficial in order to secure financing projects.
- We're going to develop the draft terms over the course of the summer, have them available for feedback in the fall.

### **How will you be managing project footprints?**

- The topic of footprint impacts was raised in relation to the cumulative impact of infrastructure projects.
- The interests that were expressed related to environmental impacts as well as impacts within traditional territories of First Nations which may include environmental and cultural impacts.
- We heard interest expressed by some attendees in having new projects follow the footprint of existing infrastructure, if possible.
- We recognize that the footprint of projects that are part of the call for power will be an important consideration.
- Project proponents will be required to provide demonstration of adequate consultation with First Nations, and projects will need to undertake the appropriate permitting required in order to construct their projects.

### **Permitting can take a long time. Will you be helping with the permitting process?**

- We recognize the permitting with organizations such as the BC Water Comptroller, environmental assessments, municipalities, etc. is a key piece to delivering projects that can be in service as early as Fall 2028.
- We note that the BC Hydro Task Force (established by the Province to accelerate the electrification of B.C.'s economy) has identified speed of permitting and delivery as a key priority that they will focus on in the next 12 months.

## How do you plan to structure pricing?

- The call for power will be a competitive process, and we are expecting prices to come in lower than prior calls.
- The call for power will be a competitive bidding process where proponents will be expected to put in their best bid price, and we expect material costs to be a factor for proponents that will be factored into the bid pricing.
- The EPA renewal program is currently focused on renewing agreements that expire prior to April 2026 and is a separate initiative from the call for power.
- The EPA renewal program provides us with a benchmark, but we do not expect it to be part of the evaluation criteria.

## How will financing work for these projects?

- We expect that project proponents will work with financial institutions in order to secure the financing needed to build their projects.
- Related to bid security and other fees that may be required in order to participate in the call for power, we haven't made decisions and are engaging with First Nations and the IPP industry to inform how these elements are factored into the call.
- We expect to have more to say about fees associated with the call later this Fall.

## Other questions

### **Q. Will the Standing Offer Program be restarted?**

A. BC Hydro doesn't have plans to restart the Standing Offer Program, which was suspended indefinitely in February 2019.

### **Q. How will Electricity Purchase Agreement (EPA) renewals be prioritized relative to "new" projects?**

A. We have a program for EPA renewals. These are viewed as lower cost resources than greenfield projects and are considered before new acquisitions.

### **Q. Will load displacement be eligible or is it strictly net of load?**

A. We haven't landed on strict eligibility requirements, at this time. We do have separate incentives for load displacement.

### **Q. How many IPPs are there in B.C.?**

A. We currently have 125 contracts for energy projects with IPPs.

### **Q. Will peaking plants be part of this call for power?**

A. We're not specifically targeting peaking plants. We're looking more to those who can provide reliable energy when we need it.

### **Q. Has the desired energy mix for grid stability been determined already?**

A. We're looking at what other services may be available. And we're looking for feedback on what options might be available. This feedback will go into the design of the call.

### **Q. Is there a subsequent call contemplated?**

A. We do envision there may be subsequent calls, and the timing and call size would be determined through our integrated resource plan process where we identify electricity supply gaps and how to fill those gaps.

**Q. BC Hydro's Elko Generating Station has been offline since 2013. While owned by BC Hydro, could upgrading this station be part of a solution? Perhaps as a P3?**

A. In general, small plants like Elko are at the end of life or approaching end of life. They'll be evaluated on a case-by-case basis whether to re-energize. [Our 2021 IRP does have a Near-term Action](#) (page 62) that addresses small plants that are at end of life or approaching end of life.

**Q. Is there any plan to utilize gas-fired generation which is already permitted?**

A. Under the call for power BC Hydro is seeking clean or renewable resources that meet the definition in the Clean Energy Act, which includes biogas as one resource options. We are not planning to seek resources which do not meet this definition, even if already permitted.

**Q. Are members of the Metis Nation BC eligible as indigenous owners of a project?**

A. BC Hydro is not considering Metis owned business in contributing to the First Nations participation requirement under the Call. BC Hydro respects all Indigenous peoples in the province. On this Call, IPPs would work and partner with First Nations whose territory is impacted by a proposed project. This approach will increase the likelihood of Nations supporting projects and will also increase the likelihood that benefits from projects are shared with First Nations whose lands and interests will be impacted by these projects.

**Q. Is BC Hydro willing to offer any sites for proponents to bid on or do proponents need to offer their own sites?**

A. We will not be identifying specific sites. We're looking to the developer community to provide the proposals. We are looking at how other utilities identified system constraints to provide IPPs with information to help with siting projects. One thing we've heard is that we can provide a certain amount of information up front but ultimately it comes down to the more detailed system impact studies that happen later in the process.

**Q. Will you have specific resource-based procurement targets? (i.e., MWh from wind, MWh from solar)?**

A. At this time, BC Hydro does not expect to have resource-specific targets. Rather, BC Hydro is seeking cost-effective energy from resources that meet the definition of clean or renewable resources in the Clean Energy Act.

**Q. How will relationships between First Nations and Clean Energy producers be fostered through this call for power?**

A. BC Hydro is currently engaging with IPP's and First Nations on the topic of Indigenous-Industry partnerships and about First Nations participation in the Call for Power. Because we are still in listening mode, BC Hydro has not yet made any firm decisions on how to incentivize partnerships between Nations and IPP's.

**Q. What type of systems generate the most power in the winter?**

A. It depends on the individual project, but generally resource types such as wind, bio-fuels and storage hydro are able to generate more power in the winter.

**Q. Is BC Hydro undertaking any projects on their own?**

A. We are undertaking system reinforcements such as existing transmission and generation upgrades, and utility-scale batteries, but we currently don't have plans to develop new clean or renewable projects.

**Q. Has the need for power in seasons been updated for climate change?**

A. Currently, our system is a winter peaking system. Across the system, we have not reached this same peak in the summer. However, it's on our radar and we're watching it.

**Q. Recognizing that this call for power is focused on larger installations, could you comment on how smaller installations would factor into BC Hydro's scenario planning forecasts?**

A. We recognize there is a lot of interest in residential solar photovoltaic installations or smaller utility scale systems by community members. We're looking for a large amount of cost-effective energy for our

ratepayers, so we're focused on larger projects. However, we do have the net metering program which may be more appropriate for small projects.

**Q. Is this program for communities in the Non-Integrated Areas?**

A. No, this call for power does not apply to BC Hydro's non-integrated communities. It is to supply energy for the integrated system. We have separate initiatives to acquire energy to displace diesel generation in Non-Integrated Areas.

# Planning for a Call for Power

First Nations and IPP Information Sessions  
June 29 and July 6, 2023

 **BC Hydro**  
Power smart

# Virtual Meeting Etiquette

## Welcome!



- Mute your microphone when not speaking
- To save bandwidth, please turn your camera off
- If you have a question, please place it in the chat. We're going to try to get to all the questions but if we run out of time, we will do our best to compile them and get back to you.
  - Share air space so that everyone can participate
  - Challenge ideas, not people
- We aren't recording this session, and kindly ask that others do not record

# Today's Agenda

- Acknowledgement
- Our long-term planning process
- We're planning a call
- Learning from the past and from others
- What we're seeking
- First Nations participation
- Schedule & engagement



# Our long-term planning process indicates a need for energy

Our IRP is a guidebook for the what, when and how we'll meet customers' evolving electricity needs.

Has a 20-year outlook

An update was filed with the BC Utilities Commission in June 2023

Aligns with Provincial legislation and policy, such as the Clean Energy Act and CleanBC Plan

The Update shows increased demand for energy earlier than anticipated

Clean Power 2040  
Powering the future

BC Hydro  
Power smart

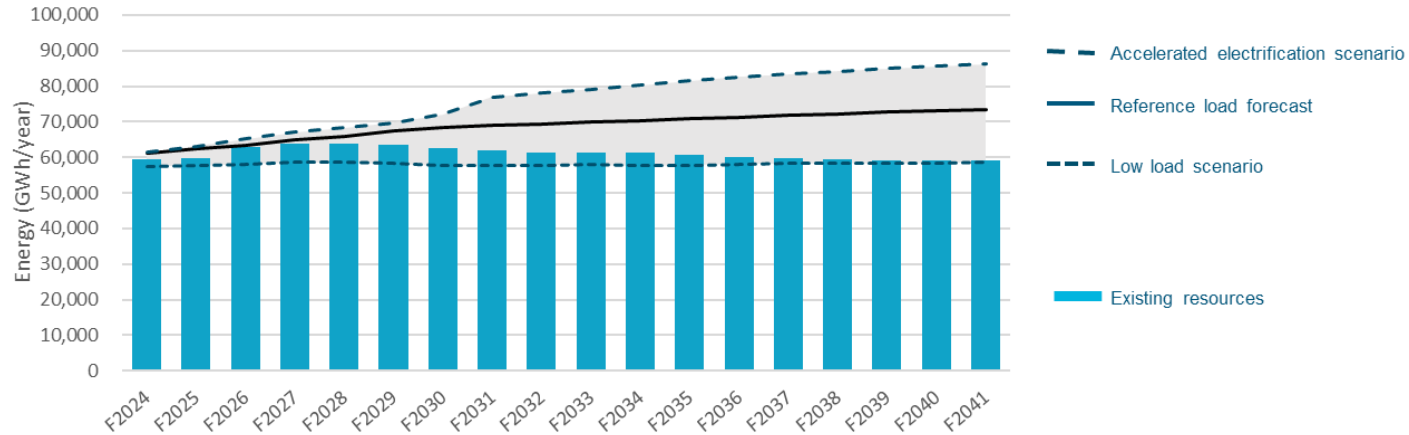
BC Hydro and Power Authority  
2021 Integrated Resource Plan

2023 Update

BC Hydro  
Power smart

# Our plan considers a range of future scenarios

Our plan adds resources to meet future customer electricity needs, and considers uncertainty through high and low electricity demand scenarios.



To meet the need, we draw from demand-side resources, system upgrades, renewing electricity purchase agreements and acquiring new or incremental energy resources

# We're planning a competitive Call for Power



**On June 15, the Province of BC and BC Hydro announced plans for a Call for Power:**

- Estimated need of about **3,000 GWh per year**, starting delivery **as early as 2028**.
- Larger clean or renewable energy projects.
- First Nations partnership opportunities.

# We're learning from previous calls in B.C. and from other jurisdictions

We need to simplify, focus and be flexible to evolving needs

## Learning from our past calls, and from other jurisdictions

- Importance of including opportunities for First Nations participation
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

# We're planning to look for



**Energy** profile aligned with our needs: approximately 3,000 GWh/year



Connect to BC Hydro's **existing system**



**Cost-effective** energy



**Reliable delivery:** starting as early as 2028



**Larger clean or renewable projects**

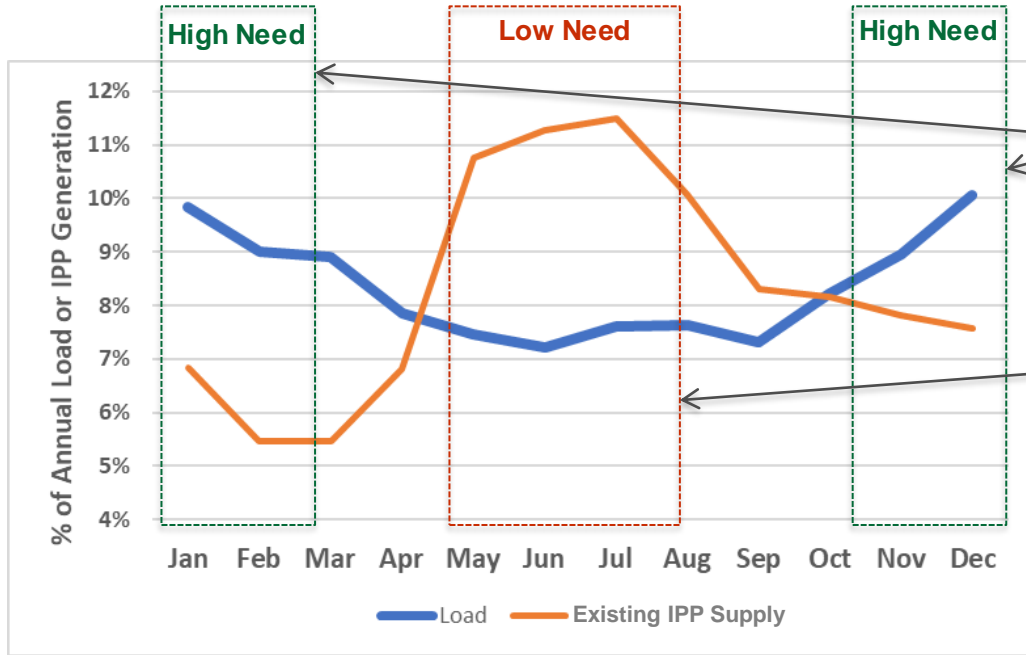


**First Nations partnerships and collaboration**



# Projects that best align with our system needs

## Seeking projects that can deliver energy at the times when it is most needed



Our need is greatest in **Winter** when customer load is highest

Minimal need in **Spring** since load is lower



## Projects that can deliver to BC Hydro's existing system

- Projects must be located in B.C. and must connect, or deliver, to BC Hydro's integrated system.
  - Projects not directly connecting to the BC Hydro system are responsible for making their own arrangements to deliver their energy to our system.
- Modest or no system upgrades to the BC Hydro system.
- Interconnections process will follow a similar process as past competitive calls:
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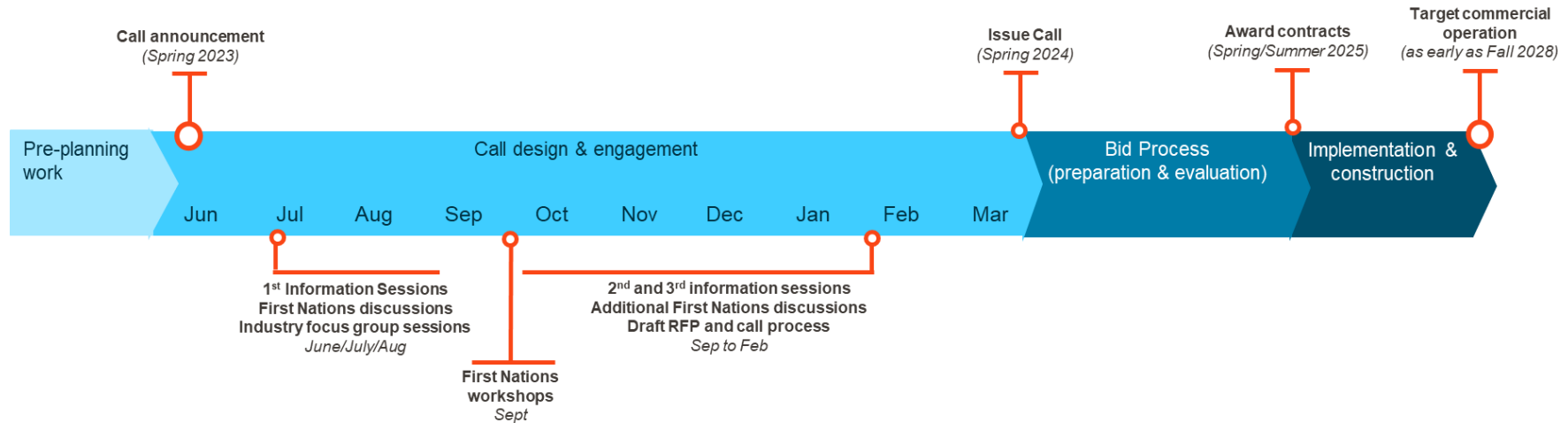
## Partnerships with First Nations

### We will work closely with First Nations to co-design the call

- BC Hydro is committed to reconciliation and the principles of the UN Declaration on the Rights of Indigenous Peoples.
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- We want to listen and learn what is important to First Nations for this call.
- We want to collaborate with First Nations on the design of the call and we are open to ideas and input on how it will work.



# Schedule & engagement



Information on our engagement activities will be posted on our website:

<https://www.bchydro.com/work-with-us/selling-clean-energy/meeting-energy-needs.html>

# Our next steps: hearing from you

## Your feedback will inform the next stages of call design.

- **Submit written comments, feedback, questions** on today's material by **July 24, 2023**.
- **The draft RFP package is expected to be posted in Fall 2023.**
- For more information, visit the **IPP Projects** page on [bchydro.com](https://www.bchydro.com)



# Planning for a Call for Power

July 11, 2023

# Virtual Meeting Etiquette

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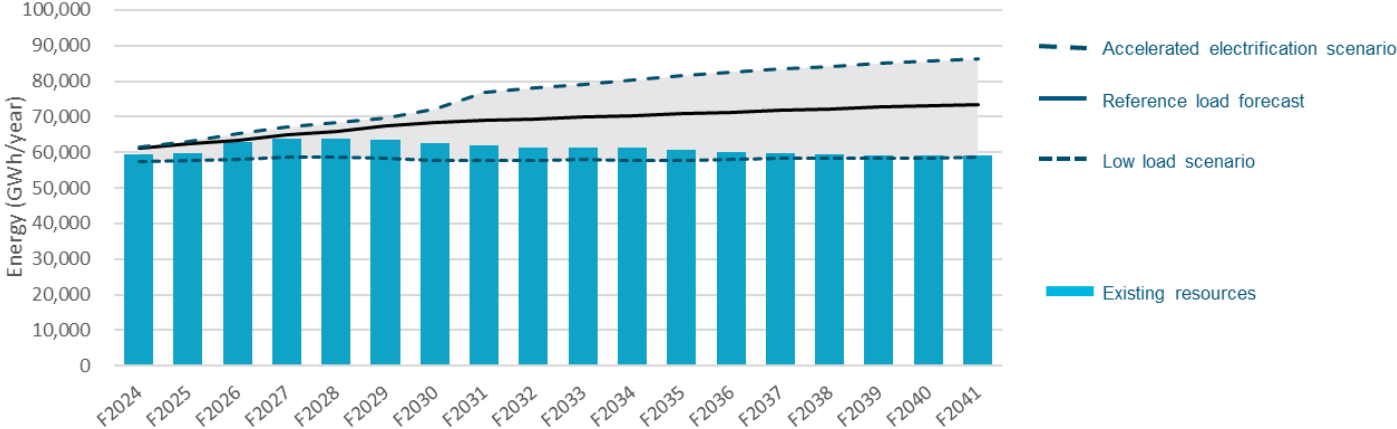
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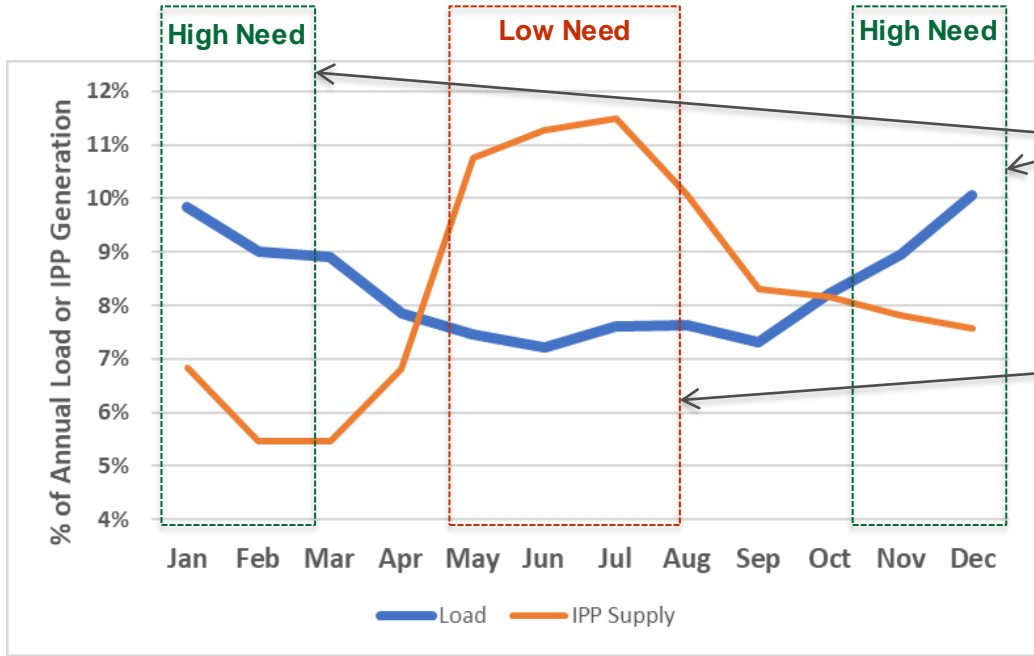


**First Nations partnerships and collaboration**



# Projects that best align with our system needs

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- We want to listen and learn what is important to First Nations for this call.
- We want to collaborate with First Nations on the design of the call and we are open to ideas and input on how it will work.

# Schedule

This timeline is preliminary



Information on our engagement activities will be posted on our website:

<https://www.bchydro.com/work-with-us/selling-clean-energy/meeting-energy-needs.html>

# Our next steps

We'll continue to engage with industry and First Nations.

- For more information, visit the **IPP Projects** page on [bchydro.com](https://bchydro.com)
- Email questions to: [power.call@bchydro.com](mailto:power.call@bchydro.com)





# Appendix B: BC Hydro Call for Power Summary Notes

## Information Sessions Survey

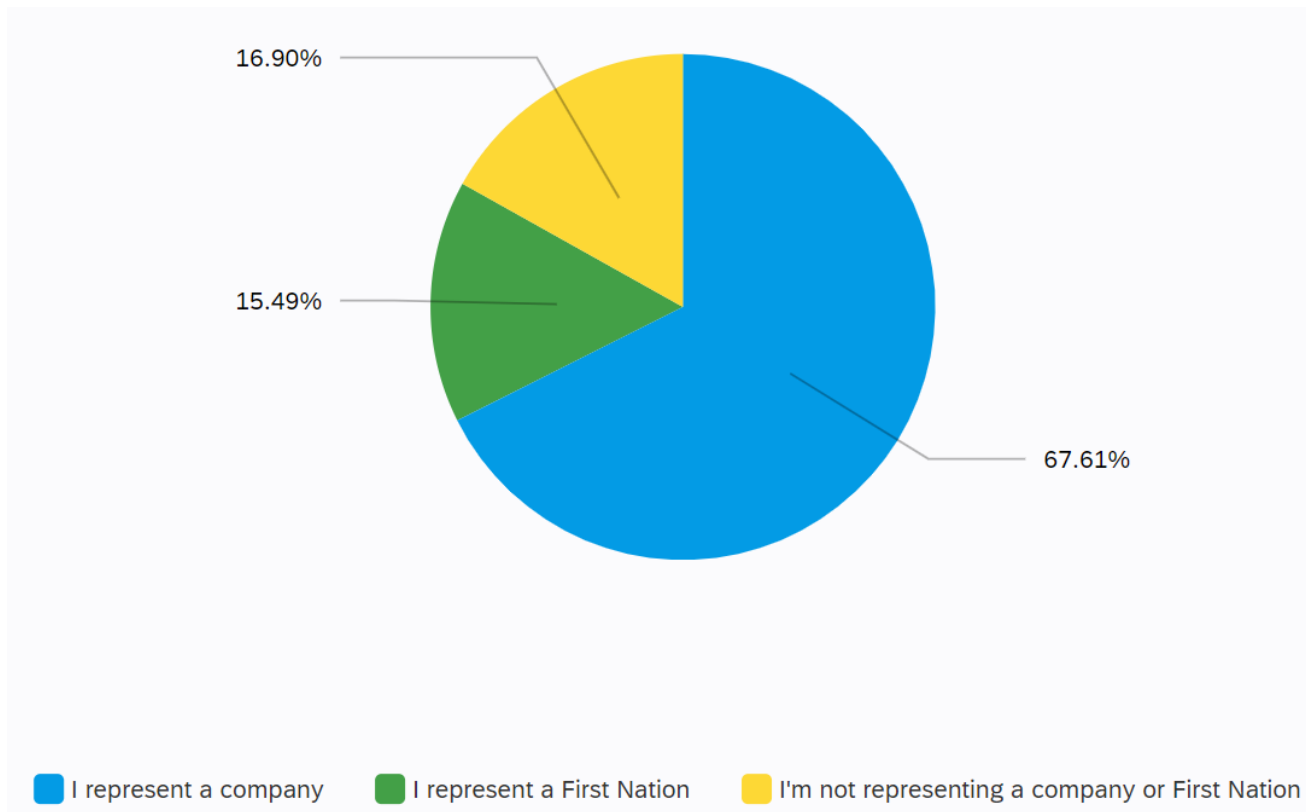
<b>Dates</b>	Survey open from July 17 to July 31
<b>Distribution</b>	Survey link emailed to Information Session First Nations and Independent Power Producer industry participants

An online survey was distributed to First Nations, Independent Power Producers (IPPs) and industry stakeholders and other potential call for power participants to solicit their feedback on the proposed key elements outlined in the information sessions held on June 28 and July 11, 2023.

Feedback received is presented below. Some responses have been summarized for brevity and some of the responses have been removed to protect sensitive commercial information. For clarity, the responses summarized below are those of survey participants and are not necessarily reflective of BC Hydro's positions.

### DEMOGRAPHICS

We received 61 responses to the survey, as follows:



### Does the company/First Nation you represent have any clean or renewable projects currently in development?

Yes: 16 responses  
 No: 17 responses

**Please tell us a bit about the clean or renewable projects currently in development, such as region, resource type(s), size, potential operation date.**

These responses have been excluded from this report to respect the confidentiality of respondents.

**Do you currently work with, or have you worked with, any entity that have any clean or renewable projects currently in development?**

Yes: 4 responses

No: 2 responses

**Please tell us a bit about the clean or renewable projects currently in development, such as region, resource type (s), size, potential operation date.**

These responses have been excluded from this report to respect the confidentiality of respondents.

## **FIRST NATIONS PARTICIPATION**

**First Nations participation in a project will be a requirement of the call for power**

**BC Hydro is committed to early engagement with First Nations on the call for power and will work in collaboration with First Nations on the requirement for First Nations' participation. Share your thoughts on what meaningful First Nations participation could look like with an independent power producer project.**

The responses to this question have been summarized below and grouped into categories by BC Hydro.

### **Governance**

- IPPs and the First Nations should define models
- First Nations participation should include at least one voting board member position
- First Nations should determine if a project proceeds or not

### **Ownership**

- Increasing involvement of rights holders in Indigenous-controlled development approaches to licensing and regulatory considerations, site evaluation, environmental assessments, public and stakeholder engagements, that help advance the scale of Indigenous ownership in projects.
- Working with First Nations with the primary value being reconciliation and understanding mutual partnerships to provide value to the communities.
- Ownership participation resulting in legacy long term economic benefits with strong employment opportunities for their members
- First Nations involvement in the earliest stages of proposals within their traditional lands and be provided all opportunities to invest effort and funds to the development of the proposal.
- Minimum First Nations equity participation of 10%.
- Equity position for the First Nation for putting up their interest in the land, job opportunities and contracting opportunities. means equity participation facilitated by a carried interest and an equity option agreement exercisable at COD.
- Capacity funding for First Nations to retain independent expert advice in negotiations and formation of the partnership(s).
- First Nation is offered a mutually agreed upon option for equity at an early stage of a project's development, that the First Nation could exercise at a later stage of the project's development.

### **Revenue**

- First Nations local to the community should receive a revenue stream from the project, for example, Columbia Basin Trust
- Consider a "compensation fund" developed within BC Hydro for First Nations to receive a fixed royalty on IPP payments to address territorial infringement and use of resources.

### **Equal access to benefits:**

- Recommend shared benefits amongst all First Nations

### **Support for First Nations projects**

Appendix B – Information Sessions Input Survey

- Create an Indigenous-specific stream that caters to the needs of First Nation proposals (e.g., process is made less onerous to overcome potential capacity limits at First Nations)

#### Risk mitigation

- Uncertainty of projects is not offloaded on First Nations (i.e., establish a mechanism for First Nations to recover unforeseen costs)

#### Collaboration and Consent

- Free, prior and informed consent before the project proceeds.
- Early engagement at the inception of the idea. Full open disclosure of potential impacts and what benefits might accrue to the First Nation.
- Recognition of First Nations underlying title and B.C.s commitment to implement UNDRIP and its various articles pertaining to land and resources.
- Fair, equitable meaningful discussions on power generation, and what that means for those that have an interest in getting into the sector, to form an agreement that ensures both interests are met with balance, and First Nation perspectives, values and interests are heard and implemented collaboratively.

#### Knowledge transfer

- First Nation guidance on local energy resources
- First Nations expertise for environmental review

#### Financial

- Access to capital from government grants (Federal, Provincial, First Nations), to increase economic sovereignty, self-sufficiency measures, and wealth generation to address barriers to participation in cleaner energy IPP opportunities.
- Government grants would assist with ensuring First Nations have the financial capacity to ensure access to this sector.
- Property tax allocation to First Nations under a provincial agreement.

#### Contract evaluation

- First-in funding for Indigenous-partnered projects
- Consider a new Indigenous Procurement Standard for First Nations equity participation, to maximize points awarded for development, building, owning, operating and maintaining power project assets with IPP's.

#### Development opportunities

- Career development
- Business development (First Nations contractors)
- First Nations' labour being well paid to build project
- Helping inexperienced First Nation IPPs through the interconnections process

#### Self sufficiency

- Willingness to let Nations buy out community grids for their own supply.
- Willingness to give First Nations primary service on incoming or existing grids so they can take control of their communities and bill as they choose.

#### Multi-benefit agreement

- Allow flexibility in the procurement process so that a mix of economic opportunities (vendor, procurement, service opportunities etc); ownership (equity); and knowledge transfer allow First Nations to maximize benefits from participating in the call, as opposed to a singular focus on equity investment.
- Include one of, or a combination of, equity participation or a royalty payment (e.g., via an Impact Benefit Agreement), as each First Nations' interest and ability to pursue these will vary.
- Provide a balance of project ownership, project control, and revenue share.

#### Clarification needed

- Potential significant confusion and risk will occur for IPP's in areas with overlapping First Nations territorial claims

## LESSONS LEARNED

In the information session, we noted that we're learning from previous calls in B.C. and from other jurisdictions:

- Importance of partnering with First Nations
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

### How many projects have you worked on developing previously?

Total projects: 695

**Of the projects that you have worked on developing previously, how many are pre-construction, in construction, and completed? Please enter 0 in the fields where you do not have any projects in a given stage.**

Pre-construction: 205

In construction: 41

Completed: 368

### What has worked for you in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

The responses to this question have been summarized below and grouped into categories by BC Hydro.

- Working with First Nations
  - First Nations as business partners in the project meaning that they are engaged to provide a clearly delineated service contract such as camp installation, operation, fuel transport, etc.
  - Reaching an agreement with the impacted First Nation(s) on the sharing of commercial benefits (equity and/or royalty) - defined to the level of a Term Sheet.
  - Partnering with the Tribal council that represented the majority of local First Nations was an efficient and rewarding way to structure an agreement.
  - First Nations participation in the permitting process. Commercial agreements are developed so that the project is de-risked at the cost of the developer with optional ownership and other benefit packages beginning at the Commercial Operation Date
  - A loan guarantee program for First Nations
- Openness and Transparency
  - Open lines of communication and complete transparency has been key in ensuring trust and success of projects development/construction/operation.
  - Clear RFP rules, process, procurement timelines and Commercial Operation Date expectations.
  - Clear contracting requirements with respect to payment, interconnection, responsibilities and long-term contracts to enable financing
  - Establish a clear understanding about what information is needed, the project status expected, flexibility to not have advanced engineering and permitting prior to bidding
  - Early engagement with stakeholders
- Interconnection
  - Streamlined system impact study and facilities study complete with interconnection estimate.
  - Fast interconnection cost evaluations and turn arounds.
  - Assignment of region where the project would be interconnected with existing utility infrastructure. Detailed transmission and distribution grid files for project siting, including KMZ files of transmission and distribution network, defined limits for installed capacity for each resource including limitations on storage assets, interconnection requirements, contract term, feasibility study
- Price certainty and term.
- Call design
  - A Request for Qualifications stage in advance of the RFP to ensure entities are capable of carrying out the financing and development of the proposed project once awarded.
  - Off-ramps for unknown or uncontrollable variables
  - Absence of BC Hydro evaluation of non-cost parameters
  - Flexibility in the procurement process and a long lead time to Commercial Operation Date
  - Open process approvals to be lined up on a schedule that does not force a fast agenda with First Nations.

- Clear written guidelines for set sizes of different installations outlining methods required to sell into the grid so proposals are more expedient.
- Contract term
  - Longer PPA terms that match useful life (30 years) of technologies and allow for better rates
  - Sufficiently long terms (40 years or greater) for IPP hydro
  - Clear contract terms and energy shaping adjustments (regional, seasonal, time of day).
- Frequent RFPs and clear demand signals that will provide a clear signal to invest
- Clear direction on financing alternatives (Renewable Energy Certificates, Canadian Infrastructure Bank, etc)
- Utility manages risk to guarantee the performance of the system, GHG reduction outcome, manage supply (including build-out capability and capacity) and demand side (off-takers)
- Suitable time to assemble bids/proposals
- Developing a power generation project in conjunction with broader community benefits

### What hasn't worked for you in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

The responses to this question have been summarized below and grouped into categories by BC Hydro.

- Abrupt call cancellation
- Lack of capacity funding for First Nations
- Lack of skill development due to passive investment in power projects
- Lack of information dissemination, awareness of opportunity and how to participate.
- Interconnection
  - Lack of clarity early on in process on interconnection/system costs being attributed to certain projects.
  - Uncertainty on interconnection suitability, requirements for significant investment prior to project certainty
  - Feasibility Study completed by the utility as part of proposal development completed within timely manor
  - Utility based delays in development, SIS as an example
- Lack of transparency and flexibility
- Lack of clear direction on First Nation participation
- Endless paperwork
- Schedule
  - Long delay between bid submission and bid selection.
  - Adequate time for proposal development (greater than or equal to 3 months)
  - Challenging and time-consuming negotiations
  - Unreasonable bid timeframes
- Evaluation weighting favoring capital expenditure, less on experience/design/partnership
- Call design
  - Lack of eligibility criteria
  - Short PPA terms
  - Small project size caps
  - Price caps
  - Evaluation requirements that are not clearly communicated in the RFP
  - Dictated First Nation involvement thresholds
  - Locational preference for projects
  - Lack of off-ramps
  - Unreasonable bid / contract securities
  - Lack of transparency as to where power is needed in the province
- Contract
  - PPA non-escalating (include escalation rate)
  - SOP or Micro SOP terms based on mega projects with no economy of scale considerations.
  - One-off power call

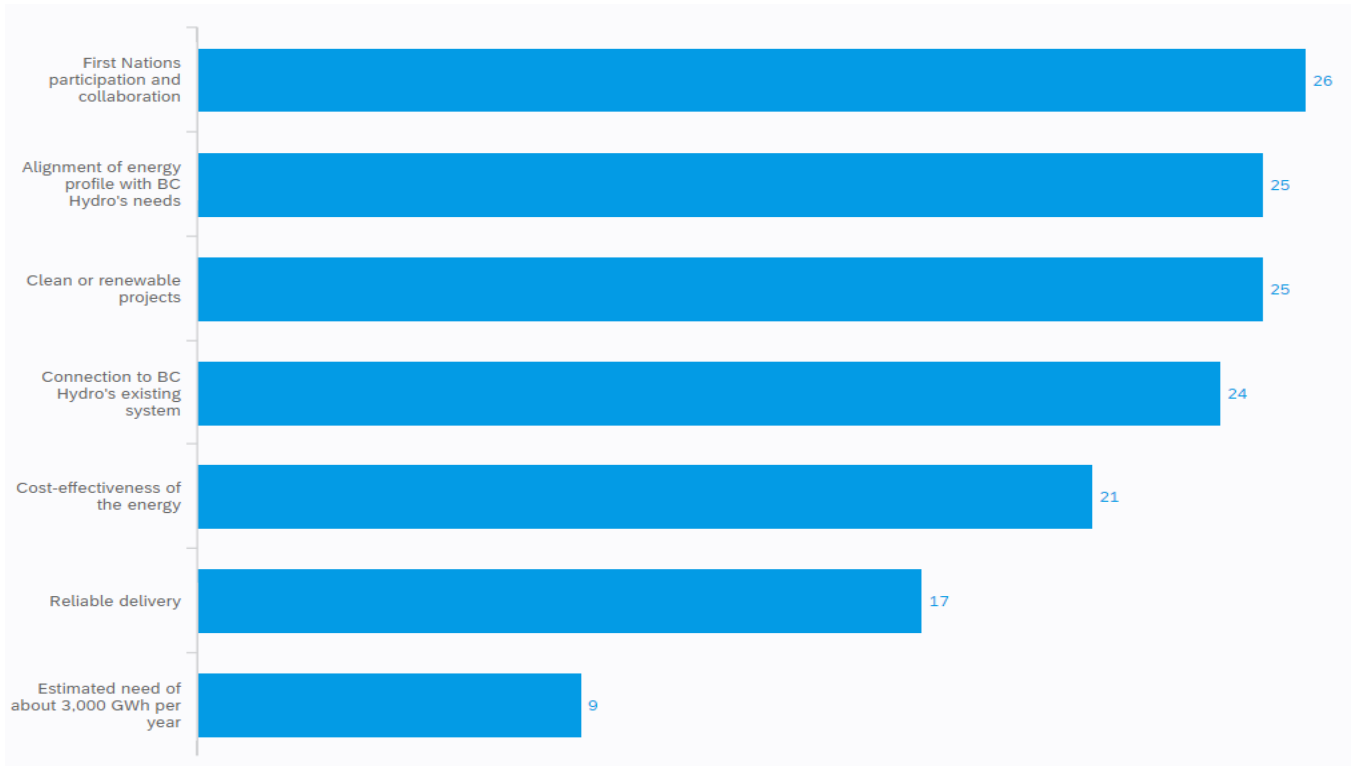
### Key elements of the call for power

#### First Nations participation and collaboration

- *Energy profile aligned with our needs: seeking projects with time of delivery profiles that best align with system needs (i.e., focus on winter delivery)*
- *Estimated need of about 3,000 GWh per year*

- *Connect to BC Hydro's existing system*
- *Cost-effective energy*
- *Reliable delivery: starting as early as 2028*
- *Large clean or renewable projects*

**Of the key elements listed above, select the ones that you think will have the most impact on the participation of company/First Nation you represent in the call for power.**



**Please explain why the elements selected above will have the most impact on the participation of companies/First Nations in the call for power.**

**First Nations participation and collaboration**

- Larger project sizes are harder for some First Nations to participate
- Some First Nations are so remote that interconnection costs may be prohibitive.
- Requires First Nations buy in and ownership of the proposal from the earliest stage including member participation
- It will bring jobs and infrastructure to local First Nations
- Incentivizes partnership with local First Nations, outreach to share news and ideas
- First Nation Participation needs to be defined
- Explicit requirements for collaboration with First Nations have the largest potential impact
- Will add risk for project advancement which may cause direct or indirect cost for power
- First Nations participation and collaboration takes time and lengthy discussions.

**Alignment of energy profile with BC Hydro's needs**

- Test valuation models to encourage the private sector to contribute to alignment of generation profiles with grid's need.
- This Call for Power does not explicitly outline the need for energy storage, limiting project application
- Price signal needs to be sufficient to ensure that proponents size the projects appropriately for the off-freshet flows and maintain high capacity factors
- Difficult for wind and solar over the required winter periods, however these types are more cost effective.
- Run of River power should not be penalized for not having storage
- Additional capital and O&M costs may be incurred to "shape" daily/annual power or, increased peak power prices will occur to compensate for expected lower power price during off peak

### **Estimated need of about 3,000 GWh per year**

- You need volume to attract investment and create certainty.
- Needs for 3,000 GWh per year by 2028 seems very optimistic.

### **Connection to BC Hydro's existing system**

- Creates need to locate near transmission corridors and existing generation sites
- Creative thinking about how to use existing land transformations for generation
- Short interconnection distances reduce land impacts and interconnection costs.
- The cost for interconnection is a large unknown for IPP's and they can be significantly more than anticipated - this risk tends to force power price bids higher
- Connection costs and system upgrades are a deterrent to many prime locations for power projects

### **Cost-effectiveness of the energy**

- Can install carbon capture facilities if the business case will justify the expense.
- The BCUC will only approve BC Hydro awarding energy supply agreements to IPPs that it judges are in the public/ratepayers interest
- Cost-effectiveness of energy, cost certainty in this current market is volatile.

### **Reliable delivery**

- Awarding contracts to projects whose bids clearly show that they can be strongly relied upon to deliver the energy as promised in the bid will reduce the number of projects that fail after being awarded a contract.

### **Clean or renewable projects**

- Limit technology selection to wind, solar, run-of-river hydro, storage hydro
- Wind and solar also need BCH's storage.

### **Other**

- BC needs to provide certainty and ensure it runs a call that is attractive to capital investment (there are many other places looking for that same investment) and that allows/encourages great projects that are durable and will meet BCs needs to be developed and ultimately operated.

## **SCHEDULE**

In our information session, we provided the schedule for the call for power that will ensure we begin receiving the electricity we need, starting in late 2028.

### **Please share your initial thoughts on the overall call for power schedule.**

The responses to this question have been summarized below.

- Noted that there is too much time on process design and not enough time for project execution.
- Interconnection process needs to be simplified and requires more information such as Available Transmission Capacity.
- Thorough call design and engagement timeframe. This helps to facilitate relationship building and thoughtful two-way communication between stakeholders
- Challenging timeline to acquire all licenses for land and water prior to bidding
- Both permitting timelines, requirements and path to successful authorization need to be much quicker and have certainty to meet the schedule.
- The implementation and construction timeline are too tight for larger, utility scale projects that may require an Environmental Assessment Certificate. Recommend that the Environmental Assessment Office develops a review process tailored to projects participating in this call
- Request clarification for submission date
- Recommend additional time to allow for First Nations consultation, environmental studies and provincial licensing.

### **Please share your thoughts on the proposed "call design and engagement" activities.**

The responses to this question have been summarized below.

- Request more information on project size and definition of clean or renewable projects
- Concern that too much time on this component will delay energy delivery.
- Recommend that First Nations lead or co-lead engagements with proper protocol, ceremonies, traditions, and customs to be Indigenous-led.
- Collecting of data and proper documentation of feedback is critical to make the process more meaningful.



- Request for online participation to reduce travel requirements
- Recommend that BC Hydro include IPPs in engagement activities relating to the "call design" and the "Draft RFP and Call Process"
- Focus First Nation workshops on opportunities to participate in the call and how to action those opportunities

### **Do you have any other feedback on the call for power?**

The responses to this question have been summarized below.

- Call should be more friendly to small hydro with storage or shape will less freshet energy.
- The call should be relabelled an "Energy Call" as it is meant to acquire Energy (MWh) and not Power (Capacity).
- BC Hydro must demonstrate a process of continuous improvement towards Indigenous economic and social outcomes.
- Ensure the call allows for smaller projects that can be financed by smaller entities so that the benefits accrue to the local economies
- The short terms for the Energy Purchase Agreements will likely keep many projects from making successful bids.
- Interest in standard of energy modelling used to evaluate projects
- Clarify if BC Hydro will participate with its own projects or if this is only open to IPPs.
- Request to further understand BC Hydro's plans for battery energy storage development in the province.



## INTRO

### **We're planning for a call for power**

We've initiated the planning required to acquire more electricity. The design of this call for power will be informed by engagement with First Nations and Independent Power Producers.

We're expecting to issue a call for power from larger, utility-scale clean or renewable energy projects in spring 2024.

We're looking for power to be in service as early as fall 2028. Details of the call will be finalized after engagement, which will occur throughout summer and fall 2023.

Preliminary estimates indicate that we'll plan to procure about 3,000 GWh per year of clean or renewable energy from new generation projects for the integrated BC Hydro system.

### **Seeking input and feedback**

In this first phase of call planning and design, we are seeking input and feedback on select design elements and our overall approach.

By completing this survey, you're providing the initial feedback we need to get started.

When responding to the survey questions, please be aware that BC Hydro is interested in collecting opinions on behalf of your business rather than your personal opinion.

All information submitted to BC Hydro in connection with this survey, becomes the property of BC Hydro and will not be returned. BC Hydro may in its discretion aggregate individual survey information into summary reports for the purposes of public reporting.

This survey should take approximately 5 to 10 minutes to complete although you're more than welcome to take long if you'd like.

For any open text boxes, please don't enter information that identifies yourself or others. Any such information, if added, will be deleted.

There are 7 questions on the following topics:

- First Nations participation
- Lessons learned
- Key elements of the power call
- Schedule

If you have any questions about the survey, please contact [power.call@bchydro.com](mailto:power.call@bchydro.com).

Click on  at the bottom right of the page to begin the survey.

All information submitted to BC Hydro in connection with this survey, becomes the property of BC Hydro and will not be returned. BC Hydro may in its discretion aggregate individual survey information into summary reports for the purposes of public reporting.

BC Hydro is collecting your feedback to help us develop the call for power. All responses to this survey will be held by BC Hydro in confidence, subject to the provisions of this survey, the Freedom of Information and Protection of Privacy Act and any other applicable legal or regulatory requirements. If you have questions about why your information is being collected, please contact Judy Dobrowolski, Manager, Engagement at [power.call@bchydro.com](mailto:power.call@bchydro.com) or call 604-623-4472.

## DEMOGRAPHIC

Before you get started, please let us know if you represent a company or First Nation.

- I represent a company
- I represent a First Nation
- I'm not representing a company or First Nation

Enter the name of the company you represent:

Enter the name of the First Nation you represent:

## DEVELOP\_PROJ

Does the company/First Nation you represent have any clean or renewable projects currently in development?

- Yes
- No

Please tell us a bit about the clean or renewable projects currently in development, such as region, resource type (s), size, potential operation date.

Do you currently work with or have you worked with any entity that have any clean or renewable projects currently in development?

- Yes
- No

Please tell us a bit about the clean or renewable projects currently in development, such as region, resource type (s), size, potential operation date.

## FN Participation

### **First Nations participation in a project will be a requirement of the call for power**

BC Hydro is committed to early engagement with First Nations on the call for power and will work in collaboration with First Nations on the requirement for First Nations' participation.

Share your thoughts on what meaningful First Nations participation could look like with an independent power producer project.

## LESSONS\_LEARNED\_OTHER

## Lessons learned

In the information session, we noted that we're learning from previous calls in B.C. and from other jurisdictions:

- Importance of partnering with First Nations
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

How many projects have you worked on developing previously?

Of the  $\{q://QID32/ChoiceTextEntryValue\}$  projects that you have worked on developing previously, how many are pre-construction, in construction, and completed?

Please enter 0 in the fields where you do not have any projects in a given stage.

Pre-construction

In construction

Completed

What has worked for you in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

What hasn't worked for you in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

## KEY\_ELEMENTS\_OTHER

### Key elements of the call for power

- First Nations participation and collaboration
- Energy profile aligned with our needs: seeking projects with time of delivery profiles that best align with system needs (i.e. focus on winter delivery)
- Estimated need of about 3,000 GWh per year
- Connect to BC Hydro's existing system
- Cost-effective energy
- Reliable delivery: starting as early as 2028
- Large clean or renewable projects

Of the key elements listed above, select the ones that you think will have the most impact on the participation of companies/First Nations in the call for power.

Select all that apply.

- First Nations participation and collaboration
- Alignment of energy profile with BC Hydro's needs
- Estimated need of about 3,000 GWh per year
- Connection to BC Hydro's existing system
- Cost-effectiveness of the energy
- Reliable delivery
- Clean or renewable projects

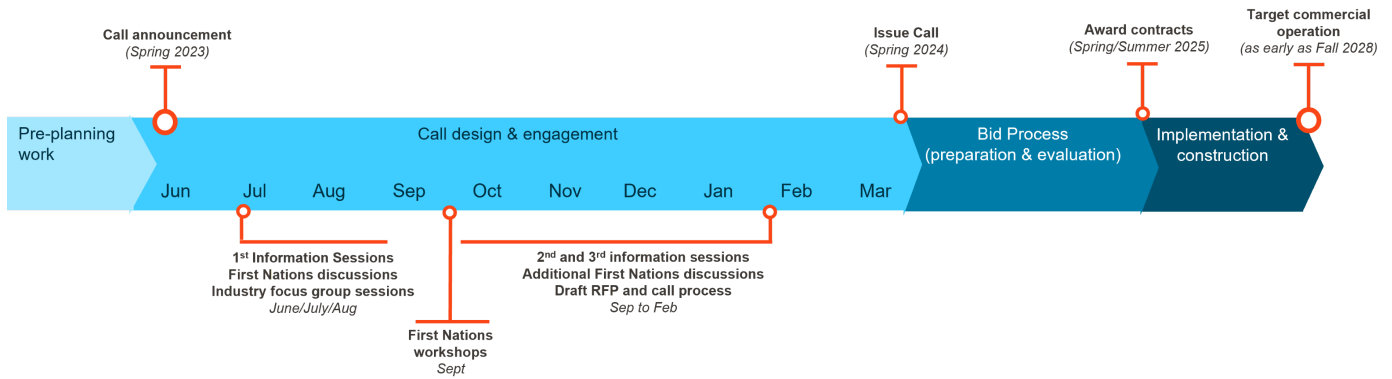
Please explain why the elements selected above will have the most impact on the participation of companies/First Nations in the call for power.

## **SCHEDULE**

### **Schedule**

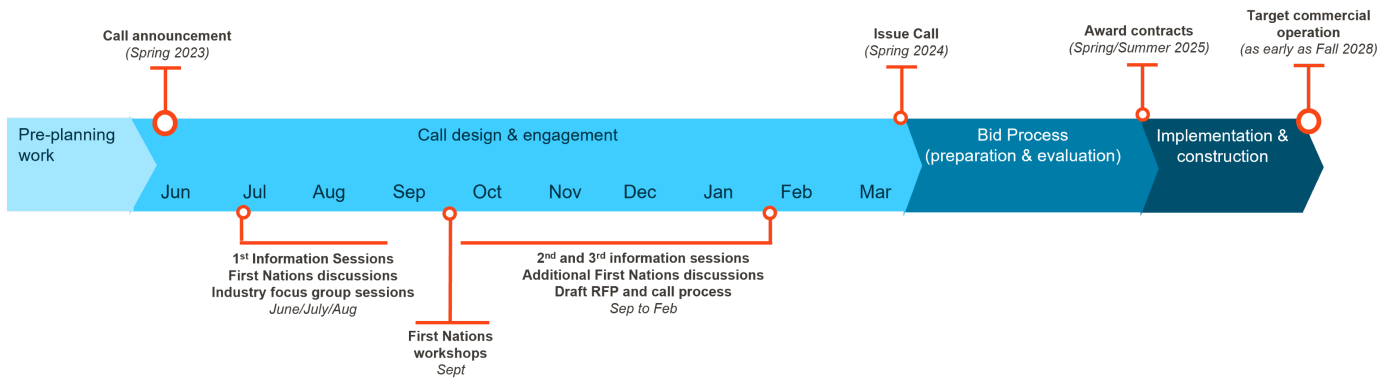
In our information session, we provided the schedule for the call for power that will ensure we begin receiving the electricity we need, starting in late 2028.





[\(click on image to view a larger size\)](#)

Please share your initial thoughts on the overall call for power schedule.



[\(click on image to view a larger size\)](#)

Please share your thoughts on the proposed "call design and engagement" activities.

Do you have any other feedback on the call for power?

**END**

Thank you for taking this survey.

Your response has been recorded.

If you have questions about the survey, please contact [power.call@bchydro.com](mailto:power.call@bchydro.com).

## **LESSONS\_LEARNED**

### **Lessons learned**

In the information session, we noted that we're learning from previous calls in B.C. and from other jurisdictions:

- Importance of partnering with First Nations
- Simplify contract terms

- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

How many projects has your company/First Nation worked on developing previously?

Of the  $\{q://QID26/ChoiceTextEntryValue\}$  projects that your company/First Nation have worked on developing previously, how many are pre-construction, in construction, and completed?

Please enter 0 in the fields where you do not have any projects in a given stage.

Pre-construction

In construction

Completed

What has worked for the company/First Nation you represent in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

What hasn't worked for the company/First Nation you represent in other calls for power previously issued by BC Hydro or issued in other jurisdictions?

## KEY\_ELEMENTS

### Key elements of the call for power

- First Nations participation and collaboration
- Energy profile aligned with our needs: seeking projects with time of delivery profiles that best align with system needs (i.e. focus on winter delivery)
- Estimated need of about 3,000 GWh per year
- Connect to BC Hydro's existing system
- Cost-effective energy
- Reliable delivery: starting as early as 2028
- Large clean or renewable projects

Of the key elements listed above, select the ones that you think will have the most impact on the participation of the company/First Nation you represent in the call for power.

Select all that apply.

- First Nations participation and collaboration
- Alignment of energy profile with BC Hydro's needs
- Estimated need of about 3,000 GWh per year
- Connection to BC Hydro's existing system
- Cost-effectiveness of the energy

Reliable delivery

Clean or renewable projects

Please explain why the elements selected above will have the most impact on your company/First Nation's participation in the call for power.

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## Appendix C: BC Hydro Call for Power Summary Notes

### Focus Group sessions

<b>Meeting</b>	Focus Group sessions regarding the key elements of the Call for Power
<b>Dates</b>	<p>In-person Focus Groups sessions:</p> <ul style="list-style-type: none"> <li>• July 24, 2023 – 1 p.m. to 4 p.m.</li> <li>• July 27, 2023 – 9 a.m. to noon</li> <li>• August 1, 2023 – 1 p.m. to 4 p.m.</li> <li>• August 9, 2023 – 1 p.m. to 4 p.m.</li> </ul> <p>Virtual Focus Group Session:</p> <ul style="list-style-type: none"> <li>• August 16, 2023 – 1 p.m. to 4 p.m.</li> </ul>
<b>Location</b>	<p>In-person: BC Hydro, 333 Dunsmuir St, Vancouver, BC  Virtual: Microsoft Teams</p>
<b>BC Hydro Representatives</b>	<ul style="list-style-type: none"> <li>• Monique Stevenson</li> <li>• Chris Revell (Aug 1 and 9)</li> <li>• Bruce Chow</li> <li>• Alan Tan</li> <li>• Greg Schabas</li> <li>• Patrick Tomlinson</li> </ul>
<b>Attendees</b>	<p><b>July 24:</b> 5 attendees representing:</p> <ul style="list-style-type: none"> <li>○ Elemental Energy</li> <li>○ Chinook Power Corp</li> <li>○ KWL</li> <li>○ Jim Dent Construction</li> <li>○ Algonquin Power Systems Ltd.</li> </ul> <p><b>July 27:</b> 2 attendees representing:</p> <ul style="list-style-type: none"> <li>○ Sea Breeze Power Corp</li> <li>○ MKI Energy Wind</li> </ul> <p><b>August 1:</b> 8 attendees representing:</p> <ul style="list-style-type: none"> <li>○ Metlakatla First Nation</li> <li>○ Innergex Renewable Energy</li> <li>○ Boralex</li> <li>○ Invenergy</li> <li>○ Sea to Sky Energy Solutions</li> <li>○ Axiom Infrastructure</li> <li>○ Evolgen by Brookfield Renewable</li> <li>○ Summit Power Management Inc.</li> </ul> <p><b>August 9:</b> 10 attendees representing:</p> <ul style="list-style-type: none"> <li>○ Clean Energy BC</li> <li>○ EDI Environmental Dynamics Inc.</li> <li>○ Potentia Renewables</li> <li>○ Stantec</li> <li>○ Recurrent Energy</li> <li>○ Barkley Project Group</li> <li>○ Capital Power</li> <li>○ Dragonfly Hydro</li> </ul>

	<ul style="list-style-type: none"><li>○ Enfinite</li><li>○ First Nations Power Authority</li></ul> <p><b>August 16:</b> 3 attendees representing:</p> <ul style="list-style-type: none"><li>○ Natural Forces</li><li>○ EDF Renewables</li><li>○ Paper Excellence</li></ul>
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## INTRODUCTION

As part of the first phase of engagement, BC Hydro conducted a series of dialogue meetings with small groups of IPPs with experience delivering projects under power calls previously issued by BC Hydro, or another jurisdiction in order to gather input regarding the design of the Call for Power. Topics included lessons learned from past energy procurement processes (in BC and outside of BC), common challenges experienced during project development, early input on key call elements, and early thoughts on what First Nations participation models they may have familiarity with from experience in other jurisdictions. The questions posed during these sessions was intended to mirror those from the survey but elicit more detailed discussion.

It should be noted that this summary may not fully capture all the comments and suggestions made by individual IPP representatives but is intended to serve as a broad summary of the key themes that arose and will be considered as the Call is designed, along with all other input received through the engagement process.

Each session opened with a welcome, an Indigenous territory acknowledgement and a round table introduction, along with an overview of the approach for the session – namely that the purpose is to hear from experienced IPPs, that BC Hydro won't be sharing anything new, and that discussion points won't be attributed to specific people. BC Hydro also noted that the information discussed in the focus group sessions is preliminary in nature and subject to change without notice; and that any discussion and shared information is not to be relied upon by participants as any representation, warranty, or covenant from BC Hydro.

BC Hydro shared select slides from the June/July First Nations and Industry information sessions in order to provide attendees with the same foundational understanding of the key elements and our plan for the Call. Discussion on five topics followed.

This document summarizes the common themes raised by participants under each topic area and discussed across the sessions. For clarity, points below are from participants and are not necessarily reflective of BC Hydro's positions. Feedback summarized in this Appendix C is anticipated to evolve and be added to by First Nations and stakeholders as we proceed with Phase 2 of engagement.

### Topic 1: Lessons Learned

- Predictable regular energy procurements would help signal to the market to invest in projects in BC over the long term. Continuity in energy acquisition processes would help maintain a stable IPP industry.
- Provide transmission system information early, indicate where significant upgrades may be required, and/or areas with lesser constraints. For example, Hydro Quebec, IESO, Alberta have provided transmission system information early in the procurement processes.
- There are Federal incentives available for renewable energy projects that have been leveraged in other jurisdictions (e.g., Canada Infrastructure Bank, Natural Resources Canada funding, planned Investment Tax Credit program).

- Simplify the EPA contract (in previous competitive calls, the contractual terms were difficult to model) and ensure that contractual terms are meaningful and have purpose.
- Provide transparency and clarity in what BC Hydro is seeking, the schedule, and how it will make decisions is important so IPPs can make informed decisions on which projects to proceed with, whether or not to invest in project development prior to the call, and how to develop a bid.
- Consider how to minimize attrition, using tools such as bid security, pre-qualification, 3<sup>rd</sup> party review of plans, energy resources, site control, etc.

### Topic 2: First Nations Partnerships & Collaboration

- Consider flexibility around requirements for First Nations economic participation, given diversity amongst Nations, which provides the opportunity for individual First Nations to determine what is adequate for their interests.
- There has been a range of equity ownership requirements for calls in different jurisdictions, from 25% in Alberta, to majority in Nova Scotia.
- In some jurisdictions (e.g., Nova Scotia and New Brunswick), participation is an eligibility criteria, but also is considered as part of the evaluation.
- Clarity is important – to ensure all participants know what parameters are and how to meet them.
- Financing support options available – consider having a presentation on these to support understanding of mechanisms and funding available (e.g., Canada Infrastructure Bank Indigenous Community Infrastructure Initiative).

### Topic 3: Project Development Challenges

- Permitting timelines is a key concern for developers
  - Need clear guidance on which permitting agencies to approach
  - Perceptions that approvals take longer than in the past
  - Concerns about what extent of permit process is expected at time of bid submission
- Interconnections process can pose challenges
  - Limited access to system capacity information early in the call process makes project planning challenging; difficult to know if a project will meet objective of ‘modest’ transmission system upgrades when studies won’t be done until later in process.
  - Interconnections costs can have substantive impacts to overall project costs, but aren’t known until too late in the process.
  - Some other jurisdictions complete feasibility studies on projects prior to bid submission and this is helpful.
  - Concerns about delays due to interconnection work that are outside of the IPP’s control.
- Financing:
  - Concerns around impacts of increasing interest rates, supply chain issues.
  - Federal incentives either exist or are in development that could support lower bid prices [noted above]
  - Though there is interest from the financial community in financing renewable energy projects, there is also competition for funds given increased development of renewable projects across North America

### Topic 4: Call Process

- Project size: Large, utility-scale considerations:
  - Other jurisdictions focus on larger projects (100 MW-200 MW); “large” could mean anything larger than 50MW or 100MW, depends on perspective and resource type
  - Economies of scale typically start to be meaningful around 50 MW and Environmental Assessment threshold is 50 MW
  - There is also value in smaller projects – these have different economics
  - Clarity is important early so that developers can know if their project will be eligible, or size it accordingly.
- Call schedule / timing - consider:
  - Allow time to make arrangements with First Nations



- Summer is critical for project development prior to and following the call process because major field work needs to happen during the summer. Missing a summer season can add a year to the project development schedule.
- Balance between getting construction and equipment supplier quotes late enough so that they remain valid through to construction, but numbers firmer the closer to delivery (refinement of costs the closer to delivery)
- If EPA award is per schedule (spring/summer 2025), could impact some IPPs ability to delivery by Fall 2028 COD
- Timing of interconnection studies with respect to bid submission is a concern, because the study results will impact project costs.
- Call process:
  - Clarity on information requirements and how proposals will be evaluated, and consider opportunity for proponents to clarify information as part of the process
  - Clarity on system needs and energy profile requirements is important

### Topic 5: Additional Comments

- Electricity Purchase Agreement:
  - Term: Many participants expressed a preference for EPA term of a minimum 25 years, which is reflective of what they're seeing in other jurisdictions
  - Risk allocation: consider allocating risk to party that is best able to manage it
  - Escalation:
    - Various perspectives were presented on the percentage of CPI for escalation and timing of escalation, and what should be assumed as CPI (2% typical in other jurisdictions now).
    - A construction index would better reflect cost risks prior to commencing commercial operations.
- Wind has a 3% production tax on gross generation after 10 years
- Open and frequent communication as the call is developed will be helpful.

# Planning for a Call for Power

Workshops

July and August, 2023

# Today's Agenda

Item	Time
1. Introductions	15 min
2. Approach	5 min
3. Call background	5 min
4. Discussion on key themes (inc. break)	2.5 hr
5. Wrap-up	5 min

# Approach for Today

## Welcome!



- Purpose is to hear your thoughts
- Please consider air time for others
- Comments will help inform next phases of engagement and Call
- Meeting outcomes will be shared, comments aggregated over all sessions (not attributed to person / organization)
- Any discussion and shared information in the focus group sessions is preliminary in nature and subject to change without notice;
- Any discussion and shared information is not to be relied upon by participants as any representation, warranty, or covenant from BC Hydro.

# We're planning a competitive Call for Power



**On June 15, the Province of BC and BC Hydro announced plans for a Call for Power:**

- Estimated need of about **3,000 GWh per year**, starting delivery **as early as 2028**.
- Larger clean or renewable energy projects.
- First Nations partnership opportunities.

# We're planning to look for



**Energy** profile aligned with our needs: approximately 3,000 GWh/year



Connect to BC Hydro's **existing system**



**Cost-effective** energy



**Reliable delivery:** starting as early as 2028



**Larger clean or renewable projects**



**First Nations partnerships and collaboration**

# Topic 1: Lessons Learned

## Thinking about your participation in previous calls (BC and beyond) and knowledge of the industry:

- If you could pick the top 2 things that worked or didn't work for you, what would they be?
- What opportunities do you see in terms of how we design this call?

The screenshot shows a presentation slide with a navigation bar at the top containing six tabs: 'Log into client', 'Planning & call for power', 'Learning from the past and elsewhere', 'What are we looking for', 'Participate', and 'Schedule & manage engagement'. The main heading is 'We're learning from previous calls in B.C. and from other jurisdictions'. Below this is the sub-heading 'We need to simplify, focus and be flexible to evolving needs'. A blue rounded rectangle on the left contains the text 'Learning from our past calls, and from other jurisdictions'. To its right is a list of five bullet points: 'Importance of including opportunities for First Nations participation', 'Simplify contract terms', 'Larger projects have economies of scale', 'Conduct multiple, smaller calls in phases, aligned with electricity demand', and 'Different ways to provide information about interconnections processes and constraints prior to call issuance'. The BC Hydro logo and 'Power smart' tagline are in the bottom right corner. A small number '9' is visible in the bottom left corner of the slide.

**We're learning from previous calls in B.C. and from other jurisdictions**

We need to simplify, focus and be flexible to evolving needs

**Learning from our past calls, and from other jurisdictions**

- Importance of including opportunities for First Nations participation
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

BC Hydro  
Power smart

9

## **Topic 2: First Nations Partnerships & Collaboration**

**Share your thoughts on what meaningful First Nations participation could look like with an independent power producer project.**



## Topic 3: Project Development Challenges

What are some challenges you've experienced – in BC vs other jurisdictions?

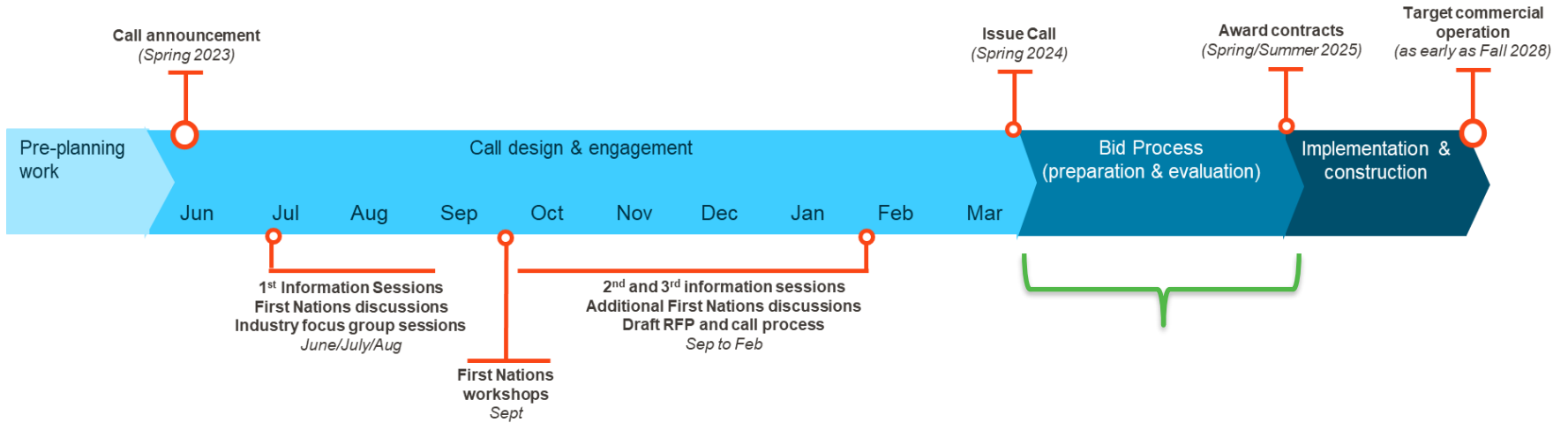
- Permitting
- Transmission & Interconnections
- Financing

## Topic 4: Call Process

### What is important to you about the process?

- Eligibility requirements (size, clean, new)
- Product & delivery profile (energy, meets system needs)
- Interconnections / connect to BC Hydro's system
- Schedule
  - Time from launch to bid award
  - Time from award to COD

# Schedule



## **Discussion topic 5: Additional comments**

**Share your thoughts on other aspects of energy procurement that may be useful as we develop the Call.**

- E.g. EPA terms, risk allocation, etc.

# Wrap Up

## Thank you

Please email us if you have any additional comments you would like us to consider.

The draft RFP package is expected to be posted in Fall 2023.

For more information, visit the **IPP Projects** page on [bchydro.com](https://www.bchydro.com)

## Appendix C: BC Hydro Call for Power Summary Notes

### First Nations Focus Group sessions

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<b>Meeting</b>	Focus Group sessions regarding the key elements of the Call for Power
<b>Dates</b>	Virtual Focus Group Sessions: <ul style="list-style-type: none"> <li>• August 22, 1pm – 4pm</li> <li>• August 24, 1pm – 4pm</li> </ul>
<b>Location</b>	Virtual: Microsoft Teams
<b>BC Hydro Representatives</b>	<p>August 22:</p> <ul style="list-style-type: none"> <li>• Greg Perrins; Senior Manager, Indigenous Relations</li> <li>• Monique Stevenson; Call for Power Project lead</li> <li>• Alan Tan, IPP Portfolio Management lead</li> <li>• Dina Matterson, Sr. Relationship Manager, Indigenous Relations</li> </ul> <p>August 24:</p> <ul style="list-style-type: none"> <li>• Monique Stevenson; Call for Power Project lead</li> <li>• Alan Tan, IPP Portfolio Management lead</li> <li>• Patrick Tomlinson, Project Manager, Indigenous Relations</li> </ul>
<b>Attendees</b>	<p>August 22: 5 attendees representing:</p> <ul style="list-style-type: none"> <li>○ First Nations Energy and Mining Council</li> <li>○ Saulteau First Nation</li> <li>○ Hupacasath Tribal Council</li> <li>○ Okanagan Nation Alliance</li> <li>○ Tahltan Nation Development Corporation</li> </ul> <p>August 24: 3 attendees representing:</p> <ul style="list-style-type: none"> <li>○ First Nations Energy and Mining Council</li> <li>○ Namgis Business Development Corp.</li> <li>○ Kanaka Bar Indian Band</li> </ul>

## INTRODUCTION

As part of the first phase of engagement, BC Hydro conducted a series of meetings with small groups of First Nations with experience in developing clean power projects to gather input regarding the design of the Call for Power. Topics included lessons learned from past energy procurement processes (in BC and outside of BC), common challenges experienced during project development, early input on key call elements, and early thoughts on First Nations participation models. The questions posed during these sessions were intended to mirror those from the Call for Power Information Session survey but elicit more detailed discussion.

It should be noted that this summary may not fully capture all the comments and suggestions made by individual First Nation representatives but is intended to serve as a broad summary of the key themes that arose and will be considered as the Call is designed, along with all other input received through the engagement process.

Each session opened with a welcome, an Indigenous territory acknowledgement and a round table introduction, along with an overview of the approach for the session – namely that the purpose is to hear from First Nations with experience in developing clean power projects, that BC Hydro won't be sharing anything new regarding the call (e.g.

no decisions had been on key parameters of the call, including project size), and that discussion points won't be attributed to specific people. BC Hydro also noted that the information discussed in the focus group sessions is preliminary in nature and that any discussion and shared information is not to be relied upon by participants as any representation, warranty, or covenant from BC Hydro.

BC Hydro shared select slides from the June/July First Nations and Industry information sessions in order to provide attendees with the same foundational understanding of the key elements and our plan for the Call. Discussion on five topics followed.

This document summarizes the common themes raised by participants under each topic area and discussed across the sessions. For clarity, points below are from participants and are not reflective of BC Hydro's positions.

## Summary of Key Themes

### Topic 1: Lessons Learned

- Interconnection process: bottleneck for scenario planning at BC Hydro
- BC Hydro should identify brownfield sites that can host clean energy projects – do pre-studies of stranded assets, like old sawmills
- Other companies should be able to do System Impact Studies on behalf of BC Hydro
- Interconnection process is faster in other jurisdictions (Alberta, Manitoba, Quebec (3-4 months))
- Supportive of BCH hiring more transmission engineers to improve the speed of the interconnection process

### Topic 2: First Nations Partnerships & Collaboration

- First Nation participation should be consistent with the government announcement, i.e., minimum equity ownership requirement (range of 25-30% given)
- In addition to a minimum equity ownership requirement, there should be an equivalent non-equity benefit option for First Nations who are not interested in equity ownership but still want to participate and an option to buy additional equity beyond the minimum requirement
- Carve out of a percentage of the 3000 GWh for First Nations projects (majority owned by First Nations) with a different timeline and different minimum size than the main Call for Power, which could help address concerns expressed by First Nations that the engagement process leading to the launch of the Call in Spring 2024 is too short
- Independent power producers can use IBAs as a tool to get consent where First Nations are not interested in equity ownership
- Shared territory complicates First Nations participation requirements – not fair to expect all Nations to participate
- First Nations should have decision making authority in all project development decisions
- Benefits like capacity building and education scholarships are appropriate
- Non-economic factors should be part of the criteria
- Ownership of EPAs coming due should transition to new First Nation owners
- Collective ownership is possible
- Consider benefits to local communities - not seeing them from large projects in their backyard.
- Flexibility in the model is important.

### Topic 2: Project Development Challenges

- Financing
  - There is a role for Government in providing access to capital, loan guarantees, or some other mechanism to support equity participation.
  - Government can support clean energy projects by influencing taxation.
  - The sooner an EPA can be signed, the easier the financing will be to establish.
- Permitting
  - Permitting is an issue given the Call timelines

### Topic 3: Call Process

- Project Size
  - First Nations and developers need to know the minimum project size ASAP so they can start determining their partnership arrangements
- Call Schedule/Timing
  - May be difficult to get cost-effective projects and First Nations participation in such a tight timeline
  - Interconnection study timelines are an issue

### Topic 4: Eligibility and Evaluation

- Possible two-stage requirement: eligibility (minimum equity ownership or significant financial benefit) and evaluation (scoring system to rate projects)
- BC Hydro should verify First Nation participation to ensure benefits are flowing to First Nations – suggested that this role be given to a third-party verifier– also have penalties in the EPA if the agreement changes at project commissioning from what it was in the bid
- BC Hydro can advocate, but is not responsible, for finding sources of equity for First Nations
- Non-economic factors should be part of evaluation criteria

### Topic 5: Additional Comments

- Preferable to have a post-mortem consultation after the Call for Power is implemented before the cycle begins again
- Make sure learnings from this round are applied to future rounds (e.g., how can we better incorporate First Nations interests, challenges into the design of future rounds)
- EPA terms: energy pricing, storage pricing, curtailment (load shedding) pricing should also be incorporated – e.g., NYC



# Planning for a Call for Power

Workshops

July and August, 2023

# Today's Agenda

Item	Time
1. Introductions	15 min
2. Approach	5 min
3. Call background	5 min
4. Discussion on key themes (inc. break)	2.5 hr
5. Wrap-up	5 min

# Approach for Today

## Welcome!



- Purpose is to hear your thoughts
- Please consider air time for others
- Comments will help inform next phases of engagement and Call
- Meeting outcomes will be shared, comments aggregated over all sessions (not attributed to person / organization)
- Any discussion and shared information in the focus group sessions is preliminary in nature and subject to change without notice;
- Any discussion and shared information is not to be relied upon by participants as any representation, warranty, or covenant from BC Hydro.

# We're planning a competitive Call for Power



**On June 15, the Province of BC and BC Hydro announced plans for a Call for Power:**

- Estimated need of about **3,000 GWh per year**, starting delivery **as early as 2028**.
- Larger clean or renewable energy projects.
- First Nations partnership opportunities.

# We're planning to look for



**Energy** profile aligned with our needs: approximately 3,000 GWh/year



Connect to BC Hydro's **existing system**



**Cost-effective** energy



**Reliable delivery:** starting as early as 2028



**Larger clean or renewable projects**



**First Nations partnerships and collaboration**



# Partnerships with First Nations

**We will work closely with First Nations to co-design the call**

- BC Hydro is committed to reconciliation and the principles of the UN Declaration on the Rights of Indigenous Peoples
- BC Hydro is committed to early engagement and working with First Nations to find meaningful partnership opportunities
- We want to listen and learn what is important to First Nations for this call
- We want to collaborate with First Nations on the design of the call and we are open to ideas and input on how it will work

# Topic 1: Lessons Learned

## Thinking about your participation in previous calls (BC and beyond) and knowledge of the industry:

- If you could pick the top 2 things that worked or didn't work for you, what would they be?
- What opportunities do you see in terms of how we design this call?

The screenshot shows a presentation slide with a navigation bar at the top containing six tabs: 'Log into client', 'Planning & call for power', 'Learning from the past and elsewhere', 'What we're looking for', 'Participate', and 'Schedule & manage engagement'. The main heading is 'We're learning from previous calls in B.C. and from other jurisdictions'. Below this is the sub-heading 'We need to simplify, focus and be flexible to evolving needs'. A blue rounded rectangle on the left contains the text 'Learning from our past calls, and from other jurisdictions'. To its right is a list of five bullet points: 'Importance of including opportunities for First Nations participation', 'Simplify contract terms', 'Larger projects have economies of scale', 'Conduct multiple, smaller calls in phases, aligned with electricity demand', and 'Different ways to provide information about interconnections processes and constraints prior to call issuance'. The BC Hydro logo and 'Power smart' tagline are in the bottom right corner. A small number '9' is visible in the bottom left corner of the slide.

**We're learning from previous calls in B.C. and from other jurisdictions**

We need to simplify, focus and be flexible to evolving needs

**Learning from our past calls, and from other jurisdictions**

- Importance of including opportunities for First Nations participation
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance

BC Hydro  
Power smart

9

## **Topic 2: First Nations Partnerships & Collaboration**

**Share your thoughts on what meaningful First Nations participation could look like with an independent power producer project.**



## Topic 3: Project Development Challenges

What are some challenges you've experienced – in BC vs other jurisdictions?

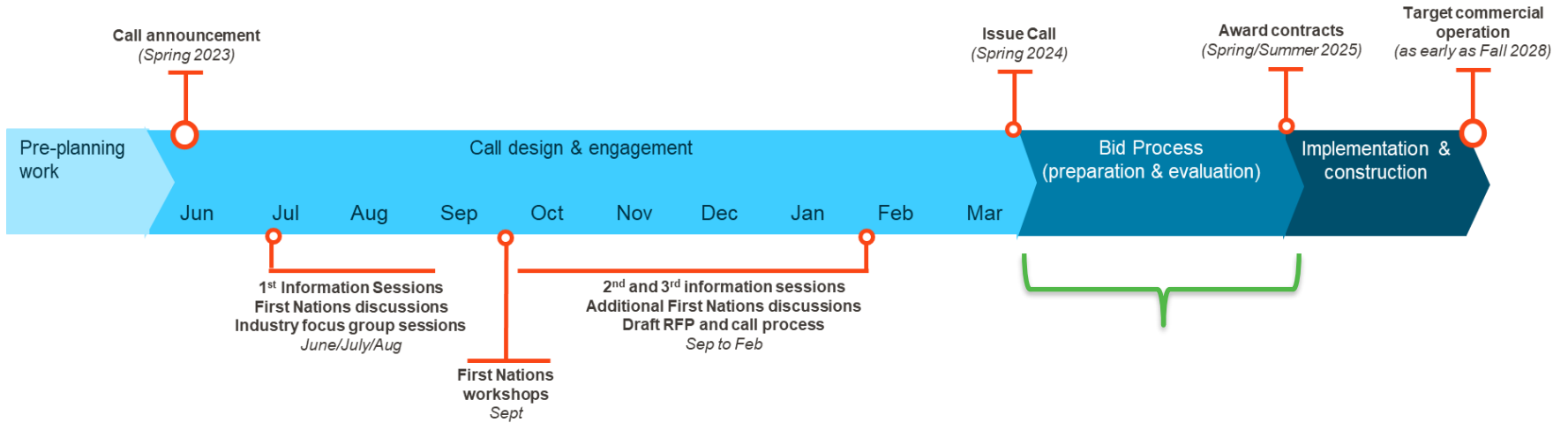
- Permitting
- Transmission & Interconnections
- Financing

## Topic 4: Call Process

### What is important to you about the process?

- Eligibility requirements (size, clean, new)
- Product & delivery profile (energy, meets system needs)
- Interconnections / connect to BC Hydro's system
- Schedule
  - Time from launch to bid award
  - Time from award to COD

# Schedule



## **Discussion topic 5: Additional comments**

**Share your thoughts on other aspects of energy procurement that may be useful as we develop the Call.**

- E.g. EPA terms, risk allocation, etc.

# Wrap Up

## Thank you

Please email us if you have any additional comments you would like us to consider.

The draft RFP package is expected to be posted in Fall 2023.

For more information, visit the **IPP Projects** page on [bchydro.com](https://www.bchydro.com)

# Appendix D: BC Hydro Call for Power Summary Notes

## First Nations Phase I approach to engagement

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### ENGAGEMENT WITH FIRST NATIONS

#### Overall Approach

Since the June 15 public announcement, our goal has been to proactively speak with as many Nations and key organizations representing Nations as possible to provide an overview of the Call for Power and seek feedback on options and models for First Nations participation.

We have been in 'listening' mode with Nations throughout Phase 1 and have intentionally avoided putting participation model options on the table so we can hear from First Nations on their recommendations for how to design this component of the Call. Engagement has proceeded on several levels:

#### 1:1 Meetings with Nations

- To date, we've met with 24 First Nations in individual meetings. At these meetings, we've provided the background to the Call for Power, confirmed the schedule of upcoming activities for Nations, and solicited feedback on how best to structure First Nations participation on the Call for Power.

#### First Nations Energy and Mining Council (FNEMC)

- BC Hydro and First Nations Energy and Mining Council (FNEMC) have signed a Capacity Funding Agreement to cover FNEMC work throughout the engagement period (i.e., July 2023 – February 2024).
- FNEMC has already provided helpful feedback on draft proposals of upcoming engagement activities, like our Industry Focus Groups in August and the First Nations workshops in September.

#### Focus Groups, Workshops, and Information Sessions

- Two First Nations focus groups took place in late August to collect feedback from Nations and representatives of Nations with experience negotiating equity agreements and managing large electricity projects. Read about what we heard in Appendix C: FN specific focus groups
- A second round of workshops will be held in November to share information with First Nations on the participation model that has been selected for advancement based on input received earlier in the Fall and to further review the draft Call materials, including the term sheet.

#### Other Activities

- On June 15, an email was sent to 200+ First Nations giving initial background and context to the Call for Power, confirming how to contact us with questions and comments and providing details about upcoming information sessions and other activities open to Nations.
- On June 27, we attended the Indigenous Clean Energy Opportunities forum and provided an overview of the call to First Nations attending.

- We've also met with the following public sector or advocacy organizations to discuss best practices in Indigenous participation models and financing options for Nations interested in taking equity positions in renewable energy projects:
  - First Nations Major Projects Coalition
  - First Nations Power Authority
  - Natural Resources Canada
  - Environment and Climate Change Canada, Government of Canada
  - Canada Infrastructure Bank
  - Saskatchewan Power

Learn about what we've heard so far from these First Nations sessions in the Summary Report, Appendix C: FN-specific focus groups, and Appendix D: First Nations 1:1 Meetings.

**Next Steps for First Nations engagement**

- 4 in-person and 4 virtual workshops are planned for September. The North region will be divided into two sub-regions, the North Coast and the Treaty 8 region. The purpose of these workshops is to gather input and feedback from First Nations on three potential participation models that are being contemplated for the Call as part of our goal in advancing economic reconciliation.
- In addition to joint Industry/First Nations workshops planned for October, we will hold a standalone First Nations workshop in this round of engagement where we will share a draft term sheet that will form the basis of the specimen EPA for the call, and key terms that will be included in the request for proposals. We will also review the three potential First Nation participation models to collect additional feedback beyond what we hear in September.

# Appendix D: BC Hydro Call for Power Summary Notes

## First Nations individual meetings

<b>Meeting</b>	Individual one to one meetings with First Nations regarding the key elements of the Call for Power
<b>Location</b>	Virtual: Microsoft Teams
<b>BC Hydro Representatives</b>	Patrick Tomlinson Dina Matterson Relationship Lead (joined the majority of the meetings to listen in and take notes)
<b>Date/First Nation</b>	26-Jun Pespesellkwe 26-Jun Simpcw First Nation 27-Jun Nlaka'pamux Nation Tribal Council 30-Jun Blueberry River First Nation 06-Jul Prophet River First Nation 07-Jul High Bar First Nation 14-Jul Fort Nelson First Nation 19-Jul Neskonlith First Nation 21-Jul McLeod Lake Indian Band 25-Jul Kwantlen First Nation 28-Jul K'omoks First Nation 02-Aug Nazko First Nation 03-Aug Tobacco Plains Indian Band 04-Aug Skeetchestn First Nation 08-Aug Sauteau First Nation 08-Aug Tsleil-Waututh Nation 11-Aug Tk'emlúps te Secwépemc 17-Aug Tsilhq'otin Nation Government 17-Aug Halfway River First Nation 23-Aug Sts'ailes 25-Aug Doig River First Nation 29-Aug Tla'amin Nation 29-Aug Tahltan Nation 31-Aug Peters First Nation

### INTRODUCTION

As part of the first phase of engagement, the Indigenous Relations team at BC Hydro met with 24 First Nations in individual meetings throughout the summer to provide an overview of the Call and seek early feedback and input into the call design.

BC Hydro shared select slides from the June/July First Nations and Industry information sessions in order to provide attendees with the same foundational understanding of the key elements and our plan for the Call.



## **SUMMARY OF FIRST NATIONS FEEDBACK**

The comments and content of these meetings were intended to be kept confidential between the First Nations and BC Hydro. This summary provides a very high level of the themes BC Hydro heard and shares the topics that generated the most discussion and interest from First Nations.

1. First Nations partnerships in projects, participation and collaboration in designing the call
2. Capacity and resource constraints
3. Project development
  - a. Financing
  - b. Interconnections
  - c. Permitting
4. Call parameters/process
  - a. Project size
  - b. Timelines
  - c. Types of technologies
  - d. Evaluation criteria
5. Relationships
6. Cumulative Effects
7. General

# Appendix E: FNEMC Discussion Paper

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## BC Hydro 2023 Call for Power- A Framework for Advancing Indigenous Economic Opportunities First Nations Energy and Mining Council

### Contents

<b>Background and Context</b> .....	<b>2</b>
<b>Framework for Advancing First Nations Economic Opportunities</b> .....	<b>3</b>
<b>Framework Overview</b> .....	<b>3</b>
<b>Framework Components</b> .....	<b>4</b>
Component A) Minimum Equity Requirements on 2775 GWh .....	<b>4</b>
Component B) Evaluation Model – with focus on self reporting.....	<b>6</b>
Component C) Regulatory Direction.....	<b>7</b>
Component D) First Nations Call to Power on 925 GWh .....	<b>7</b>
<b>Recommended process for Framework development</b> .....	<b>8</b>
<b>Subsequent Calls and Concluding Remarks</b> .....	<b>8</b>

## Background and Context

On June 15, 2023, the Province of BC announced that BC Hydro would undertake a call for approximately 3,000 GWh per year of new, clean generation (the “2023 Call for Power”) and in addition to this 700GWh from existing facilities. At the same time, BC Hydro amended its Integrated Resource Plan (“IRP”) that was before the BC Utilities Commission (the “Commission”) to reflect, among other things, that BC Hydro would now require this new electricity. The previously filed IRP has maintained BC Hydro’s long-held stance that the Utility was in a surplus energy and capacity position and would be well into the 2030s. Now that the Province has recognized the need for more energy to meet both natural load growth and its environmental policy aims, the 2023 Call for Power has been directed to proceed by the Spring of 2024.

This sudden reconsideration of BC Hydro’s energy requirements and the associated short time frames for executing the 2023 Call for Power threaten the opportunity for First Nations to gain a meaningful share of the benefits and opportunities arising from new energy project development. And this threat will continue to exist unless appropriate engagement that is executed in partnership with Indigenous peoples immediately occurs. The June 15<sup>th</sup> 2023 Call to Power announcement<sup>1</sup> has made the following relevant commitments to ensuring First Nations economic participation:

- The Province and BC Hydro will work with First Nations to design a call for power that includes a minimum First Nations ownership in the project.
- Immediate consultation will also commence with First Nations and the First Nations Energy and Mining Council (FNEMC) on options for Indigenous economic participation requirements.
- This will include discussions around partnerships, project procurement opportunities, benefits-sharing agreements, and appropriate evaluation criteria for Indigenous participation.

In review of the above commitments, as well as the BC Hydro Call for Power Engagement Plan (Appendix A), it is recognised that the Province and BC Hydro are developing a more thoughtful approach to reconciliation than displayed in the past. However this approach can and must be strengthened in particular given the following: (a) First Nations’ repeated attempts to conduct the necessary conversations about First Nations involvement in the energy sector when the time was available to conduct those discussions properly (through the Indigenous Clean Energy Opportunities<sup>2</sup> (ICEO) process initiated in 2022 as one example); (b) the findings of the Commission in its Inquiry into the Regulation of Indigenous Utilities, which could have been helpful to First Nations but that have been ignored by BC; and (c) new and important recognition and reconciliation obligations on government that have arisen and been legislated since BC Hydro’s last material power call in 2008, but which still lack actionable definition and implementation in the energy sector.

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<sup>1</sup> BC Gov News, “Clean power to electrify B.C.’s future”, June 15 2023,

<sup>2</sup> Indigenous Clean Energy Opportunities – Government of British Columbia, <https://indigenouscleanenergyopportunities.gov.bc.ca/>

First Nations have already expressed that BC and BC Hydro's shortfall in future planning for the province's energy needs and leaving inadequate time to consult with First Nations about meeting that need, should not serve, yet again, as a reason to exclude First Nations from being material beneficiaries of the new generation and transmission developments that BC Hydro's 2023 Call for Power is motivating within their territories.

In recognition of this context as well as the legislated implementation of the United Nations Declaration on the Rights of Indigenous Peoples in BC (Bill 41- the Declaration Act), First Nations are reminding the province of their rights for both participation in, and benefits from, the 2023 Call for Power. The following sections sets out FNEMC's suggested Framework for ensuring that First Nations receive adequate benefits from the 2023 Call for Power, notwithstanding that BC Hydro's proposed schedule is simply inconsistent with leaving adequate time for the meaningful and thoughtful consultation that the Province's reconciliation obligations should have demanded.

## Framework for Advancing First Nations Economic Opportunities

### **Framework Overview**

The requirements for First Nations to be consulted and accommodated due to infringements of their rights and title remains with First Nations as the rights and title holders themselves. The new United Nations standard is now consent. This Framework builds on that obligation. As a result, to the extent that non-Indigenous proponents endeavour to respond to the 2023 Call for Power, these proponents must reach an Impact Benefit Agreement (IBA) (or similar) with the Nations in whose territories the planned projects infringe.

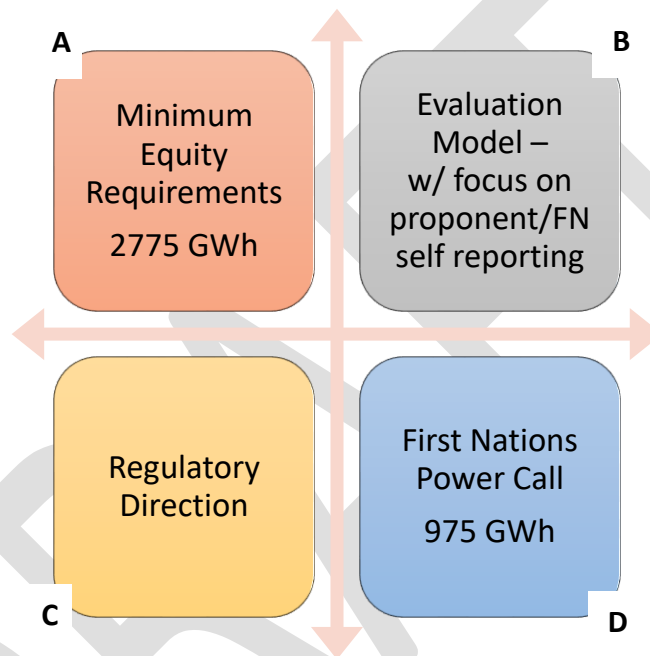
The Framework consists of four components.

**Components A and B** together set minimums for the First Nations' benefits arising from these IBAs entered into directly between proponents and First Nations as well as creates incentives for projects to exceed these minimums furthering the Provinces commitments to reconciliation. The benefit minimums (Component A) fall into four major categories: (1) granted equity or (at the Nation's discretion, a cash equivalent); (2) employment; (3) contracting opportunities with targets and penalties if the targets are not achieved; and (4) capacity building. Further incentives are reflected in the proposed evaluation model (Component B) which focuses on self-reporting.

**Component C** ensures that project proponents can be compensated for these requirements by BC Hydro, and that BC Hydro can, in turn, secure regulatory approvals for contracts containing incremental benefits for First Nations through the appropriate regulatory instruction.

**Component D** provides a solution to overcome the short time frame associated with this 2023 Call for Power that has deeply disadvantaged First Nations who have sought to develop their own generation or wires projects in response to the new demand. As noted above, this is a particularly concerning outcome, since First Nations anticipated this result, and sought to discuss

energy development models that would have effectively positioned Nations to participate directly in the call. As noted, these attempts at timely discussions were repeatedly rebuffed, with both the Province and BC Hydro citing large and persistent surpluses. First Nations must not be disadvantaged by the Province’s sudden claims of urgency. To ensure that this disadvantage does not arise, the Framework proposed by FNEMC seeks a set aside of 25 per cent of the proposed 3,700 GWh 2023 Call for Power, pending development of a model for this volume of energy to be supplied by projects that are entirely or substantially owned and controlled by First Nations (the “BC Hydro Indigenous Power Call”). The timing of this First Nations Power Call should be dictated by the time it takes First Nations, the Province, and BC Hydro to develop a fair and effective model for such a procurement process.



*Figure 1 Four-part Framework to advance First Nations Economic Opportunities*

## Framework Components

This Framework intends to specifically apply to power generation investments (assets not owned by BC Hydro), and not transmission, distribution, grid connections improvement investments (assets typically owned by BC Hydro). For assets owned by BC Hydro, this will require different but comparable considerations in the ways of increasing First Nations economic opportunities. The Framework components for generation investments follow.

### Component A) Minimum Equity Requirements on 2775 GWh

First Nations have an economic and social interest in both the financial and governance advantages of owning electricity generation and transmission projects that are being developed within their traditional territories. As already identified this Framework includes an exclusive “BC Hydro Indigenous Power Call” (see component D) to ensure with greater certainty that provincial reconciliation objectives are achieved. However within the remaining 2775 GWh

(non-deferred) portion there is still acceptable opportunity to advance First Nations economic opportunities through a minimum equity grant for those projects seeking participation in the 2023 Call for Power in conjunction with an adequate evaluation model with a focus on self-reporting (see component C).

On the 2775 GWh (non-deferred) portion FNEMC proposes that this equity grant should be provided by the project proponent under one of the following options:

*Option 1 (Equity option)*

This option would mandate a 35 per cent equity grant in the form of a unique class of preferred equity within the relevant project entity. This class should have a dividend designed to match on a forecast basis annual distributions provided to the most remunerative class of equity in the project entity. This class should also have a pro-rata claim to any retained equity within the company on a priority exceeding that of the most beneficial class of share in the project. This class of share should have no capital contribution obligations attached to it.

In addition, equity granted under this option should be entitled to seats on the board of directors for the project entity equal the class' pro-rata share of total outstanding equity. These board seats should have rights equal to all other seats on the project entity's board.

*Option 2 (Non-equity option)*

An annual cash grant in lieu of equity, equal to the return on a notional 35 per cent equity position. This payment should reflect a return on equity equal to at least 200 basis points above the Commission's Benchmark allowed return on equity, using an assumed capital structure of 40 per cent equity, applied to a total project capitalization inclusive of both generation and interconnection assets. Depreciation and reinvestment of the project capital should reflect assumptions contained in the relevant proponent's 2023 Call for Power bid.

No governance provisions should attach to this "quasi equity" Option, beyond any provisions that are otherwise a part of the IBA.

*Option 3 (Equity option with opportunity to further advance stake)*

In conjunction with either of Option 1 or Option 2, Nations should be provided the opportunity to contribute up to a further 15 per cent of the project equity utilizing government grants, loans such as the Canadian Infrastructure Bank or their own source revenue. This equity must be common equity, or return rights and benefits equal to the class of common equity in the project entity. At the same time, this equity would also be subject to any losses and capital contribution obligations of common equity holders, on a pro-rata basis.

For the purposes of the benefits self-reporting provisions of the Framework (further described in Component B), Nations will calculate the present value of expected equity distributions. Recognizing that the social discount rate of First Nations is likely well above the discount rate

for either BC or BC Hydro, Nations will be entitled to discount equity payments at a rate equal to at least 150 per cent of BC Hydro's weighted average cost of capital.

### **Component B) Evaluation Model – with focus on self reporting**

To make certain that the minimums required by the Framework do not become a ceiling as well as a floor, the Framework includes a provision for First Nations to self-report, as part of the proponent's submission into the 2023 Call for Power, their expected benefits in each of the four benefits categories. Those categories are: (1) granted equity or (at the Nation's discretion, a cash equivalent); (2) employment; (3) contracting opportunities; and (4) capacity building. The form and calculation of that benefits reporting will be standardized to allow for comparison across projects, and the terms of the 2023 Call for Power shall be structured to assign selection benefits based on the relative size of these reported benefits.

FNEMC recognizes that the relative selection weight within the 2023 Call for Power that is attached to these benefits should be set to balance the cost of these benefits against other project selection criteria that BC Hydro may choose to consider, including rate impacts. However, the call's selection criteria must not be so focussed on price considerations that it creates a disincentive for project proponents and First nations to include reasonable accommodation and reconciliation costs within their bids. Effecting this balancing will require considerable discussion as the Framework is refined and implemented.

To ensure that the costs of these incremental benefits (that is, those benefits above the minimums) are not perceived as imprudent costs or construed to act against proponents' incentives to provide reasonable First Nations benefits, the importance of Commission instruction to mitigate this risk is further described in Framework Component C.

#### *Employment, Contracting, and Capacity Building*

In addition to an equity benefit the evaluation model should also ensure all non-Indigenous proponents seeking contracts under the 2023 Call for Power have reached IBAs with affected Nations that provide for valuable preferences in employment, contracting, and capacity building. FNEMC believes that the Framework should promote opportunities for Nations to receive these benefits without the call terms constraining the individual needs and preferences of affected Nations. As such, Nations and proponents should be encouraged to negotiate whatever benefits are suited to their circumstances.

Overall, the 2023 Call for Power should have provisions that are responsive to the self-reported benefits of the impacted Nations in each of the four categories (1) granted equity or (at the Nation's discretion, a cash equivalent); (2) employment; (3) contracting opportunities; and (4) capacity building. For example, the self-reporting regime could define a mechanism for positive or negative points against a "baseline" quantum and value in each of these benefits areas. Positive points should gain advantages for projects in the tendering process, while negative points (a failure to achieve the minima) should be disqualifying. The value of these points should be defined and require proponents to negotiate valuable opportunities in jobs, training, and

contracting. These point values should guarantee sole-sourced contracting, jobs at all levels of work and management, and robust training and advancement schemes.

### **Component C) Regulatory Direction**

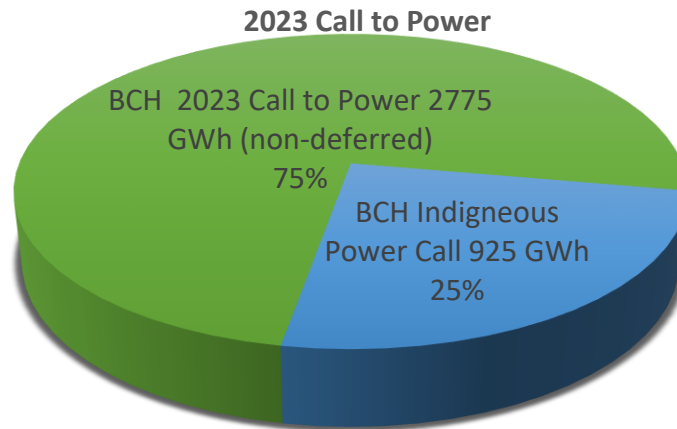
Provisions in the 2023 Call for Power and in instructions to the Commission should ensure that proponents face reasonable incentives to include such provisions in their IBAs, without fear that doing so will harm their competitive position in the 2023 Call for Power. The Framework must provide that the Province instruct, pursuant to section 3 of the *Utilities Commission Act* (the “Act”), that any incremental power costs associated with satisfying the Framework be allowed as part of the program design and resulting contracts, as BC Hydro seeks approval for these under s. 71 of the Act, or under s. 44.1(9).

Should BC choose to fund any of these accommodation and reconciliation costs directly rather than through BC Hydro’s payments to project proponents (and, therefore, through BC Hydro’s rates), it could do so explicitly, relieving ratepayers of these costs and removing to some extent the question of these costs’ reasonableness from the Commission’s jurisdiction. However, should the Province choose to make such a contribution in the form of grants for the Nations to acquire equity in the projects, both BC Hydro (in assessing project costs) and the Commission (in regulating the prudence of those costs) should be instructed to consider this equity as fully entitled to earn a fair return, in recognition of these funds belonging to the contributing First Nation.

### **Component D) First Nations Call to Power on 925 GWh**

The Framework includes a carve out of 25% of the 3,700GWh exclusively for First Nations led projects or Utilities. The design and roll out of this carve out is to be Indigenous led through active engagement over 2023/2024.





*Figure 2 BC Hydro Indigenous Power Call for 925 GWh proportionate to the 2775 GWh*

## **Recommended process for Framework development**

Owing to the short time frame BC and BC Hydro have allowed for the 2023 Call for Power and, by extension, for the development of this Framework and the negotiation of IBAs, FNEMC suggests the following steps:

1. FNEMC and BC Hydro work to confirm and agree to the provisions of this Framework, including the equity options to be presented to First Nations, the self-reported benefits regime, and the application of the Framework within the 2023 Call for Power tendering and evaluation terms for presentation over August/September 2023 engagements.
2. Based on this work, First Nations rights-holders, FNEMC, BC Hydro, and the province should establish what instructions to the Commission are required to ensure that the determined Framework is not compromised by the Commission's jurisdiction under s. 71, 44.1(9) or other sections of the Act (such as cost approvals) that may apply to BC Hydro's actions and expenditures under the Framework. To be complete over October/November.
3. Following the accomplishment of this work, FNEMC and BC Hydro should work to determine the terms and conditions for First Nations participation in the 2023 Call to Power. December- March 2024 Finalize the design of First Nation participation.

## **Subsequent Calls and Concluding Remarks**

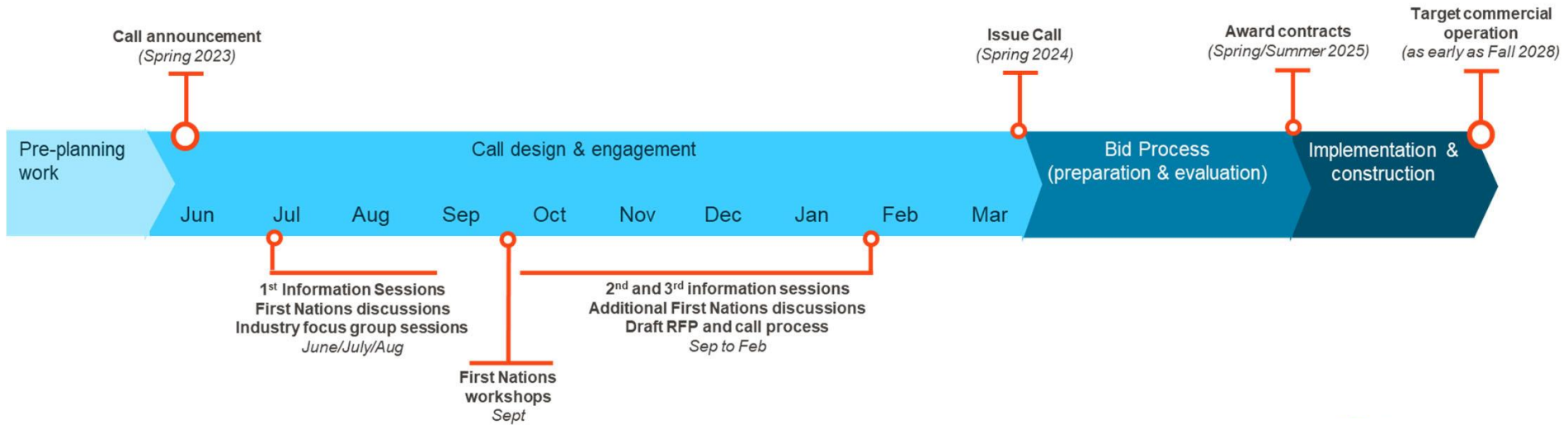
As noted throughout this submission, FNEMC is disappointed that First Nations timely requests to develop a long-term plan to advance mechanisms and approaches to First Nations' involvement in the electricity sector were not received positively. To avoid a repeat of the hasty mechanisms and approaches that First Nations are now being asked to engage on for the 2023

Call for Power, FNEMC suggests that, following the first exclusive First Nations Power Call for the 925GWh, a schedule of regular power calls – with material First Nations’ opportunities – is developed and committed to, consistent with BC Hydro’s forecast energy needs as these are expected to unfold and refined in future IRPs.

FNEMC is hopeful that BC Hydro sees the value of identifying and reacting to such scheduled demand in conjunction with its IRP processes. FNEMC believes that such calls are a necessary means of ensuring robust private power sector (First Nations and non-Indigenous) that is ready and able to meet on-going electricity demand in the province. No power sector, First Nations or otherwise, benefits from sudden, reactive, and unforeseen spikes in demand, followed by long periods during which projects lose momentum and capital flees to more reliable opportunities.

As a result of the unnecessary urgency and pressure placed on our Nations, FNEMC will also be seeking commitments from BC that BC Hydro will improve its procurement planning and scheduling, including through consultation with First Nations, so that future power procurement and development is more consistent with the demands of reconciliation.

Appendix A- BC Hydro Call to Power Engagement Plan



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