

RFP 2003B Bidders Conference Q&A

2/11/04

Prices and Pricing

PP1	What Forward Price Curve will PacifiCorp use in its evaluations?	PacifiCorp will use its own propriety forward price curve. The methodology in constructing the curve is described in PacifiCorp's IRP.
PP2	Does the Forward price curve take into account fuel price volatility?	The methodology in constructing the curve is described in PacifiCorp's IRP.
PP3	Regarding the production tax credit, how will PacifiCorp use the production tax credit situation in the review process?	Bidders shall submit a proposal with and without the production tax credits where there is the expectation that PTC legislation could affect their costs. Bidders are instructed to assume that the PTC is extended in its most recent form. Bidders are also instructed to clearly show their assumptions regarding the PTC. If PTC legislation passes prior to completion of screening, the "with PTC" bids will be used to arrive at the short list and the actual PTC will be used for final decision making.
PP4	What is PacifiCorp's discount rate used for present value analysis?	7.5% as published in the IRP, as updated for recent allowed return on equity rulings by a state(s).
PP5	Can a bidder submit a proposal that mirrors another fuel index, such as natural gas?	Yes.
PP6	Will PacifiCorp value the proposal on the shape of a price curve by hour and/or season?	Yes
PP7	Does PacifiCorp use the same forward price curve for all of the proposals?	PacifiCorp will use forward price curves appropriate to the proposed project. However all projects will be based on forward price curves of similar vintage (i.e., time they were produced).
PP8	Does the forward price curve account for project location?	See Answer # 7
PP9	How does PacifiCorp equate projects that come on line in different years?	PacifiCorp will use a NPV analysis approach.
PP10	Does PacifiCorp give green tag credit for the station "parasitic" load at the site?	No.

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PP11	What is meant by "fixed" prices-- do fixed energy prices have to be the same for every year?	"Fixed" means the numeric value of the prices are known at the time of the signing of the contract for the entire term of the contract. The prices do not have to be equal over the length of the contract.
PP12	Why is a \$/kw month proposal discouraged?	PacifiCorp will accept pricing expressed on a \$/kW-month basis if the proposal represents capacity and associated energy that can be scheduled at PacifiCorp's option or if deliveries are guaranteed and subject to adequate credit assurances in the event of default.
PP13	Are inflation index adjusted price proposals okay?	Yes
PP14	For dispatchable resources, PacifiCorp could choose not to take power-- how would such resources make money on energy-only pricing?	See Answer # 12
PP15	Are payments based on actual generation, expected annual generation, or minimum guaranteed energy?	Payments will be based on amounts actually received by PacifiCorp, subject to adjustment for damages in the event of default by either party.
PP16	What are examples of non-price factors that PacifiCorp will consider when evaluating projects?	Non-price factors are any factor that could effect PacifiCorp's ability to receive the benefit of commercial transactions for our customers.
PP17	Is the forward price curve used in the evaluation for energy delivered to PACE or PACW?	Yes
PP18	What is the renewable tag value used by PacifiCorp?	PacifiCorp will ascribe a value up to \$5.00/MWh for the first 5 years, consistent with findings of the Integrated Resource Plan and the type of resource being proposed.
PP19	Is PacifiCorp open to an equity share of the project?	Yes. However, bidders should not assume that PacifiCorp is obligated to undertake such an investment.

Transmission

T1	Given the uncertainty around transmission, how will PacifiCorp protect against bidders underestimating the costs of transmission?	Bidders' pricing is required to cover transmission-related costs. Much of the uncertainty surrounding transmission is more related to availability than to costs. Bidders are encouraged to specify as clearly as possible the transmission path to the PacifiCorp system or the proposed point of interconnection with
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		PacifiCorp's system.
T2	As for PacifiCorp system improvements, such as increased import capability, increased VAR support, and/or line loss reduction, will PacifiCorp include these attributes in the evaluations of responses?	No. PacifiCorp is divided into merchant and transmission functions per FERC order. Bidders are instructed to pose these questions directly to PacifiCorp's Transmission function.
T3	Who contacts PacifiCorp transmission regarding PacifiCorp's network transmission capacity?	Please refer to page 11 in the RFP for a discussion on responsibilities with respect to third-party transmission to PacifiCorp's system, the interconnection to PacifiCorp's system, and/or the application for network integration service for the delivery of power within PacifiCorp's system.
T4	Is it fair to assume that PacifiCorp has available network transmission for the substations listed in the RFP?	PacifiCorp has tried to indicate where it is more likely to be able to integrate power under its network service agreement. The information is qualitative and informational only. Notwithstanding this information, PacifiCorp Transmission makes final determinations regarding network service.
T5	Will transmission costs submitted by individual bidders be validated before the short list?	Bidders are instructed to provide the basis for their transmission-related assumptions. PacifiCorp will use prudent due diligence, using information reasonably available, in evaluating bidder proposals.
T6	How does a bidder address future line constraints and getting paid if bid is on a fixed \$/mwh basis?	It is expected that Power will be delivered to PacifiCorp's system on firm transmission rights or on a firm basis. It is also PacifiCorp's expectation that any resource procured via this RFP will be integrated as a network resource, using firm network transmission rights.
T7	Are there transmission constraints within	Yes.

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	the State of Utah?	
T8	Does the bidder need to get network transmission service on PacifiCorp's system?	Please refer to page 11 in the RFP for a discussion on responsibilities with respect to third-party transmission to PacifiCorp's system, the interconnection to PacifiCorp's system, and/or the application for network integration service for the delivery of power within PacifiCorp's system.

Risk and Credit

RC1	Do the renewable tags and energy have to come from the same resource?	PacifiCorp's preference is to have renewable tags and power that can be linked to a specific resource. In the event this is not possible, the bidder should be aware that PacifiCorp will not accept any liability associated with the type of resource that may supply power during the term of an agreement.
RC2	If a bid is for firm power, integrated using a non-renewable resource, is the project still considered a renewable project by PacifiCorp?	See answer to question #1 above.
RC3	Is the minimum energy guarantee on an annual basis?	Yes. However, guarantees on a monthly or seasonal basis will be valued.
RC4	What is Scottish Power/PacifiCorp's credit rating?	A- (by S&P)
RC5	Can a bidder ask PacifiCorp to securitize its own credit for the project?	Bids should include any necessary deviations from the supplied generic power purchase agreement.
RC6	Why does PacifiCorp prefer a minimum energy performance guarantee instead of a mechanical availability guarantee?	It is PacifiCorp's belief that minimum energy guarantees are simpler to understand and administer.
RC7	Does an economic curtailment of the project equate to a force majeure?	No

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RC8	How will the relative risk of project completion (e.g., projects with versus without permits) be taken into account in screening?	The criteria in the RFP do not screen based on permit status. Bidders can expect that permits, along with other key milestones and delay damages, will be a component of any definitive agreement. PacifiCorp reserves the right to pursue only those arrangements that have a reasonable expectation of reaching a definitive agreement.
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Environment

E1	Regarding environmental attributes, does hydro, geothermal and wind, for example, all get the same value?	No.
E2	What are the Adjustment Factors in the Environmental Valuation table?	The environmental valuation is based first on the resource type. Within a resource type, the score can be adjusted for factors that may impact the project relative to typical projects of that type.
E3	The Adjustment Factors can be positive or negative, what are examples of positive and negative aspects of wind projects.	Adjustment factors have the potential to vary by project and will be assessed as such.
E4	Will the environmental valuation take esthetics into account?	Please see the answer to #3.

Short List

S1	If all of the bids are not less expensive than PacifiCorp's forward price curve, will PacifiCorp still pursue a project from the responses?	It is possible that no projects are pursued if none prove cost effective.
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S2	Does PacifiCorp really expect to procure 1100 MW of renewables from the top 5 short-listed bids? If that is the case there appears to be a bias in the RFP towards large projects. Is that true?	PacifiCorp is committed to pursuing cost effective proposals, even if future RFPs are required in order to accomplish that goal.
S3	Will PacifiCorp consider more than the five short-listed bids if subsequent negotiations fall far short of 1,100 MW?	See question #2 above.

Resource Eligibility

RE1	Will PacifiCorp accept a tags only proposal?	No
RE2	Do the project resources have to be from new resources?	Renewable resources, for the purposes of this RFP, are defined per OAR 757.600. There is no date of service requirement under that definition.
RE3	Is bio diesel generation okay for a valid response?	Refer to OAR 757.600 for the definition of renewable resources. Fossil fuels will not be accepted as renewable resources.
RE4	Is PacifiCorp interested in energy delivered only during peak periods?	Yes. The bidder is expected to clearly define what hours are proposed.

Power Purchase Agreement

PPA1	Does bidding mechanical availability entail getting penalized twice in the valuation?	The maximum possible score for bidding an energy-based performance guarantee is 10% whereas the maximum possible score for bidding mechanical availability is 5%. There may be an additional impact for bidding a mechanical availability guarantee inasmuch as the generic PPA is written in the form of an energy guarantee. The impact will depend on the nature of guarantee being offered by the bidder.
PP2	Are there LDs for green tags associated with energy that does not get delivered but was scheduled for delivery?	It is PacifiCorp's intent that the definitive agreement will address remuneration associated with a wide variety of damages, including the failure to adequately supply green tags.

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Process

P1	Did PacifiCorp have legal counsel review the RFP 2003 B?	Yes.
P2	Why are smaller projects allowed to submit, if the likelihood of winning is slim?	PacifiCorp views its process as fair across project sizes. There is no provision in the evaluation process that takes size of project into account except for the eligibility requirement allowing only projects capable of producing at least an average of 70,000 MWh per year.
P3	How long must the bids remain open?	Bidders should specify all terms associated with their specific bid.
P4	Please explain the requirement on page 7 of Appendix C to specify the "Expected Annual availability (% of hours able to produce max/hour)" and the "Guaranteed Annual Availability (% of hours able to produce max/hour)".	The Expected Annual Availability is the average number of hours per year the project is expected to produce its nameplate capability divided by the total number of hours in the year. The project may offer a guarantee of the minimum number of hours at maximum output divided by the number of hours in a year. The purpose of these values is informational only.
P5	What is meant by the "Technical Data" bullet in Section 8 on page 6 of RFP Appendix B?	The referenced bullet was inadvertently left in the text. Please disregard that bullet.
P6	Will an attendee list of the bidder's conference be made public?	Yes
P7	How many copies of the proposal should a bidder submit?	One