PRE-BID CONFERENCE

500 MW of Firm Capacity and Associated Energy

Call for tenders A/O 2015-01

ALIMENTER L’AVENIR
• Introduction (10 minutes)

• Presentation (50 minutes)

• Pause (15 minutes)

• Question period (75 minutes)
PLAN OF THE PRESENTATION

1. Role of involved parties
2. Product requested and admissible capacity resources
3. Needs and requirements
4. Selection process
5. Main contractual commitments
6. Timetable
7. Question period
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Role of involved parties
 ROLE OF THE RÉGIE DE L'ÉNERGIE IN THIS CALL FOR TENDERS

• Monitor the application of the Call for Tenders and Contract Award Procedure (« Procedure ») and the Code of Ethics on conducting calls for tenders, both approved by the Régie de l'énergie

• Approve the weighting table for criteria used for ranking bids for the present call for tenders (D-2014-205; December 8, 2014)

• Approve the electricity supply contracts resulting from the call for tenders
ROLE OF THE OFFICIAL REPRESENTATIVE

• Raymond Chabot Grant Thornton acts as Official Representative in the present call for tenders.
• Its role consists of:
  ➢ Assisting the Distributor in the call for tenders process
  ➢ Advising the Distributor on the application of the Procedure
  ➢ Participating in the communication between bidders and the Distributor
• All communications related to the present call for tenders must take place through Hydro-Québec Distribution's website at:

www.hydroquebec.com/distribution/en/marchequebeccois
ROLES OF HYDRO-QUÉBEC TRANSÉNERGIE IN THIS CALL FOR TENDERS

• Conduct the exploratory studies and the connexion studies of the generating facilities to the system
• Estimate the transmission costs
• The chosen bidders must sign a Connection Agreement with TransÉnergie
• Perform the connection to the transmission system
ROLE OF HYDRO-QUÉBEC TRANSÉNERGIE EXPLORATORY STUDY

• This request is optional ($5,000)
• It provides useful indications to the bidders when preparing their bid (cost estimate, lead times)
• To request an exploratory study, bidders must:
  1. Fill out the Exploratory Study Request Form: http://www.hydroquebec.com/transenergie/fr/commerce/producteurs_prives.htm
  2. Send the request by e-mail to: teproducteursprives@hydro.qc.ca

• Deadline: April 1, 2015
PURPOSES OF AN EXPLORATORY STUDY

• Provide an estimate of the costs related to a possible connection scenario
• Analyze the lead times related to the implementation of the scenario
• Determine if it is preferable to connect the facility to the electrical distribution system or the transmission system

Note: the exploratory study must not be interpreted as a final solution
ROLE OF THE DIRECTION APPROVISIONNEMENT EN ÉLECTRICITÉ

- Launch calls for tenders (short and long term):
  - Call for Tenders A/O 2015-01:
    - Ensure at all times the availability of capacity
    - Ensure reliability
- Administer the Distributor's electricity supply contracts
- Prepare the electricity supply plans
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Product requested and admissible capacity resources
CHARACTERISTICS OF THE REQUESTED PRODUCT

• Flexibility in the hourly scheduling of energy:
  ➢ Delivery notice of 32 hours
  ➢ Final notice of 4 hours

• Non-recallable by the Supplier

• Availability and reliability (for at least 300 hours)
QUANTITY REQUESTED

- 500 MW of Firm Capacity and associated energy
  - Offer shall be between 25 MW and 500 MW
- A minimum of 300 hours of associated energy
  - Mainly during the winter period (from December 1 of one year to March 31 of the following year)
  - The Distributor may schedule between 0 and the number of hours offered which shall not be less than 300 hours
• Call for tenders is open to:
  ➢ All bidders
  ➢ All types of commercially recognized generation technologies that provide stability, durability and reliability (intermittent energy is excluded)
ADMISSIBLE CAPACITY RESOURCES

• Call for tenders is open to:

  ➢ Generating facilities located in Québec:
    ✓ System capacity
    ✓ Unit portfolio
    ✓ Existing or new facility

  ➢ Generating facilities located outside Québec:
    ✓ Specific generating facilities are eligible if the electricity they generate does not use the existing reception capacity for the existing interconnections with the transmission networks outside of the Québec control area (NY, NE, Ontario, New Brunswick)
ADMISSIBLE CAPACITY RESOURCES

• Call for tenders is open to: (cont’nd)

  ➢ A bidder who buys electricity from Hydro-Québec at the Distribution tariff or under a special contract should not use such electricity to provide the requested product.

  ➢ Any bidder referred to in the above paragraph shall demonstrate the aforesaid condition to the satisfaction of the Distributor before May 5, 2015 at 4:00 PM and, at the request of the Distributor, during the performance of the Contract.
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Needs and requirements
GUARANTEED COMMENCEMENT DATES OF DELIVERIES AND TERM OF CONTRACTS

• Deliveries must start on December 1, 2018. However, a bidder may submit a bid with deliveries after that date but no later than December 1, 2019.

• Taking into account its needs, the Distributor will first consider bids with a guaranteed commencement date of deliveries of December 1, 2018.

• Fixed contract term: 20 years from the commencement date of delivery.
ELIGIBLE PRICING FORMULAE

• Eligible pricing formulae include two components:
  1. Capacity component ($/kW-year)
     ➢ Annual Index for the capacity component
  2. Energy component ($/MWh)
     ➢ Annual Index for the energy component

• Eligible Price Indices are:
  ➢ CPI
  ➢ Fixed Index
  ➢ Natural gaz price (for energy component only)

(Appendix 5 of the Call for tenders Document)
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Selection process
STEP 1 : MINIMUM REQUIREMENTS

• Each bid is assessed in order to determine if it meets each of the 6 minimum requirements hereafter mentioned:

1. Rights to the site
2. Access to transmission
3. Firmness of energy delivery
4. Experience of the bidder
5. Technological maturity
6. Time required for the connection of the generating facilities
STEP 2: RANKING OF BIDS

• Bids that have met the minimum requirements of Step 1 are evaluated individually based on a group of 6 criteria:

<table>
<thead>
<tr>
<th>Weighting</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>Price of electricity</td>
</tr>
<tr>
<td>15</td>
<td>Sustainable development</td>
</tr>
<tr>
<td>10</td>
<td>Financial strength</td>
</tr>
<tr>
<td>5</td>
<td>Relevant experience</td>
</tr>
<tr>
<td>5</td>
<td>Project feasibility</td>
</tr>
<tr>
<td>5</td>
<td>Flexibility</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
## NON-PRICE CRITERIA

- **Sustainable development**
  - Greenhouse gas emissions (GHG) 5
  - Renewable nature of the supply 4
  - Nitrogen Oxide emissions ($\text{NO}_x$) 2
  - Environmental management system 1
  - Social indicator 3

- **Financial capability**
  - Financial strength 4
  - Financial plan 6
NON-PRICE CRITERIA

• Relevant experience: bidder, partners, key personnel 5

• Project feasibility 5
  - Connection to the transmission system 1
  - Project master plan 1
  - Fuel or backup energy supply plan 2
  - Plan for obtaining environmental authorizations 1

• Flexibility 5
STEP 3: SIMULATION OF BID COMBINATIONS

1. Simulation of the best combinations formed from the retained bids at step 2 to obtain the block of 500 MW requested.

2. The same bid can be part of different combinations.

3. Selection of the winning combination based on the lowest total cost including the transmission cost.
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Main contractual commitments
CHARACTERISTICS OF THE CONTRACT

• The electricity Supply Contract:
  ➢ Signed in French only
  ➢ A public contract (ARQ required and verifications in the different registers)

• Standard Contract: no changes will be made except those needed to reflect the characteristics specific to the bid, such as:
  ➢ Appendix 1
  ➢ Contract quantities
  ➢ Price Formulae
FINANCIAL SECURITIES

Commencement of deliveries security

- Upon execution of the Contract : 40 000 $/MW
- 12 months after the signature of the Contract, the security must totalized : 80 000 $/MW

Operating security

- On the commencement date of deliveries : 30 000 $/MW
- On the 10\(^{th}\) anniversary of the commencement date of deliveries, the security must totalized : 70 000 $/MW
VARIANTS

• Bidders may, in any given bid, submit up to 2 variants in addition to their main offer

• A variant may involve differences pertaining to the following:
  ➢ Contractual Firm Capacity
  ➢ Price for capacity
  ➢ Price for energy

• A bid can thus contain up to 3 separate and mutually exclusive offers
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Timetable
<table>
<thead>
<tr>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deadline for submitting the Exploratory Study Request Form</td>
<td>April 1, 2015</td>
</tr>
<tr>
<td>Deadline for submitting the Call for Tenders Registration Form (Notice of Intent to Bid)</td>
<td>April 1, 2015 (4 PM)</td>
</tr>
<tr>
<td>Deadline for submitting questions and for submitting the demonstration provided in Section 2.1.3 of the Call for Tenders document (Addendum no. 1)</td>
<td>May 5, 2015</td>
</tr>
<tr>
<td>Bid submission deadline</td>
<td>May 20, 2015 (4 PM)</td>
</tr>
<tr>
<td>Public bid opening</td>
<td>May 21, 2015</td>
</tr>
<tr>
<td>Announcement of successful bids *</td>
<td>June 30, 2015</td>
</tr>
<tr>
<td>Preparation and signing of contracts *</td>
<td>Sept. 14, 2015</td>
</tr>
<tr>
<td>* Tentative</td>
<td></td>
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</tbody>
</table>
PAUSE – 15 MINUTES

• There will be a question period after the pause.
• Questions may be submitted in French and in English

Thank you for your interest
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Question Period