EVALUATION PRICE ADJUSTER FORMULAS

Revised: January 17, 2024

The following table sets out the example calculations for the proposed evaluation adjustments for moving from a Bid Price, as submitted by a Proponent, to the Evaluation Price, as used by BC Hydro to evaluate Proposals. Additional details on the evaluation adjusters can be found in the draft Request for Proposal (RFP) and specimen Electricity Purchase Agreement (EPA) documents that were posted to the bchydro.com website[1] on January 8, 2024. BC Hydro notes that the inputs and calculations are subject to change and that any evaluation adjustments will not influence the price paid to a successful bidder. All monetary ($) values are in 2024 Canadian Dollars unless otherwise specified.

Please note that the draft RFP, EPA and this Evaluation Price Adjuster Formulas document should be considered preliminary in nature and remain subject to change without notice. Accordingly, BC Hydro provides no representation or warranty that the adjuster formulas summarized in this document will reflect the final terms of the RFP. For certainty, this document is not an offer and does not create any legally binding obligations, rights or liabilities.

Adjustment	Description
A **Levelized Real Bid Price**	$Levelized\_Real\_Bid\_Price \ [\$/MWh]$ $\qquad = Bid\_Price \ [\$/MWh] \times Levelized\_Real\_Conversion\_Factor$ where: • *Bid_Price [$/MWh]:* Project Bid Price provided by the proponent on Schedule 2, Commercial Proposal Form of the RFP • *Levelized_Real_Conversion_Factor = 0.86* This factor converts the Bid Price to a Levelized Real Price (i.e., with 100% annual escalation) of equal present value. This factor is constant for all Proposals and derived from BC Hydro financial assumptions (e.g., discount rates, long-term CPI)

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[1] BC Hydro Call for Power engagement website: Call for power engagement (bchydro.com)

Adjustment	Description
B **Network Upgrade Adder**	$Network\_Upgrade\_Adder$ [$/MWh$] $$= \frac{Network\_Upgrade\_Cost\ [\$]}{Average\_Annual\_Energy\ [MWh] \times EPA\_Term\_PV\_Factor}$$ where: • *Network_Upgrade_Cost [$]:* Project specific network upgrade costs as determined by BC Hydro • *Average Annual Energy [MWh][2]:* Expected average annual energy output of Project delivered to the POI. • *EPA_Term_PV_Factor* = 17.46 Adjusts the adder such that the Network Upgrade Costs are divided across the present value of all energy generated over the 30 year EPA term.
C **Capacity Commitment Credit**	$Capacity\_Commitment\_Credit$ [$/MWh$] $$= -1 \times \frac{Capacity\_Commitment[MW] \times \$58,000/MW \cdot year}{Average\_Annual\_Energy\ [MWh/year]}$$ where: • *Capacity_Commitment [MW]:* Capacity Commitment selected by Proponent • *$58,000/MW-year:* annual value assigned to Committed Capacity • *Average Annual Energy [MWh][2]:* Expected average annual energy output of Project delivered to the POI.
D **First Nations (FN) Equity Credit**	$FN\ Equity\ Credit$ [$/MWh$] $=$ $= -1 \times (\$0.125/MWh/\% \times min\{FN\_Equity - 25\%, 49\% - 25\%\}$ $+ if(FN\_Equity \geq 50\%, \$0.40/MWh)$ $+ if(FN\_Equity \geq 51\%, \$0.60/MWh))$ where: • *FN_Equity:* Total share (in %) of Project owned by First Nations Notes: • The maximum credit amount is $4/MWh for a Project with 51% or greater First Nations equity. • The formula is applied to full percentage points of First Nations equity and is not scaled for partial percentage points.
E **First Nations Support Letter Credit**	$FN\_Support\_Letter\_Credit$ [$/MWh$] $= -1 \times \$1/MWh$

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[2] BC Hydro is proposing to calculate the Average Annual Energy estimate using standard Average Capacity Factors as determined by BC Hydro and provided below in Table A-1. Average Annual Energy is calculated as Plant Capacity x Annual Capacity Factor x 8,760 hours/year.

Adjustment		Description
F	**Resource Integration Adder**	$Resource\_Integration\_Adder$ [$\$/MWh$] $=$ • $\$2/MWh$ *for wind* & *solar generation projects*, *or* • $\$0/MWh$ *for all other projects*.

G	**Cost of Incremental Firm Transmission (CIFT) Adjustment**	$CIFT\_Adjustment$ [$\$/MWh$]
		
		$$= \frac{CIFT\,[\$/MW \cdot year]\, \times\, Plant\_Capacity\,[MW]\, \times\, Peak\_Capacity\_Factor}{Average\_Annual\_Energy\,[MWh/year]}$$
		
		where:
		
		• *CIFT [$/MW-year]:* Cost of incremental firm transmission determined by region, as follows:
		   ◦ *$53,600/MW-year* for Projects located outside the Lower Mainland and Vancouver Island (adder);
		   ◦ *$0* for Projects located in the Lower Mainland; and
		   ◦ *-$73,700/MW-year* for Projects Located on Vancouver Island (credit)
		
		• *Plant_Capacity [MW]*: Capacity deliverable to POI as specified on the Proponent's Schedule 2 - Commercial Proposal Form.
		
		• *Peak_Capacity_Factor:* Generic value (in %) assigned by BC Hydro for a resource's contribution to meeting winter peak demand based on technology type (e.g., wind, solar, biomass, run-of-river hydro, small storage). Please refer to Table A-1 below for proposed factors.
		
		• *Average Annual Energy [MWh][2]:* Expected average annual energy output of Project delivered to the POI.

H	**Transmission Loss Adder**	$Transmission\_Loss\_Adder$ [$\$/MWh$] $$= Levelized\_Real\_Bid\_Price\,[\$/MWh]\, \times\, \left(\frac{1}{1-Energy\_Loss\_Factor} - 1\right)$$ where: • *Levelized_Real_Bid_Price [$/MWh]*: as calculated in A, above • *Energy_Loss_Factor:* Project-specific energy line loss factor (in %) to be determined by BC Hydro as an outcome of the loss studies.
Evaluation Price		$Evaluation\_Price^3$ [$\$/MWh$] $= A + B + C + D + E + F + G + H$

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[3] Positive evaluation adjuster values are representative of evaluation adders; negative values represent evaluation credits.

Table A-1: Proposed Annual Capacity Factors and Peak Capacity Factors by Resource Type

Resource Type	Annual Capacity Factor	Peak Capacity Factor
Wind	36%	24 %
Solar	19%	0 %
Run of River Hydro	38%	15 %
Small Storage Hydro	52%	71 %
Geothermal	68%	87 %
Biomass	91%	96 %