

Pre Draft 2012 Request for Proposals Stakeholder Presentation



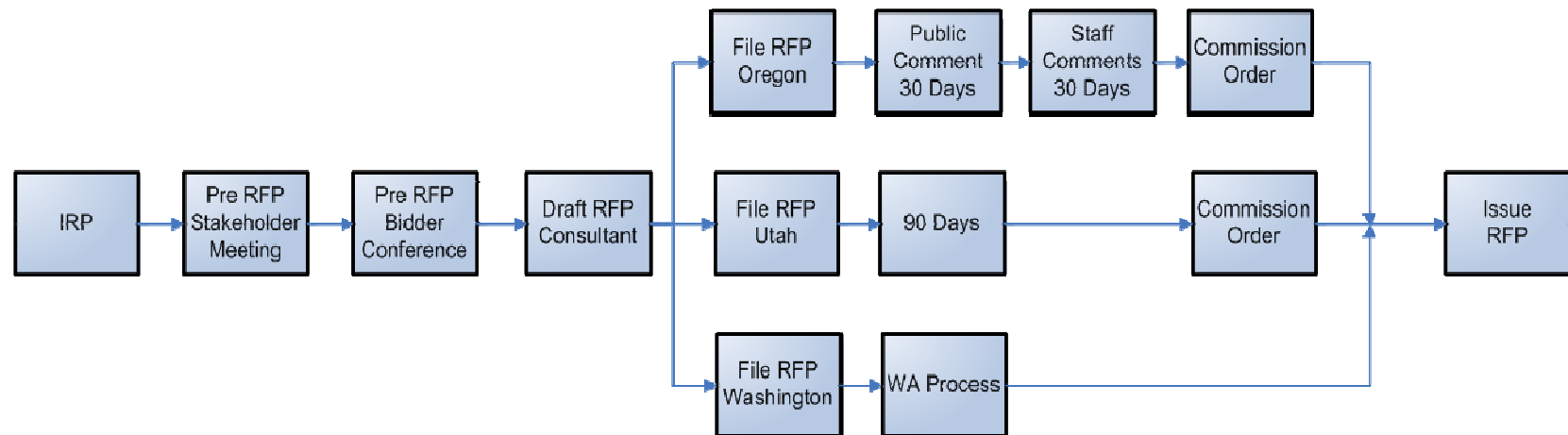
Pacific Power | Rocky Mountain Power | PacifiCorp Energy

Agenda

- Regulatory overview and schedule
- Key Features of the 2012 Request for Proposal (RFP)
- Overview of the 2012 Request For Proposal Structure
- Request for Qualification (RFQ)
- Eligible Resources and Points of Delivery
- Company Benchmark (s)
- Evaluation of Proposal
 - ▶ Initial shortlist
 - ▶ Final shortlist
 - Capacity Expansion and Planning and Risk models
- Overall Process

RFP 2012 – Initial Regulatory Process

- Regulatory Review of the RFP will take place in three states (OR, WA, UT)
- Processes for RFP:
 - ▶ Draft RFP to be filed in Washington, Utah, Oregon in July
 - ▶ Pre Draft RFP Presentation to stakeholders and bidders prior to filing the draft
- The outcome will likely determine key RFP issues:
 - ▶ RFQ requirements
 - ▶ Initial and final evaluation requirements and inputs



2012 RFP Schedule

- ▶ Pre Draft RFP Presentation to Bidders June 1, 2006
- ▶ Pre Draft RFP Presentation to Stakeholders June 2, 2006
- ▶ PacifiCorp files Draft RFP July 11, 2006
- ▶ Stakeholders File Comments on Draft RFP August 16, 2006
- ▶ Independent Evaluator (IE) files comments on Draft RFP August 30, 2006
- ▶ PacifiCorp Files Reply Comments September 14, 2006
- ▶ Technical Conference September 21, 2006
This conference will be held at 9:30 MST
- ▶ Hearings (if necessary) September 27-28, 2006
These Hearings will be held at 9:00am MST.



Key Features of the 2012 RFP Process

*PacifiCorp's process is consistent in spirit with recognized
Regulatory guidelines and offers additional enhancements*

- An Independent Evaluator (IE) has been hired
- Affiliates are precluded from bidding
- Blind bid evaluation will be required
- Notice of Intent to Bid will be in the form of a Request for Qualification (RFQ)
- Initial Shortlist will be determined on price and non-price factors
- Final Shortlist in each portfolio (fixed amount of MW) will be determined using production cost modeling to determine the least cost/risk adjusted portfolio
- Post-bid negotiations on price & non-price issues will be limited
- Pro forma Contracts will be attached to the 2012 RFP
- PacifiCorp sites at Lake Side and Currant Creek may be available to Bidders based on specific compliance criteria

Overview of the Request for Proposal Structure

- 2012 Request for Proposal (RFP)
 - ▶ Request for Qualification (RFQ)
 - ▶ Bid Fees returned to Bidders who did not qualify
 - ▶ IE to provide Bid numbers to Qualified Bidders
 - ▶ Qualified Bidders will submit blinded proposals using Bid numbers
 - Exception will be Credit and Legal, Bidders who elect to participate in the 2012 RFP will be required to respond to the RFQ.
- Bid Fee to participate in the 2012 RFP is \$10,000 per bid, except for Bids related to Distributed Generation and Load Curtailment fees will be \$1,000 per bid. (the Bid Fee will be returned if the bidder fails the RFQ screening)
- Bidders will be required to provide the following specific information
 - ▶ Whether response is to a specific category or combination of categories with each requiring a separate proposal, bid number and Bid Fee
 - ▶ The Eligible Resource(s) they propose to bid into the RFP 2012
- IE provides RFQ to Bid Team for evaluation
- Bidders will either pass or fail the initial RFQ screening
 - ▶ IE will be consulted during the evaluation process
- IE Provides Bid number to qualified bidder
 - ▶ One bid number per Category and eligible resource

Request for Qualification (RFQ)

- Issue the Approved RFP 2012 with pre-qualification via a RFQ
- Bidders submit RFQ to Independent Evaluator
 - ▶ Bid fees required at submittal
- RFQ Requirements
 - ▶ Identify affiliate relationship if any
 - ▶ Specific credit requirements will be met
 - ▶ Supply technical expertise
 - ▶ Cite technical and financial feasibility
 - ▶ Project feasibility
 - Project schedule
 - Necessary permits
 - Site control
 - Transmission
 - ▶ IE provides RFQ to Bid Team for evaluation
 - ▶ Company determines results of the RFQ in consultation with IE
 - ▶ IE Provides Bid number to qualified bidder
 - One bid number per Category and eligible resource
 - ▶ Bid Fees to be returned to nonqualified bidders

Eligible Resources in the 2012 RFP

- All Eligible Resources in the 2012 RFP **must** be a minimum of 100 MW and for a term not less than 10 years.
- Eligible Resources may include the following:
 - ▶ Power Purchase Agreements
 - ▶ Development on an existing PacifiCorp site (s)
 - Must be bid to the site specific Specifications in the RFP
 - » EPC Contract required at the Currant Creek site
 - » Asset Purchase and Sales Agreement required at the Lake Side site
 - Costs associated with Currant Creek and Lake Side (PacifiCorp Sites) will be disclosed in the RFP for bidders to evaluate
 - ▶ Purchase of an existing facility (subject to due diligence requirements)
 - ▶ Purchase of a portion of an existing facility, jointly owned or operated by PacifiCorp (subject to due diligence requirements)
 - ▶ Restructure of an existing Power Purchase Agreement (PPA) or an existing Exchange Agreement.
 - ▶ Eligible Exceptions to 100 MW minimum are (however term of not less than 10 years still applies):
 - Distributed Generation (Combined Heat & Power) – 3 MW minimum
 - Physical Load Curtailment – 25 MW minimum

Eligible Resource – Point (s) of Delivery (POD)

- Within the Eastern Control Area – the points of interconnection between the resource, or electrical system to which the resource is connected, and PacifiCorp’s Utah network transmission system
- Mona 345 kV
- Four Corners 345kV
- Nevada/Utah Border on Gonder 230 kV
- Glen Canyon 230 kV
- Nevada Utah Border (NUB) on Red Butte 345kV
- Located in Nevada - PacifiCorp is willing to purchase capacity and associated energy that is sourced from Nevada; provided, the selling entity is able to secure firm transmission and operating reserves from the resource to either Gonder or NUB
- Crystal 500kV – provided PacifiCorp Transmission includes it as a valid network point of delivery
- Wyoming - POD must be electrically south of Naughton-Monument.

Note: all incremental delivery costs, interconnection costs and or integration costs will be considered in economic analysis. Most POD’s will require a system impact study.

Company Benchmarks

- The company benchmarks will be separated into three portfolios with four resources

Category	2012	2013	2014
Benchmark Portfolio	Hunter 4 - 600MW IPP 3 - 340MW	Bridger 5 - 750MW	IGCC 250MW - 600MW

- Benchmark portfolio one will consist of Hunter 4, Bridger 5, and 250-600MW of IGCC
- Benchmark portfolio two will consist of IPP 3, Bridger 5 and 250-600MW of IGCC
- Benchmark portfolio three will consist of IPP 3, Hunter 4, Bridger 5 and 250 – 600MW of IGCC

[1] The company benchmark portfolio two will be completed with and without IGCC

[2] The company benchmark portfolio three will be conducted with and without IGCC

Resource Requirements for the 2012 - 2014 Term

Total Resource Requirements	2012	2013	2014
A combination of Supply Side resources and Front Office Transactions in the 2004 IRP Update	1275MW	335MW to 935MW*	500MW
RFP 2012	Hunter 4 600MW IPP 3 340MW	Bridger 5 750MW	IGCC 250MW- 600MW
Total Resources required in the RFP 2012	600MW to 940MW	750MW	250MW to 600MW
Total Resources in the Term			1600MW to 2290MW
Total Resources in the RFP 2012			1775MW

- If resource quantities in the amount of the Hunter 4 and IPP 3 benchmark are acquired in 2012, then the 2013 resource quantity requirement is 335 megawatts.
- If resource quantities only in the amount of the IPP 3 benchmark are acquired in 2012, then the 2013 resource requirement is 935 megawatts.

Evaluation of Proposals

Evaluation will be completed for each category in a two step process measured against the benchmark portfolios

– Initial Shortlist Bid Evaluation - RFP Base Model

▶ Price - 70% weighting

- » Comparison metric will be the Net Present Value Revenue Requirement per kilowatt-month (Net PVRR/kW-mo).
 - » Real levelization and the equivalent annuity method will be utilized
 - » Bid metric \leq 80% value receives 70% score
 - » Bid metric \geq 120% value receives 0% score
 - » 80% value $>$ bid metric $<$ 120% value receives linearly interpolated score between 0% & 70%.
- » Includes transmission costs to integrate the resource and/or third party transmission if applicable.
 - » Transmission and or transportation costs currently available will be disclosed to bidders
- » CO2 expense will be included in the evaluation.
- » Debt Costs – Cost to rebalance debt/equity ratio as a result of inferred or direct debt.
 - » Inferred Debt- is debt that credit ratings agencies associate with contracts (e.g., power purchase agreements)
 - » Direct Debt – is debt that is added directly to a buyer’s balance sheet as a result of capital lease accounting

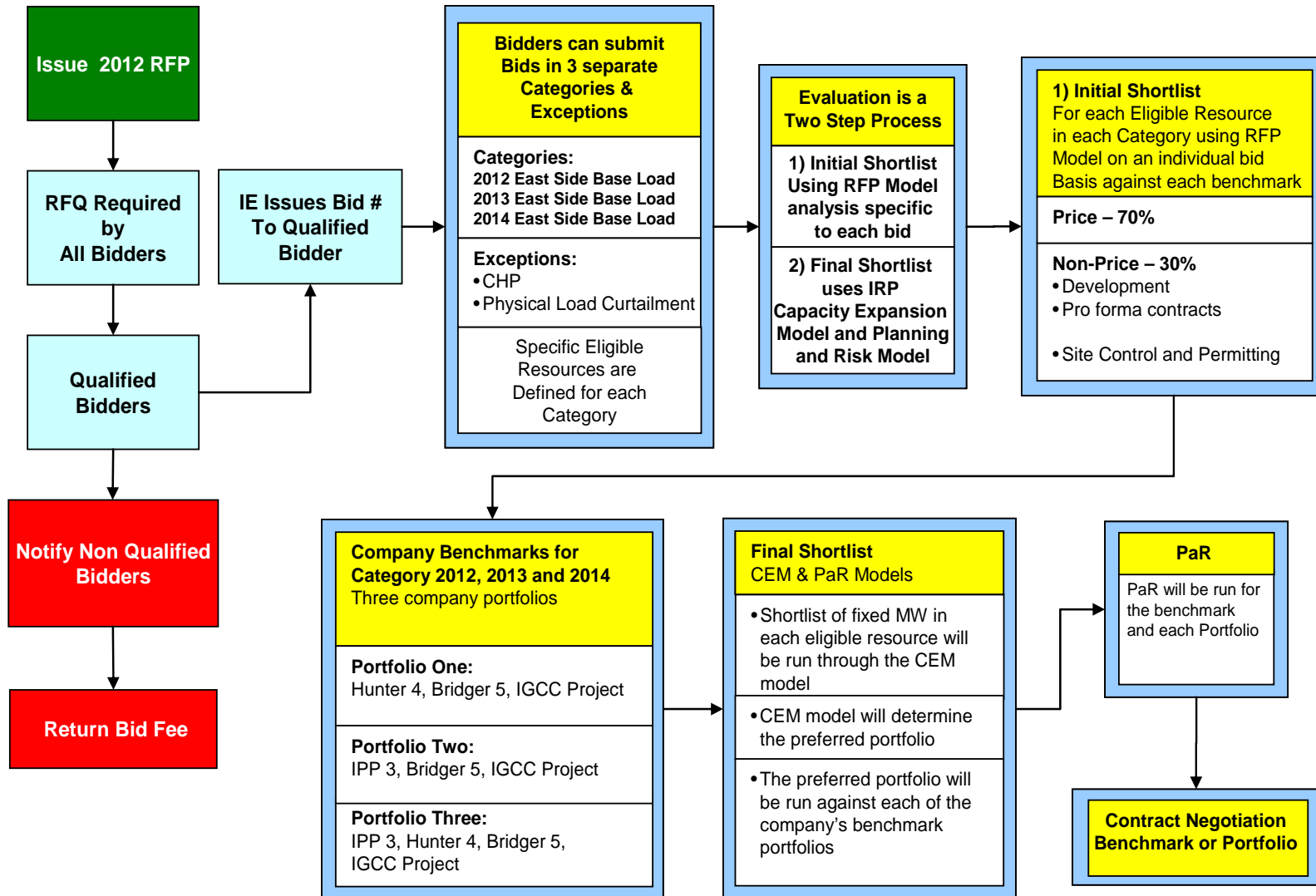
▶ Non-price - 30%

- » Development, Construction and Operation experience (10%)
- » Pro forma contract (10%)
- » Site Control and Permitting (10%)

Final Shortlist

- Initial shortlists will be completed for each Eligible Resource for each category.
- Results of the initial shortlist will be evaluated in the Integrated Resource Planning's Capacity Expansion and Planning and Risk models to determine the least cost/risk adjusted portfolio in each category.
- These portfolios are then compared to each of company's benchmark portfolios.
- Final proposals may be selected for further negotiations based on the results of the comparison analyses.

Overall Process



Questions/Comments & Information Sources

PacifiCorp Web Site

www.pacificorp.com

(go to “News & Info” and select “Resource Supply RFPs”, then choose RFP 2012) for:

2012 RFP,
bidder workshop & conference slides,
Questions and Answers

PacifiCorp Transmission

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