

PacifiCorp RFP 2003-A Question and Answer

No.	Question	Response
1	Why is there a hole in the middle of the 25MW incremental staircase on the Supply Block size slide? Specifically for the period 4-2008 - 3-2009?	The 25 MW firm category has been removed from RFP 2003-A. This item was originally included in the IRP in support of wind additions since the IRP did not provide a wind capacity credit for planning purposes. This assumption is being revisited by the IRP group and will be addressed during the IRP action plan update that is currently underway.
2	What is the Blind Bidding Process? How does it work and what does it mean?	It is a process to insure non-discrimination and an unbiased short list selection process from the RFP respondents. Respondents should refer to the bid submittal slide in the June 20 pre-bid conference presentation for a visual aid of the process. RFP respondents will be assigned a bid number by Navigant Consulting. PacifiCorp will use "blinded" (the bidder's identity will not be known) information in order to evaluate the proposals.
3	Can you expand on what PacifiCorp means by Firm Capacity and energy for the incremental 25MW energy block?	Please refer to question #1 above.
4	Will the winning proposals be contingent on regulatory approval from all 6 states?	No. Consummated transactions will not be contingent on regulatory approval. However, any transaction will be contingent on PacifiCorp and/or Scottish Power Board approval.
5	How will PacifiCorp compare the proposals submitted with PacifiCorp's Self-Build option for supply requirements?	PacifiCorp will compare all proposals, by product type, to the Next Best Alternative (NBA) for that particular product type. For example, the proposals for the "baseload" product will be compared against the NBA for that particular product. The initial screening comparison will be measured on the net present value of the revenue requirement for the proposal, flexibility of the proposed resource, and environmental characteristics for the resource type.
6	Should the assumptions regarding cost for transmission upgrades be included in the price of the proposals? Should the proposals assume network transmission or PTP transmission? Does PacifiCorp have a preference?	Yes. All transmission cost assumptions (including upgrades) should be included in the proposals. If the transmission costs are not included in the proposals then the bidder should communicate the omission in the proposal. PacifiCorp intends to integrate resources procured through this RFP as a network resource; provided, such resource is delivered in or to PacifiCorp's Eastern control area.
7	Who in the PacifiCorp organization should we contact regarding answers to transmission logistics and cost assumptions in the proposals? Is that division of PacifiCorp aware that there is a time deadline, and are they working under that "sense of urgency" as the commercial and trading side of the house is for PacifiCorp? Bottom line...can PacifiCorp transmission get the study done in time?	Bidders should contact Larry Soderquist (503-813-6102) in PacifiCorp Transmission for all interconnection-related questions.
8	How is the consultant used in PacifiCorp's evaluation process?	Navigant Consulting will serve a validation, auditing, and administration role in the RFP process. Navigant's primary objective is to assure that the RFP process and evaluations are conducted in an unbiased fashion.
9	Does PacifiCorp include a construction risk premium when evaluating proposals from the market versus the self build option for PacifiCorp?	PacifiCorp's self build options will incorporate all anticipated costs in order to reach the desired date of commercial operation. Navigant Consulting will be validating that these expected costs are within the range of accepted industry practices for such an activity.
10	How will the Multi State Process (MSP) impact how PacifiCorp seeks cost recovery for power supply through these action items?	PacifiCorp will seek cost recovery from each state individually and through the normal rate making process. However, lack of clarity surrounding the MSP process may impact the willingness of PacifiCorp's Senior Management to enter a long-term power purchase and/or approve a self build scenario. PacifiCorp is actively seeking resolution of the MSP process at this time.
11	Could you verify if the Superpeak product PacifiCorp will be seeking will be seasonal (e.g., June through Sept. of each year) or year round, starting in June of 2004 through Sept. 2007? If seasonal, it would be helpful to know what months you will be looking for.	The Super Peak product is seasonal, June through September for 2004-2007 only.
12	Thank you for the email regarding the PacifiCorp RFP Website. In reviewing the material it appears that the only renewable energy you are accepting is wind. Is that correct? If not, where would a 20 MW biomass unit fit?	PacifiCorp intends to issue a separate request for proposals for renewable energy projects. The upcoming renewables solicitation will entertain all proposals for renewable projects, not exclusively wind. A biomass project would be an appropriate resource to bid into that process. However, a biomass project will also be accepted into this RFP if the project can meet the criteria of one of the requested products (base load for example).

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13	<p>My question is in regard to the "4C 345 kV" point of delivery. The presentation from last week indicated that this point of delivery is only suitable for peaking supply. Our company is a wind power development company and is considering proposing a wind development project located in New Mexico, evaluation our options to manage delivery to the 4C 345 kV, etc. Will PacifiCorp give consideration to this point of delivery for the renewable portion of the request for proposal? Secondly, have you agreed upon a pre-bid meeting date for this renewable portion. Thank you for time and consideration in this matter</p>	<p>The renewable solicitation has not been finalized, but it is anticipated that deliveries at the Four Corners 345 kV delivery point will not be acceptable. At this time, no pre-bid conference has been set for the renewable process.</p>
14	<p>We only recently became aware of the pre-RFP workshop held on March 21. Is any information available on the types of RFPs that are likely to be released in the near future? We are potentially interested in DSM, strategic planning, pricing, and transmission studies. We would appreciate any information that you can provide about which components of the Action Plan are likely to result in RFPs, and the timing of their release</p>	<p>Please contact PacifiCorp's Mr. Mike Koszalka at 503-813-5171 with respect to DSM-related questions. In addition, further information regarding the subsequent RFPs can be found on page 3 of the current RFP (2003-A RFP) that can be obtained from the Company's website.</p>
15	<p>Please give the names and contact information for PacifiCorp transmission personnel which can be contacted to discuss delivery issues for the RFP. Can we contact them during the next few weeks to help us prepare for the RFP? Will there be regular postings on the website (ie., once a week) or will we have to keep checking? Is the website up and running? What is it?</p>	<p>Please refer to question #7 above. PacifiCorp anticipates sending out an electronic notice each time the web site is updated.</p>
16	<p>Re: PacifiCorp's plan for Oregon PUC review of the 2003-B RFP. You have submitted 2003-A for review and the Commission will address it at a meeting next week, May 7. Will the company subsequently submit 2003-B to the PUC? Or is the review of 2003-A presumed to be sufficient for the other RFP's?</p>	<p>At this time, the Company anticipates submitting RFP 2003-B to the OPUC.</p>
17	<p>One of the ownership options, as I understand it, is to 'build-and-transfer' the asset to PacifiCorp. How will this effect the credit requirements? With respect to the 'build-and-transfer' option, is it possible to offer to 'build-and-transfer' an asset at a location of PacifiCorp's choosing? In other words, we would offer to build a specific asset, subject to certain defined constraints, at a site PacifiCorp would choose. Obviously it would be impossible for the developer to define the transmission constraints or other factors that might apply to such a bid. Hence the cost of those items would have to be defined by PacifiCorp and Consultant XYZ and added to the bid for evaluation purposes.</p>	<p>In the build-and-transfer scenario, credit requirements would primarily revolve around meeting agreed upon milestone dates and the settlement of any delay liquidated damages. PacifiCorp is interested in receiving proposals wherein the bidder proposes to construct a plant upon a PacifiCorp supplied site.</p>

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18	What specifically is meant by "load and resource" balance in SE Idaho? What are the transmission limitations at American Falls, ID? Assuming a facility was constructed in SW Wyoming, west of the Monument-Naughton constraint, how much power can the system absorb? Is any limitation mitigated by placing the facility adjacent to load?	PacifiCorp's load/resource balance in SE Idaho is a function of PacifiCorp's end-use load, wholesale load that PacifiCorp is obligated to serve, resources that PacifiCorp is obligated to accept, and resources that PacifiCorp has right to transfer into the area via transmission rights on PacifiCorp's transmission system or the system of others. Upon receipt of a proposal for delivery to SE Idaho, PacifiCorp will initially assess how the dispatch characteristics of that resource compares with our expected load/resource balance in SE Idaho in an attempt to predict if system upgrades may be necessary. If the proposed resource is chosen for ultimate negotiation, and it appears likely that the resource will be economic, PacifiCorp will begin the transmission study process in order to confirm any related system upgrade costs. Any specific limitations associated with a delivery to the American Falls, Idaho area will need to be studied with respect to the exact point of interconnection on PacifiCorp's transmission system.
19	What role do the public utility commissions have in the RFP process?	PUCs will conduct an after the fact Prudence review of all resources that PacifiCorp procures.
20	Who will make up the PacifiCorp evaluation team?	The Structuring and Pricing group at PacifiCorp will do the evaluations.
21	Will bids be evaluated jointly by PacifiCorp and NCI?	Bids will be evaluated by PacifiCorp, with NCI performing an audit of the evaluation process.
22	Will the NBA be made publicly available?	Proprietary information used in deriving the NBA will not be made available. However, certain information regarding the NBA site will be made available in order to allow entities to submit proposals that involve the use of that site. One of NCI's roles is to validate that cost assumptions for the NBA are in place prior to the time that bids are due under the RFP.
23	Will the NBA make the short list?	The NBA will be used as a benchmark to the bids received from the market.
24	Is it conceivable that the NBA will be chosen?	Yes. The NBA may be chosen if it represents the least cost/ risk balance for PacifiCorp and its customers.
25	If PacifiCorp proceeds with the self-build, who makes sure that the costs incurred and to be put in rate base are appropriate and prudent?	PacifiCorp, in each rate case(s), will be required to demonstrate the prudence of the NBA. NCI will also validate the RFP process to verify that the NBA is based on reasonable cost assumptions.
26	Will the short list be selected simply to meet the requirements of the RFP, or will the short list be based on capacity in excess of that requested in the RFP?	The short list will be in excess of what is needed in order to allow for potential losses and contingencies. PacifiCorp's goal is to arrive at the best deal(s) at the end of the process.
27	Will questions posed during the RFP process be made public, or will they be kept confidential?	All questions posed by bidders and responses will be made available on the PacifiCorp website. No questions will be kept confidential. However, the name of the submitting party will remain confidential.
28	How does the heat rate and capital costs in the RFP (reference: Table 3) relate to what PacifiCorp is looking for from bidders? What is the source of this information?	The source of this information is the PacifiCorp IRP. PacifiCorp expects bidders to supply any and all material information within a bid that relates to expenses that PacifiCorp may incur as a result of the proposed deal structure.
29	Is load following ability expected on the bids?	Load following ability or AGC are not required on capacity submitted in bids. However, PacifiCorp would view a bidder response with AGC favorably.
30	Is PacifiCorp looking for the entire amount of super peak capacity from a single entity?	No. Diversity is expected for this product; however, it may be the case that the final solution may be a single entity.
31	Is a bid that contains only a portion of the 570 MW of baseload acceptable?	Yes.
32	Is the 2007 date identified in the RFP for coal- or gas-fired resources?	The 2007 date identified in the RFP is not fuel dependent.
33	Does PacifiCorp intend to provide reciprocal credit support? Does PacifiCorp have a formal credit policy that can be made available to bidders on the website?	PacifiCorp currently possesses a strong investment grade credit rating. PacifiCorp's credit policy is as stated in the pre-bid conference. Namely, that adequate credit assurances will be required. Since each entity possesses a unique credit-related situation, it is anticipated that individual credit analysis will be required for non-investment grade entities or for those entities who may be in peril of losing an investment grade status.

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34	Are carbon tax costs included in the IRP? Does PacifiCorp bear the risk for these costs?	Yes, the IRP does make assumptions with respect to the level and timing of future carbon tax costs. PacifiCorp ultimately bears the risk of any cost until such time as that cost is included in rate base or the Company's revenue requirement via rate cases. PacifiCorp's NBA does include expected future carbon tax cost assumptions that are consistent with the IRP. These assumptions represent PacifiCorp's best estimate based on information known today. Bidders are reminded that the bidder is expected to make their own assumptions with respect to the level and timing of any future carbon taxes as the bidder is expected to be responsible for bearing the risk of those expenses.
35	Is a bid that provides power at Camp Williams acceptable?	As with any delivery point, the acceptability will ultimately be determined via a request to PacifiCorp's Transmission function for inclusion of a resource delivered to that point on the accompanying system planning study. Deliveries to a major substation near PacifiCorp's load center, will have the highest probability of not requiring expensive system upgrades.
36	Will a proposal be given credit if it can unload transmission congestion within Utah?	Any bids that result in the provision of transmission type services will require a separate and distinct negotiation between the bidder and PacifiCorp's Transmission function with respect to the value associated with those services provided.
37	Is it too late to talk to PacifiCorp transmission if a bidder hasn't done so already?	Please contact PacifiCorp Transmission directly.
38	How would a proposal with a lower heat rate be treated as beneficial?	PacifiCorp's expectation is that proposals with a lower heat rate will result in a lower cost resource.
39	If PacifiCorp receives a bid for a tolling arrangement, would it use its internal gas forward curve?	Yes.
40	Will PacifiCorp re-evaluate its IRP preferred portfolio if there is a significant change in market assumptions?	The IRP action plan is updated annually. Any significant market changes will be incorporated into the annual update.
41	Does PacifiCorp have a preference for a certain type of tolling arrangement (e.g., virtual versus actual)?	Any type of arrangement will be considered.
42	If a proposal is less than 75% of the NBA cost, would it receive more than 70 points for that category?	No.
43	Are there different self-build options for different levels of capacity? That is, how scalable is the NBA?	Yes, PacifiCorp's NBA does possess some level of scalability.
44	Can bidders submit proposals for smaller blocks of energy commitments?	Yes.
45	Can geothermal proposals be submitted for the baseload category?	Yes, as long as the geothermal facilities can be available on a consistent basis.
46	How does credit impact bid screening?	It is PacifiCorp's policy to require adequate credit assurances. While not included as a formal screening element, it is fully expected that adequate credit assurances will be included in any commercial transaction entered into by PacifiCorp. As such, PacifiCorp does not anticipate pursuing further negotiations with any entity that does not provide a reasonable level of comfort that adequate credit assurances will be provided.

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47	Will PacifiCorp share specific information related to its development site and any transmission assessment studies?	<p>NBA Site Details:</p> <p>Site is adjacent to the Mona substation, Utah. 345 kV interconnection. Greenfield site consisting largely of uncultivated land. Elevation at the site is approximately 5,100 feet. Terrain on the site is fairly flat. Close to community of Mona (Population of 750). Site is 75 miles south of Salt Lake City in Juab County. Dirt roads are adjacent to the site. Two natural gas lines are in the vicinity of the site – Questar Gas ML104 and Kern River. Gas lateral would need to be constructed. Juab County is classified as in attainment with the National Ambient Air Quality Standards (NAAQS). Juab County is adjacent to Utah County, which has been classified as non-attainment zone for PM-10. One year of meteorological data has been collected at the site for air emissions modeling purposes. Water is available in the area. In the process of preparing the notice of intent for an air permit application</p>
48	PacifiCorp has the right to condemn property for the self-build option. Would PacifiCorp be willing to assign this option to a bidder?	PacifiCorp does not anticipate condemning any property in order to construct the NBA
49	Does PacifiCorp have a preference for an on- or off-balance sheet arrangement?	PacifiCorp has no initial preference for a certain type of arrangement.
50	How does PacifiCorp ensure confidentiality of any transmission inquiries on the part of bidders?	There is an existing functional separation between the transmission and commercial operations as mandated by FERC 888/889.
51	If a bidder has multiple proposals, how should they be presented?	Clearly identify the options being proposed, an initial bid number will be assigned to each bidder to use in their proposal. If more than one option is bid, Navigant will assign additional bid numbers to the participant as a reference to each option.
52	How does an interested bidder get access to the Mona site?	Bidders will not have access to the Mona site during the first stage of the RFP process. Some specific information regarding the Mona site will be provided to bidders to help them develop their proposals. PacifiCorp will reassess access to the Mona site when in the negotiation phase of the RFP.
53	It is apparent from the Pre-Bid Conference slide presentation that PacifiCorp will only accept SuperPeak and daily call option products at the Four Corners-345kV delivery point. It was not as clear to me whether or not PacifiCorp would accept the "Peaker" product at Four Corners. Would you please clarify?	PacifiCorp's primary objective with respect to long-term resource procurement is to acquire resources that can be used to serve the growing load in the Eastern control area. As such, deliveries to Four Corners during times when PacifiCorp does not have off-system obligations at that point are not of primary interest. Consequently, deliveries of the "peaker" product to Four Corners during non-summer months is typically not desired. PacifiCorp will accept and evaluate a "peaker" product delivered to Four Corners, provided, however, the term for such proposal does not extend past the year 2020.
54	Is the NBA what other RFP's would call a "Self Build" evaluation?	Yes.
55	Are you using a 20-year forward curve?	Yes.
56	How does one submit multiple proposals based on one plant?	State your proposal clearly. Navigant will assign additional numbers once the bids are received.
57	Why is there a difference between what the bidder bids and what gets put in the rate cases?	For power purchase agreements, PacifiCorp is only allowed to request recovery of expenses associated with the rate making test year. PacifiCorp then receives a prudence review from the respective public utility commission. Based on this prudence review, PacifiCorp may or may not actually recover 100% of the expenses requested.
58	Does PacifiCorp have a location to build the NBA?	Yes, PacifiCorp does have a site for its NBA.
59	Is the Hunter 4 plant the base load NBA?	No.
60	Can vendor identification be included in RFP responses?	Yes.
61	Are transmission questions answered and told to CT?	No. Per FERC requirements, PacifiCorp's Transmission function is obligated to maintain the confidentiality of discussions it has with third parties. Also see response to Question 50.
62	How will the information for the NBA go out publicly so that bidders can include it in their analysis?	The information that PacifiCorp releases with respect to the NBA will be posted on the PacifiCorp website.
63	Can you provide an electronic or hard copy version of PacifiCorp's Utah transmission system?	PacifiCorp's Transmission function operates an Open Access Sametime Information System ("OASIS"). Information regarding the transmission system is on PacifiCorp's OASIS

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64	There are references to exhibits that do not exist in the appendices. Are these exhibits required and where do I find them?	Syntax errors were corrected and RFP-2003A and Appendices posted on the website are revised. Please refer to the revised documents.
65	Would an electronic submittal of proposals be accepted?	No, as per page 10 of the RFP.
66	Is PacifiCorp only interested in a dispatchable product? My confusion arises from what I interpret as conflicting information. In the June 20 presentation on slide 16 the bullet is as follows: -Type - a resource that can deliver during pre-defined hours (Super-peak), or at PacifiCorp's option, on a daily basis during pre-defined hours (Heavy Load and/or Super-peak hours) - In Table 4 of the RFP, which "indicates the term of the resources requested and if PacifiCorp's ability to dispatch and/or curtail the resource is mandatory...", the Super-peak resource is listed as dispatchable at PacifiCorp's option.	The wording presented in the June 20 presentation is most accurate. PacifiCorp is interested in both a defined hour product and daily call option products
67	Question regarding the Super-peak resource. It's clear that PacifiCorp will accept proposals for individual months, but prefers Jun -Sep inclusive. It's not clear to me, however, whether or not PacifiCorp will accept individual years (e.g. 2006 and 2007 only) or just the entire term (2004 through 2007). Will PacifiCorp accept individual years?	As in the case of individual months, PacifiCorp is willing to accept bids for individual years [but] preference will be given toward bids that cover the entire term from 2004-2007
68	Would an interconnection to the 345 kV line south of Borah, on the line running from Borah to Ben Lomond, be considered delivering power to Borah or to Ben Lomond?	An interconnection to the Borah-Ben Lomond 345 kV line would constitute a new point of interconnection with PacifiCorp's transmission system. Deliveries of power would be deemed delivered to, and studied as such by PacifiCorp's Transmission function, based on this newly created point.
69	Is the 138 kV line that runs between American Falls and Wheelon/Cutler considered to be a part of PacifiCorp's Southeast Idaho electrical system?	No it is not part of PacifiCorp's SE Idaho system. The reason is that the line referenced in the question is not directly tied to the Goshen Substation.