



**Request for Proposals**

**Renewable Resources**

**(2016R RFP)**

**ISSUED: Monday, April 11, 2016**

**DUE DATE: Friday, May 20, 2016  
5:00 PM PPT**

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**2016R RFP Responses:**

**PacifiCorp  
RFP 2016R  
Attention: Origination  
825 NE Multnomah, Suite 600  
Portland, Oregon 97232**

**[rfp\\_2016R@pacificorp.com](mailto:rfp_2016R@pacificorp.com)**

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## SECTION 1. INTRODUCTION

This 2016 Renewable Resource Request for Proposals (2016R RFP) is seeking cost-competitive bids for renewable energy resources that can be used to meet state renewable portfolio standard (RPS) requirements under the applicable laws and regulations of California, Oregon, and/or Washington. As stated in its 2015 Integrated Resource Plan (IRP) Update, PacifiCorp has identified the potential for near-term, time-sensitive renewable resource acquisition opportunities that may reduce state RPS compliance costs driven by federal tax extender legislation passed in late 2015. The tax extender legislation provides an opportunity for qualifying renewable energy projects to receive the full value of the federal production tax credit (PTC) available under Section 45 of the Internal Revenue Code,<sup>1</sup> or federal investment tax credit (ITC) under Section 48 of the Internal Revenue Code.

PacifiCorp (sometimes also referred to herein as the “Company”) is seeking proposals for competitively-priced projects that do not require significant transmission costs or upgrades to deliver to PacifiCorp’s system. Proposals for new renewable resources must demonstrate, to the Company’s satisfaction, that projects will qualify for the full value of the federal PTC, if applicable, or the 30 percent federal ITC.<sup>2</sup> Proposals must further demonstrate to PacifiCorp’s satisfaction, and as determined in its sole discretion, that the proposed project can achieve commercial operation prior to December 31, 2018. PacifiCorp will also accept proposals from existing renewable resources that do not currently have a power purchase agreement with the Company. PacifiCorp is not bound to accept any bids, and may cancel this solicitation at any time and at its own discretion.

Projects must be a discrete generating asset that is not located behind any load served by a utility or net-metered<sup>3</sup> and can be individually metered and remotely monitored. Multiple smaller projects proposed by the same Bidder must aggregate to a minimum of 3.0 MW. PacifiCorp is not setting a maximum size limit for projects submitted in this RFP, but PacifiCorp will only consider projects that demonstrate a unique value opportunity for its customers, without compromising reliability. PacifiCorp will accept proposals for renewable resources capable of directly interconnecting and delivering energy to the Company’s west balancing authority area (PACW), or capable of delivering energy into PACW with the use of third-party firm transmission service. PacifiCorp will consider proposals for the following structures:

1. “Build-Transfer” transaction whereby the Bidder develops the project, assumes responsibility for construction and ultimately transfers the asset to the Company

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<sup>1</sup> As recently extended by Congress, the federal PTC currently provides a \$23 tax credit for each MWh of production from a qualifying renewable energy facility that begins construction (as interpreted by applicable guidance of the Internal Revenue Service) before January 1, 2017. The value of the PTC is reduced by 20% form projects beginning construction each year thereafter until it expires completely beginning on January 1, 2020.

<sup>2</sup> Section 48 of the federal Internal Revenue Code.

<sup>3</sup> Generation cannot offset retail load first and sell excess to PacifiCorp. See Pacific Power’s Oregon Schedule 135, *Net Metering Service Optional For Qualifying Customers*, for additional detail on net metering.

- upon or prior to the operation date, all pursuant to the terms of an Asset Purchase and Sale Agreement (APSA).
2. Power Purchase Agreement (PPA) for a 20-year term with exclusive ownership by PacifiCorp of any and all Environmental Attributes associated with all energy generated and option to purchase the project during or at end of contract term to retain value of site for customers;<sup>4</sup>

Bidders may also submit alternative transaction structures that provide a means for the Company to acquire a resource after tax benefits have been realized (*e.g.*, sale-leaseback, equipment financing, partnership flips), or that are more suited to the existing holding structure for the proposed resource (*e.g.*, membership interest purchase or stock purchase agreements), or that bifurcate the purchase and sale of the existing development assets and the construction of the proposed resource (*e.g.*, an asset purchase and sale agreement or membership interest purchase agreement transferring the existing development-stage assets presently, coupled with EPC, O&M and other related contracts (either with an affiliate of the Bidder or an unaffiliated third party) for the construction of the proposed resource (each, an “Alternative Ownership Proposal” and, collectively, “Alternative Ownership Proposals”). Such Alternative Ownership Proposals will be considered by the Company in its sole discretion to determine if any provide an attractive benefit to customers. To the extent Bidders propose variations of a Build-Transfer structure or a PPA, such proposals will be considered (or not considered) at PacifiCorp’s sole discretion and PacifiCorp reserves the right to reject non-compliant bids.

PacifiCorp has issued a separate RFP for Renewable Energy Credits (RECs) (2016 RFP for RECs) on a similar timeline as this 2016R RFP.<sup>5</sup> Bidders can submit proposals into both RFPs. However, Bidders participating in both RFPs must identify whether such proposals are mutually exclusive so it is clear to PacifiCorp whether the Company can potentially transact on one or the other proposal or both proposals.

For the purpose of the 2016R RFP, renewable resources must qualify for RPS compliance under the applicable laws and regulations of California, Oregon, and/or Washington as further described later in this document.

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<sup>4</sup> As the term, Environmental Attributes, is defined in the pro-forma transaction documents for this RFP.

<sup>5</sup> Access to the 2016 RFP for RECs documents is located on PacifiCorp’s website under the Active Request for Proposals at: [www.pacificorp.com/sup/rfps.html](http://www.pacificorp.com/sup/rfps.html)

## SECTION 2. PROCEDURAL ITEMS

PacifiCorp will evaluate proposals based on the following:

- Customer cost,
- Contribution to RPS compliance,
- Implementation schedule,
- Compliance with and verification of major equipment availability defined in two tracks – one for wind, and one for solar, as outlined in **Appendices A-1 through A-10**.<sup>6</sup>
  - **Appendix A (Solar) - Solar Photovoltaic Renewable Resource - Technical Specification**
  - **Appendix A (Wind) - Wind Renewable Resource - Technical Specification**
- Ability to provide acceptable credit security for the Bidder's proposed obligation,
- Transmission access and interconnection status, and
- Conformance to the *pro forma* agreements attached as **Appendices E-2 and F-2** to this RFP.

Each proposal will be prepared at the sole cost and expense of the Bidder and with the express understanding that there will be no claims whatsoever for reimbursement from PacifiCorp. PacifiCorp is not liable for any costs incurred by Bidders in responding to this RFP, or for any damages arising out of or relating to PacifiCorp's rejection of any proposal, or Bidder's reliance upon any communication received from PacifiCorp, for any reason. Bidder shall bear all costs and expenses of any response to PacifiCorp in connection with its proposal, including providing additional information, and Bidder's own expenses in negotiating and reviewing any documentation.

**Appendix E-1 - PPA Instructions to Bidder** and **Appendix F-1 - APSA Instructions to Bidder** provide additional detail on preparation of bid document deliverables.

All proposals belong to PacifiCorp and will not be returned. Mutual nondisclosure agreements (NDAs) will be executed with projects as part of this RFP. PacifiCorp will use reasonable efforts to protect information clearly and prominently marked as proprietary and confidential on the page it appears, but PacifiCorp reserves the right to release such information to agents or contractors to help evaluate the proposal, as well as to its regulators and non-bidding parties to regulatory proceedings subject to standard protective orders or confidentiality arrangements. PacifiCorp shall not be liable for any damages resulting from any disclosure of such information, howsoever occurring.

PacifiCorp is interested in creative proposal options that add value to customers. As a result, PacifiCorp encourages Bidders to offer alternatives under the same proposal. For each proposal, Bidders may submit a base proposal and one alternative. Alternatives will be limited to variation in project size, contract terms, in-service dates, and/or pricing structures. A Bidder may submit more than one proposal but only one alternative to each proposal. The Company's objective in offering Bidders the opportunity to propose

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<sup>6</sup> Each **Appendix A – Technical Specification** for the different resource types will be referred to as **Appendix A (Wind)** or **Appendix A (Solar)** for the remainder of the document.

alternatives is to allow the Company to optimize the benefits from the solicitation by combining proposals of different sizes, terms and in-service dates. Proposals must be submitted in the legal name of the respondent that would be bound by any agreement with PacifiCorp.

## SECTION 3. LOGISTICS

### A. SCHEDULE

#### INDICATIVE SCHEDULE

| Milestone                                      | Date                       | Days |
|--|----------------------------|------|
| RFP issued                                     | Monday, April 11, 2016     | --   |
| Bidder Workshop                                | Tuesday, April 19, 2016    | 8    |
| RFP proposals due                              | Friday, May 20, 2016       | 31   |
| Evaluation completed                           | Monday, June 27, 2016      | 38   |
| Notify short-listed Bidders                    | Friday, July 01, 2016      | 4    |
| Best & final pricing from short-listed Bidders | Friday, July 08, 2016      | 7    |
| Final selection                                | Friday, July 15, 2016      | 7    |
| Complete negotiations                          | Friday, September 02, 2016 | 49   |
| Notice to proceed/execution                    | Friday, September 16, 2016 | 14   |

The indicative schedule above is subject to change. Actual dates may vary from the indicative schedule for reasons that include, but are not limited to, negotiation time, availability of key personnel, due diligence, the evaluation or negotiation of any issues unique to any bid, Bidder, or project, Bidder's willingness to agree to forms of agreements desired by PacifiCorp, PacifiCorp's evaluation of Bidder's creditworthiness, and actions required by any third parties. PacifiCorp accepts no liability to the extent the actual schedule varies from the indicative schedule. PacifiCorp is not obligated to develop a short list of Bidders, to make a final selection, or to initiate or complete negotiations on any transaction.

A Bidder Workshop will be held on Tuesday, April 19, 2016 at 1:00 p.m. Pacific Prevailing Time (PPT). Additional details on the Bidder Workshop will be posted to the PacifiCorp website.

All proposals shall have a bid validity date through **September 16, 2016**. Bids selected to the shortlist will be asked to update their bid prices as part of the negotiation process.

### B. SUBMISSION OF QUESTIONS

Interested parties and Bidders may submit questions related to this solicitation, and PacifiCorp will respond in a timely fashion. All information, including pre-bid materials, questions, and PacifiCorp's response to questions, will be posted on the PacifiCorp website at [www.pacificorp.com](http://www.pacificorp.com). Any questions on the RFP or related documents should be sent to Company via email at **rfp\_2016R@pacificorp.com**.

## C. SUBMISSION OF BIDS

All submitted bids must be transmitted by express, certified or registered mail, or hand delivery to the following address:

**PacifiCorp**  
**RFP 2016R**  
**Attention: Origination**  
**825 NE Multnomah, Suite 600**  
**Portland, Oregon 97232**

Bidders must submit complete proposals that include the following items:

1. One (1) signed original hard copy of each bid and any required forms including all exhibit sheets required in **Appendix A (Solar)** or **Appendix A (Wind)**, and **Appendices E-1 and E-2 (PPA)** and **F-1 and F-2 (APSA)**.<sup>7</sup>
2. One (1) electronic copy of the bid and any required forms in PDF format and Microsoft Excel format, as required, including all exhibit sheets required in **Appendix A (Solar)** or **Appendix A (Wind)**.
3. One (1) electronic copy of the **Appendix H – Form 1 Pricing Input Sheet** in original Microsoft Excel format.
4. One (1) electronic and hard copy of the resource's performance estimation report and project output in an original Microsoft Excel file.
  - a. Solar - For solar proposals, the Bidder must provide a complete set of modeling input files in Microsoft Excel format that PacifiCorp can use to simulate the performance using PVSyst, PacifiCorp's preferred solar performance model. The performance estimation report must meet the requirements in **Appendix A (Solar) - Paragraph A-1.1**. Solar proposals must supply a representative annual hourly (8760 hours) energy profile reflecting expected unit availability, but before accounting for degradation. The hourly energy profile must present performance as alternating current and be in Microsoft Excel format.
  - b. Wind - For wind proposals, the Bidder must provide one (1) electronic and hard copy of an independent third-party wind assessment analysis/report supported by a minimum of two years' worth of wind data and one (1) electronic copy of the wind data that support the capacity factor. Wind proposals must supply a representative p-50 annual hourly (8760 hours) energy profile reflecting expected unit availability in Microsoft Excel format.
  - c. Other - For all other technologies, the Bidder must provide a description of the proposed project and underlying technology in sufficient detail that supports the expected generation output and expected capacity factor of

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<sup>7</sup> Bidders submitting proposals for non-wind or solar projects should utilize the Appendix A (Wind) including the appropriate appendices for PPA or APSA and modify to address the project's resource type and operating characteristics.

the project. Bidders shall include a representative 12 month by 24 hour (12 x 24) or hourly (8760 hours) energy profile reflecting expected unit availability in Microsoft Excel format.

In the event the Bidder chooses to use different performance modeling software than specified, the Bidder must provide sufficient data and inputs for the Company to validate the expected performance of the proposed resource.

Bids will be accepted until 5:00 p.m. Pacific Prevailing Time on Friday, May 20, 2016. **PacifiCorp will not accept any late proposals. Any bids received after this time will be returned to the Bidder unopened.**

#### **D. MINIMUM ELIGIBILITY REQUIREMENTS FOR BIDDERS**

Bidders may be disqualified for failure to comply with the RFP if any of the requirements outlined in this RFP are not met to the satisfaction of PacifiCorp, as determined in its sole discretion. If proposals do not comply with these requirements, PacifiCorp has the option to deem the proposal ineligible and eliminate it from further evaluation. Reasons for rejection of a Bidder or its proposal include, but are not limited to:

1. Receipt of any proposal after the response deadline.
2. Failure to meet the requirements described in this RFP and provide all information requested in **Appendix C-1 - Bid Summary PPA**, or **Appendix C-2- Bid Summary APSA** of this RFP.
3. The proposed renewable resource does not qualify as an eligible resource for RPS compliance under applicable Oregon, Washington or California law.
4. A new renewable resource that will not qualify for the full federal PTC (*i.e.*, begin construction on or prior to December 31, 2016), or the 30% federal ITC, as applicable.
5. Failure to permit disclosure of information contained in the proposal to PacifiCorp's agents, contractors, regulators, or non-bidding parties to regulatory proceedings under appropriate confidentiality agreements.
6. Any attempt to influence PacifiCorp in the evaluation of the proposals, outside the solicitation process.
7. Proposal is not a firm offer through the bid validity date outlined in Section 3.A. of this RFP.
8. Any failure to disclose the real parties of interest in the submitted proposal.
9. The Bidder, or an affiliate of Bidder, is in current litigation with PacifiCorp or has, in writing, threatened litigation against PacifiCorp, respecting an amount in dispute in excess of one hundred thousand dollars.
10. Proposal has failed to clearly specify all pricing terms.
11. Proposal has failed to offer unit contingent (as generated) or system firm capacity and energy, directly interconnected with or delivered into or in PACW (including appropriate contract term lengths and commercial operation dates).
12. Proposal presents unacceptable level of development or technology risk.
13. For wind or solar resource proposals involving potential PacifiCorp ownership or operational control, the Bidder fails to materially comply with technical specification requirements in **Appendix A (Solar)** or **Appendix A (Wind)**.

14. Failure to demonstrate a process to adequately acquire or purchase major equipment (i.e., wind turbines, photovoltaic panels, inverters, generator step-up transformers) and other critical long lead time equipment.
15. Bidder fails to demonstrate, to PacifiCorp's satisfaction, that it can meet the credit security requirements for the renewable resource proposed.
16. Bidder fails to submit information required by PacifiCorp to evaluate the price and non-price factors described herein.
17. Bidder fails or is unable to abide by the applicable safety standards.
18. Bidder submits an unacceptable contract structure.
19. Collusive bidding or any other anticompetitive behavior or conduct exists.
20. Bidder or proposed project being bid is involved in bankruptcy proceedings.
21. Failure of the Bidder's authorized officer to sign the proposal.
22. Misrepresentation or failure to abide by Federal Trade Commission Green guidelines.
23. Any change in regulations or regulatory requirements that make the Bidder's proposal non-conforming.
24. Any matter impairing the Bidder, the specified resource or the generation of power or environmental attributes of the renewable resource.
25. Failure to provide one year of site-specific solar radiation data that is financing-level quality, or two years of wind resource data for a proposed wind project, as validated by a third party engineering firm, as applicable.
26. Failure to provide a performance model output including hourly output values as identified in **Appendix A (Solar)** or **Appendix A (Wind)**, as applicable,
27. Failure to provide **Exhibit D - Bidder's Credit Information**, and **Appendix H - Form 1 - Pricing Input Sheet**.
28. For proposals involving PacifiCorp ownership or operational control upon the commercial operation or substantial completion date, the Bidder fails to submit an Operations and Maintenance Agreement materially compliant with **Appendix K**.
29. Any matter impairing Bidder, specified resources or the generation of power or Non-Power Attributes therefrom.

#### **E. COMPANY RESERVATION OF RIGHTS AND DISCLAIMERS**

PacifiCorp reserves the right, without limitation or qualification and in its sole discretion, to reject any or all bids, and to terminate or suspend this RFP in whole or in part at any time. Without limiting the foregoing, PacifiCorp reserves the right to reject as non-responsive any or all bid proposals received for failure to meet any requirement of this RFP outlined herein. PacifiCorp further reserves the right without qualification and in its sole discretion to decline to enter into any agreement with any Bidder for any reason, including, but not limited to, change in regulations or regulatory requirements that impact PacifiCorp, and/or any collusive bidding or other anticompetitive behavior or conduct of Bidders.

Bidders who submit bid proposals do so without recourse against PacifiCorp, its parent company, its affiliates and its subsidiaries, or against any director, officer, employee, agent or representative of any of them, for any modification or withdrawal of this RFP, rejection of any bid proposal, failure to enter into an agreement, or for any other reason relating to or arising out of this RFP. Bidders will be required to execute **Appendix G -**

**Mutual Confidentiality Agreement** after the shortlist is identified and prior to entering into final negotiations.

## **F. ACCOUNTING**

All proposals will be assessed by PacifiCorp for appropriate accounting and tax treatment. Bidders must supply all information PacifiCorp reasonably requires in order to make these assessments.

## **G. CONFIDENTIALITY**

PacifiCorp will attempt to maintain the confidentiality of all bids submitted, to the extent consistent with law or regulatory order, as long as such confidentiality does not adversely impact a regulatory proceeding. It is the Bidder's responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark an entire proposal as confidential, but must mark specific information on individual pages to be confidential in order to receive confidential treatment for that information.

All information supplied to PacifiCorp or generated internally by PacifiCorp is and shall remain the property of PacifiCorp. The Bidder expressly acknowledges that PacifiCorp may retain information submitted by the Bidder in connection with this RFP. To the extent Bidder receives information from PacifiCorp, Bidder shall maintain the confidentiality of such information and such information shall not be available to any entity before, during or after this RFP process unless required by law or regulatory order.

Only those Company employees who are directly involved in the RFP process or with the need to know for business reasons will be afforded the opportunity to view submitted bids or Bidder information.

Bidders should be aware that information supplied by Bidders may be requested and supplied during regulatory proceedings, subject to appropriate confidentiality provisions applicable to that particular proceeding. This means that parties to regulatory proceedings may request and view confidential information. If such a request occurs, PacifiCorp will attempt to prevent such confidential Bidder information from being supplied to intervening parties who are also Bidders, or who may be providing services to a Bidder, but PacifiCorp cannot promise success in that endeavor and accordingly cannot be held liable for any information that it is ordered to be released or that is inadvertently released.

Lastly, PacifiCorp intends to utilize its internal, proprietary models in its evaluation process. These models, the assumptions used in these models, and the bid evaluation results will not be shared with entities external to PacifiCorp or its consultants, including Bidders, unless required to support regulatory proceedings, required by law, or required by regulatory order.

## SECTION 4. REQUEST FOR PROPOSAL CONTENT

### A. ALL PROPOSALS

This section outlines the content and format requirements for all proposals and proposal alternatives. Proposals that do not include the information requested and in a form described in this section may be deemed ineligible for further evaluation unless the information is not relevant as determined by PacifiCorp in its sole discretion. All sections must be complete and in compliance with the RFP in order for the bid to be accepted. In addition to the requirements listed here, Bidders must meet the requirements of **Appendix B - Information Required in Bid Proposals**.

While Bidders may submit Alternative Ownership Proposals, such Alternative Ownership Proposals will be considered by the Company in its sole discretion to determine whether these alternatives provide an attractive benefit for customers. Each Bidder must provide complete information as requested in all Appendices, Forms and Attachments outlined in the table below that is relevant to its proposal and for any alternative, as applicable.

|                      | <b>2016R RFP Bid Applicability</b>                                      | <b>PPA</b> | <b>APSA</b> | <b>Alternative Ownership Proposals</b> |
|----------------------|---|------------|-------------|--|
| Appendix A.          | Solar or Wind <sup>8</sup> – Renewable Resource Technical Specification |            |             |  |
| <i>Appendix A-1</i>  | <i>Overview of Appendices</i>   | --         | --          | --                                     |
| <i>Appendix A-2</i>  | <i>Interconnection Agreement</i>  | X          | X           | X                                      |
| <i>Appendix A-3</i>  | <i>Permit-Matrix</i>  | X          | X           | X                                      |
| <i>Appendix A-4</i>  | <i>Not used</i>   |            |             |  |
| <i>Appendix A-5</i>  | <i>Project One-line Drawing and Layout</i>                              | X          | X           | X                                      |
| <i>Appendix A-6</i>  | <i>Division of Responsibility</i>                                       |            | X           | X                                      |
| <i>Appendix A-7</i>  | <i>Owner Standards and Specification</i>                                |            | X           | X                                      |
| <i>Appendix A-8</i>  | <i>Performance Summary Report</i>                                       | X          | X           | X                                      |
| <i>Appendix A-9</i>  | <i>Product Data- Equipment Supply Matrix</i>                            | X          | X           | X                                      |
| <i>Appendix A-10</i> | <i>Plant Performance Guarantee</i>                                      |            | X           | X                                      |
| Appendix B.          | Information Required in Bid Proposal                                    | X          | X           | X                                      |
| Appendix C-1.        | Bid Summary - PPA (including term sheet)                                | X          |             |  |
| Appendix C-2.        | Bid Summary - APSA (including term sheet)                               |            | X           |  |
| Appendix D.          | Bidder's Credit Information   | X          | X           | X                                      |
| Appendix E-1         | PPA Instructions to Bidders   | X          |             |  |
| Appendix E-2.        | PPA and Exhibits (Wind or Solar) <sup>9</sup>                           | X          |             |  |
| Appendix F-1.        | APSA Instructions to Bidders  |            | X           | X                                      |

<sup>8</sup> While specific specifications are provided for wind and solar resources, PacifiCorp will consider other renewable energy resources that satisfy renewable portfolio standard requirements in California, Oregon or Washington. If a bidder is submitting a proposal for a resource other than solar and wind, the bidder must include with its proposal all appropriate feasibility and technical information that will allow PacifiCorp to fully evaluate the proposal.

<sup>9</sup> While specific pro-forma contracts are provided for wind and solar resources, PacifiCorp will consider other renewable energy resources that satisfy renewable portfolio standard requirements in California, Oregon or Washington. If a bidder is submitting a proposal for a resource other than solar and wind, the bidder may mark-up the pro-forma agreement to reflect any necessary changes to reflect the differences in technology.

|               | 2016R RFP Bid Applicability  | PPA | APSA | Alternative Ownership Proposals |
|---------------|--|-----|------|---------------------------------|
| Appendix F-2. | APSA and Appendices (A-Q)  |     | X    | X                               |
| Appendix G.   | Mutual Confidentiality Agreement   | X   | X    | X                               |
| Appendix H.   | Form 1 - Pricing Input Sheet   | X   | X    | X                               |
| Appendix I.   | FERC's Standards of Conduct  |     |      |                                 |
| Appendix J.   | QRE Agreement  | X   |      |                                 |
| Appendix K.   | General Services Contract-Operations & Maintenance Services (Wind) or (Solar) or other resource type |     | X    | X                               |

## B. ASSET PURCHASE TRANSACTION

**Appendix C-2 - Bid Summary** – APSA shows the form of project information required if a Bidder proposes a “Build-Transfer” transaction whereby the Bidder develops the resource, assumes responsibility for construction and then ultimately transfers the project to the Company upon or prior to the operation date, all pursuant to the terms of an Asset Purchase and Sale Agreement (APSA). The Bidder’s proposal must contain the information requested in **Appendix F-1 - APSA Instructions to Bidders**. The Bidder must provide information sufficient to assure PacifiCorp that any proposed project has a strong probability of successful construction and full operation by December 31, 2018, and that any new resource will be eligible to claim, as applicable, the full federal PTC (*i.e.*, demonstrating an ability to begin construction (as interpreted by the federal Internal Revenue Service) on or prior to January 1, 2017), or the 30% federal ITC.

The APSA *pro forma* documents are attached as **Appendix F-2 - Asset Purchase and Sale Agreement (APSA)**. The APSA is structured such that the Company makes progress payments on an agreed-upon schedule in exchange for the developer meeting certain milestones and deliverables. However, the Company is also receptive to a single lump sum payment due at a defined substantial completion date. All Bidders in this category must complete the information requested in **Appendix C-2 - Bid Summary - APSA**. PacifiCorp will only accept APSA proposals in which the final outcome is a purchase by PacifiCorp of a fully completed project at the “substantial completion date” or “commercial operation date.”

The Bidder will be responsible for all aspects of the development and construction of the facility, including, but not limited to, permitting, engineering, procurement, construction, interconnection and all related costs up to achieving commercial operation. Without limiting the foregoing, the Bidder will be responsible for obtaining all permits, rights and resources required to construct and provide an operational generation resource consistent with the Bidder’s proposal.

Bidders will be responsible for submitting an operation and maintenance (O&M) service proposal as part of the overall APSA bid submittal consistent with **Appendix K, General Services Contract for Operation and Maintenance Services**. **Any proposal that does not include an O&M proposal that provides pricing, scope and other key terms will be rejected as a nonconforming proposal.**

Bidders should note that any proposal submitted in this category that proposes new construction of a wind or solar generation facility must comply with the technical and construction specifications contained in Appendix A (Solar) or Appendix A (Wind) and must utilize the services of a single primary contractor.

To the extent the Bidder uses a Contractor or a separate legal entity other than the Bidder itself, this entity must be experienced with the type of facility being proposed and meet credit criteria, all as deemed acceptable to PacifiCorp in its sole discretion.

### **C. POWER PURCHASE AGREEMENT**

**Appendix C-1 - Bid Summary – PPA** shows the form of project information required for a Bidder offering a PPA option. Bidder's proposal must contain the information requested in **Appendix E-1 - PPA Instructions to Bidders**. The term of the PPA shall be 20 years. The Bidder must agree to meet its contractual obligations within the PPA during the term of the PPA. Bidders submitting PPA proposals are requested to include a contractual option for PacifiCorp to acquire the facility either during or upon the end of the term of the PPA (*i.e.*, following full realization of the investment tax credit (if applicable), and/or at the end of the 20-year PPA term). When providing such purchase option proposals, Bidders must indicate how the pricing within the PPA is impacted by inclusion of one or more purchase options.

The Bidder will be required to complete **Appendix J - Qualifying Reporting Entity (QRE) Services Agreement** as part of the PPA which establishes WREGIS registration and reporting obligations for both parties. The Bidder's proposal must contain the information requested in **Appendix E-1 PPA Instructions to Bidders**. The Bidder must provide documentation and information sufficient to assure PacifiCorp that any proposed project has a strong probability of successful construction and full operation by December 31, 2018, and that any new resource will be eligible to claim, as applicable, the full federal PTC (*i.e.*, demonstrating an ability to begin construction (as interpreted by the federal Internal Revenue Service) on or prior to January 1, 2017), or the 30% federal ITC.

### **D. ALTERNATIVE OWNERSHIP PROPOSALS**

As noted above, Bidders may submit Alternative Ownership Proposals, and such Alternative Ownership Proposals will be considered by the Company in its sole discretion. Bidders must submit the appendices that are relevant to the Bidder's Alternative Ownership Proposal, which will typically correspond to the requirements for an asset purchase and sale proposal as noted herein. Such proposals must include full documentation on the proposed financing structure and the pricing associated with PacifiCorp's contemplated ownership.

## SECTION 5. RESOURCE INFORMATION

### A. PRICE INFORMATION

Bidders must supply Appendix **H – Form 1 Pricing Input Sheet** in its original Microsoft Excel format with all proposals and alternative proposals. Price information that must be supplied by the Bidder includes:

- Term: start and end date
- Transmission cost assumptions
- Point of delivery (POD) and Point of receipt (POR)
- Expected annual dispatch pattern, or generation profile, that reflects availability, but before degradation, as applicable<sup>10</sup>
- Availability rate assumed in annual dispatch or generation profile data
- Designation of firm or unit contingent energy deliveries
- Resource type
- Price and milestone payment schedule (\$ and dates, as applicable)
- Variable O&M cost (\$/MWh, as applicable)<sup>11</sup>
- Fixed O&M cost (\$/Year, as applicable)<sup>12</sup>
- Ongoing capital (\$/Year, as applicable)
- Other variable costs, *i.e.*, royalties (% of energy revenue, or \$/MWh, as applicable)
- Variable energy payment, with escalation (\$/MWh escalating at X%/year, as applicable)
- Fixed energy payment, with escalation (\$/Month growing at X%/year, as applicable)
- Other fixed charges, *i.e.* land leases, with escalation (\$/MWh or \$/Year growing at X%/year, as applicable)
- Generation performance degradation (% change by year) for solar bids. For example, solar bids should use the PV module supplier’s guaranteed degradation performance. Bidder may propose alternative degradation rates provided that it provides an enforceable performance guarantee in support of the proposed alternative degradation rates.
- Buyout dates and prices (\$ or “fair market value,” as applicable)
- Qualifying costs and term for any incentives that reduce delivered costs, such as federal, state or local incentives including among others; federal ITC or PTC, bonus depreciation, property tax exemptions, or local economic incentives

### B. POINT OF DELIVERY

PacifiCorp is seeking resources located in specific areas that can deliver into or in PacifiCorp’s network transmission system without incurring significant network upgrade costs or transmission constraints. Delivery to customer load could occur via a direct

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<sup>10</sup> Section 3 of the 2016R RFP describes the type of generation profiles required for specific resource types.

<sup>11</sup> PacifiCorp may supply certain operational and maintenance costs for consistency across similar bids.

<sup>12</sup> PacifiCorp may supply certain operational and maintenance costs for consistency across similar bids.

interconnection with PacifiCorp's transmission system, or via delivery to PacifiCorp customer load with third-party transmission service. With either delivery method, PacifiCorp prefers bids that will not face significant transmission costs or constraints between the resource and PacifiCorp load. While PacifiCorp provides these general guidelines, the available transmission capacity from the project to PacifiCorp load is not known until the Bidder identifies its proposed point of delivery/point of integration. Bidders are encouraged to provide as much granularity and documentation as possible regarding their proposed point of delivery, transmission service requirements, and available transmission capacity. Specifically, the point(s) of delivery of primary interest to PacifiCorp are:

- A subset of the PACW system in the Pacific Northwest:
  - Interconnected to substations or transmission facilities where the point of interconnection for the resource (or the electrical system to which the resource is connected) is PacifiCorp's transmission system.<sup>13</sup>
  - Scheduled to a point(s) of interconnection between PacifiCorp's transmission system in the Pacific Northwest and adjacent transmission provider systems, respectively, such that transfer limitations are not exceeded. If the source is located in a non-PacifiCorp transmission system, the Bidder must show they have or can readily acquire transmission and ancillary services from the resource to the PACW delivery point.

PacifiCorp seeks renewable resources that are capable of directly interconnecting to its PACW system or delivering energy into the Company's PACW system with the use of third-party firm transmission service. If the resource does not interconnect directly with PacifiCorp's system in its service territory, the Bidder must demonstrate it has secured tariff services from the applicable transmission service provider, including interconnection, transmission, balancing, reserve or other applicable service from the resource to the delivery point to be able to schedule to the point(s) of interconnection to PacifiCorp's service territory and that such transfer limitations are not exceeded.

### **C. THIRD-PARTY INTERCONNECTION, INTEGRATION AND TRANSMISSION SERVICE**

PPA Bidders are responsible for any current or future tariffs or tariff changes including, but not limited to, interconnection, variable energy resource, electric losses, reserves, transmission, integration, imbalance, scheduling, and ancillary service arrangements required to deliver the proposed capacity and associated energy to the bid-specified

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<sup>13</sup> A map of PacifiCorp's Transmission System can be found on PacifiCorp's public OASIS website at <http://www.oasis.oati.com/ppw/index.html> under the "Transmission Planning" folder, subfolder "MAPS," titled "PacifiCorp Transmission Systems Map w/ WECC Path Ratings," which shows PacifiCorp transmission facilities. In this map, PacifiCorp transmission substations or substation lines in the PacifiCorp western balancing area (PACW) in the Pacific Northwest are generally found in Washington, Oregon and North California, west of the labeled WECC Paths "Idaho to Northwest" and "West of Hatwai."

Point(s) of Delivery on a firm basis. These costs will not be included in the evaluation of the PPA proposals as they are assumed to be the responsibility of the Bidder. All proposals must identify all third-party interconnection, electric losses, transmission and ancillary service products, and provider of reserves. Bidders must provide a complete description of these service agreements, and provide documentation that such service(s) will be available to the Bidder during the full term of offer(s) proposed or include contractual roll-over options if available to the Bidder.

Bidders that propose bids relying on third-party transmission should be aware that the use of transmission that is interruptible within the hour in any segment of the schedule or tagged from the source to the Point(s) of Delivery will require PacifiCorp to evaluate the cost and need to carry reserves against the schedule, which can be up to 100% in the case of electricity moved from a third party control area to PACW.

All proposals will require firm transmission to PacifiCorp's system and must be able to be designated by PacifiCorp's Energy Supply Management (ESM) function as a Network Resource under the network service contract between PacifiCorp Transmission ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) and PacifiCorp ESM.

#### **D. FERC'S STANDARDS OF CONDUCT**

Each Bidder responding to this RFP must conduct its communications, implementation and operations in compliance with FERC's Standards of Conduct for Transmission Providers (see **RFP Appendix I**), requiring the separation of its transmission and merchant functions. Any third-party transmission service is NOT a transmission service agreement with PacifiCorp's ESM merchant function; rather, it is with PacifiCorp's transmission function or other third-party transmission provider. As such, the Bidder must follow the transmission provider's OASIS process. If requested, short-listed Bidders shall execute a customer consent form consistent with FERC requirements that enables PacifiCorp's ESM merchant function to discuss the Bidder's interconnection and/or transmission service application(s) with the transmission interconnection or transmission service provider.

#### **E. INTERCONNECTION AND TRANSMISSION SERVICES**

All APSA proposals that will require a new electrical interconnection or an upgrade to an existing electrical interconnection, regardless of the project's interconnection to either PacifiCorp's system or to another utility's system, must include a statement of the cost of interconnection (broken out between network upgrade costs and facility specific or direct assigned interconnection costs), together with a diagram of the interconnection facilities. The Bidder will be responsible for, and is required to include in its bid, all costs to interconnect to the transmission provider's system. The Bidder is responsible to make application to the transmission provider for the appropriate Interconnection Agreement. The interconnection costs from all Bidders will be included in the bid evaluation. Interconnection costs should be clearly identified in the resource cost proposal and differentiate the portion of costs associated with network upgrades and that portion that are facility-specific. Bidders are encouraged to contact the applicable transmission function (PacifiCorp's transmission function at [www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) for information related to a system interconnection request.

If an APSA proposal is selected through this RFP, the applicable transmission function typically has the option of funding the interconnection network upgrades or requiring the Bidder to fund network upgrades and then receive revenue credits per the applicable OATT. Any such refunds shall be assigned to PacifiCorp directly or through a three-party contract, with the transmission provider treated as an independent third party; provided, however, if the Bidder is interconnecting to a third party and is scheduling power for delivery to PacifiCorp's control area using third party transmission, then the refund shall remain with the Bidder.

#### **F. PACIFICORP TRANSMISSION INTEGRATION SERVICE**

Notwithstanding the foregoing, **Bidders should not factor in the cost of integrating the proposed resource from bid-specified Points of Delivery into PacifiCorp's system.** Such transmission integration costs and other integration costs, as applicable, will be factored in by PacifiCorp for determination of the shortlist. Integration costs consistent with PacifiCorp's integrated resource plan (IRP) will be added to all bids.

#### **G. RESOURCE TYPES ELIGIBLE TO BID**

PacifiCorp is seeking renewable resources that can be used to meet its RPS requirements in Oregon, California, and/or Washington. Bidder must identify in their proposal(s) the state RPS program or programs for which the offered renewable resource is eligible.

For purposes of this RFP, "Renewable Energy Source" means a source of electricity generated utilizing types of energy eligible under Oregon,<sup>14</sup> Washington<sup>15</sup> and or California RPS,<sup>16</sup> including but not limited to the following:

- (a) wind energy
- (b) solar photovoltaic and solar thermal energy
- (c) wave, tidal and ocean thermal energy
- (d) geothermal energy
- (e) biomass
- (f) hydro-electric energy
- (g) energy from solid municipal waste
- (h) energy from landfill gas

This solicitation is for proposals that bundle *both* renewable energy credits (RECs) and underlying generation from an associated renewable resource having an in-service date of no later than December 31, 2018.<sup>17</sup> Proposals for new renewable resources must demonstrate, to the Company's satisfaction, that projects will qualify for the full value of the federal PTC, if applicable, or the 30 percent federal ITC. PPA or other proposed

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<sup>14</sup> For Oregon RPS, see ORS 469A.025.

<sup>15</sup> For Washington RPS, see Revised Code of Washington (RCW), section 19.285.030.

<sup>16</sup> For California RPS, see California Public Utilities Code Section 399.12 and California Public Resources Code Section 25741, as either code provision is amended or supplemented from time to time.

<sup>17</sup> As defined in Appendix E (Power Purchase Agreement).

alternatives that do not bundle RECs with the transfer of electric generation from the associated renewable resource will not be accepted. As such, a renewable resource must be directly interconnected to PacifiCorp's transmission or distribution system, or be scheduled on a firm basis to PacifiCorp's transmission system, to be eligible. Renewable resources interconnected to the electric system of a retail customer will not be accepted.

Bids that combine RECs with undifferentiated wholesale power will not be accepted.

Any bid submitted must be capable of clearly verifying time and amount of delivery of energy from the resource by metering or other means acceptable to PacifiCorp, including without limitation, metering acceptable to meet specifications required by California Independent System Operator Corporation ("CAISO").

PacifiCorp intends to utilize an independent forecast provider to generate and deliver any selected RFP project's generation forecasts according to the specifications required by CAISO and adapt the submission of these forecasts should CAISO requirements change (the "Forecasting Service"). Currently, PacifiCorp's forecast providers offer the following services required for participation in the CAISO Energy Imbalance Market (EIM): 1) submission of a once per day, hourly, 168-hour horizon generation forecast to PacifiCorp, 2) submission of a 5 minute updated forecast of an hourly, 48 hour horizon forecast to the PacifiCorp vendor contracted to submit base schedules to CAISO, and 3) submission of 5 minute updates of five-minute forecast granularity, for a three hour horizon to CAISO. These requirements are further described in the *pro forma* documents associated with this RFP.

## **H. TAX CREDITS AND/OR PROJECT INCENTIVES**

Bidders must bear all risks, financial and otherwise, associated with Bidder's or the facility's eligibility to receive any state or federal energy tax credits, sales tax waivers or exemptions or any other identified tax credit or incentive, or qualify for accelerated depreciation for Bidder's accounting, reporting or tax purposes, as applicable. The obligations of the Bidder to perform under any executed agreement as a result of this solicitation shall be effective and binding regardless of whether the sale of or output from the Bidder's facility under such agreement is eligible for, or receives production or investment tax credits, or other identified tax credits/incentives.

PacifiCorp will require written documentation of the amount, timing and control of any and all available tax credits/incentives that the Bidder's facility is eligible for, applied for, and/or received. Such documentation shall include but not be limited to ownership rights to the credit, grant or incentive, timing including expiration dates and milestones to achieve the credit, grant, or incentive.

## **I. ACCOUNTING**

All contracts proposed to be entered into as a result of this RFP will be assessed by PacifiCorp for appropriate accounting and tax treatment. Bidders shall be required to supply PacifiCorp with any and all information that PacifiCorp reasonably requires in order to make these assessments. Specifically, given the term length of the PPA, or the useful life of the asset to be acquired under an asset acquisition or Alternative Ownership

Proposal, accounting and tax rules may require either: (i) a contract be accounted for by PacifiCorp as a Capital Lease or Operating Lease<sup>18</sup> pursuant to ASC 840, or (ii) the seller or assets owned by the seller, as a result of an applicable contract, be consolidated as a Variable Interest Entity (VIE) onto PacifiCorp's balance sheet.<sup>19</sup>

PacifiCorp is unwilling to be subject to accounting or tax treatment that results from VIE treatment. As a result, after Bidders are selected for the shortlist, if required by PacifiCorp accounting department, Bidders will be required to certify, with supporting information sufficient to enable PacifiCorp to independently verify such certification, that their proposals will not be subject to VIE treatment. Bids that result in VIE treatment will be rejected after they are given an opportunity to provide an alternate structure that does not trigger a VIE.

Each Bidder must also agree to make available at any point in the bid evaluation process any and all financial data associated with the Bidder PPA or APSA that PacifiCorp requires to determine potential accounting impacts. Such information may include, but is not limited to, data supporting the economic life (both initial and remaining), the fair market value, executory costs, nonexecutory costs, and investment tax credits or other costs (including debt specific to the asset being proposed) associated with the Bidder's proposal. Financial data contained in the Bidder's financial statements (e.g., income statements, balance sheets, etc.) may also be required to be supplemented.

## **J. COST ASSOCIATED WITH DIRECT OR INFERRED DEBT**

PacifiCorp will not take into account potential costs to PacifiCorp associated with direct or inferred debt (described below) as part of its economic analysis in the shortlist evaluation. However, after completing the shortlist and before the final resource selections are made, PacifiCorp may take direct or inferred debt into consideration. In so doing, PacifiCorp may obtain a written advisory opinion from a rating agency to substantiate PacifiCorp's analysis and final decision regarding direct or inferred debt.

Direct debt results when a contract is deemed to be a Capital Lease pursuant to ASC 840 and the lower of the present value of the nonexecutory minimum lease payments or 100% of the fair market value of the asset must be added to PacifiCorp's balance sheet.

Inferred debt results when credit rating agencies infer an amount of debt associated with a power supply contract and, as a result, take the added debt into account when reviewing PacifiCorp's credit standing.

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<sup>18</sup> "Capital Lease" and "Operating Lease" - shall have the meaning as set forth in the Accounting Standards Codification (ASC) 840 as issued and amended from time to time by the Financial Accounting Standards Board.

<sup>19</sup> "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in ASC 810 as issued and amended from time to time by the FASB.

## **SECTION 6. BID EVALUATION AND SELECTION**

PacifiCorp will utilize a “first-price sealed bid format” in order to generate a Shortlist. Under this format, PacifiCorp will utilize the initial prices and pricing structure submitted by the Bidder in order to determine short-listed entities. PacifiCorp will not ask for, or accept, updated pricing from Bidders during the evaluation period; however, PacifiCorp may seek a final price update during contract negotiation.<sup>20</sup> PacifiCorp will negotiate both price and non-price issues after the Shortlist is final. PacifiCorp reserves the right not to engage in any post-bid or post-shortlist negotiations with any Bidder that has not made the Shortlist. Selection for the Shortlist and post-shortlist negotiations does not constitute a “winning bid proposal.” Only execution of a definitive agreement by both PacifiCorp and the Bidder on terms acceptable to PacifiCorp, in its sole and absolute discretion, will constitute a “winning bid proposal.” Any definitive PPA or APSA will be in the form of the PPA or APSA contracts shown in **Appendices E-2 and F-2**, respectively. If the Bidder alters the PPA or APSA or does not use it as the underlying agreement, the bid evaluation will be affected. PacifiCorp has no legal obligation to enter into any agreement of any kind with any Bidder

### **A. OVERVIEW OF THE EVALUATION PROCESS**

The analysis for the RFP will determine which resources are in the public interest and provide the best value to customers to meet the Company’s objectives. The evaluation process will utilize a screening process to derive a Shortlist of bids after determining eligibility of the bids. Bids submitted in this RFP will be evaluated in two steps.

### **B. STEP 1 – SHORTLIST SELECTION**

#### **1. Price Factor Evaluation (up to 80%)**

PacifiCorp will use its proprietary models to perform financial analysis of bids. This financial analysis will facilitate ranking of bids and bid alternatives to inform selection of a Shortlist. The financial analysis will compare the delivered revenue requirement costs, inclusive of integration and transmission costs and net of tax benefits, against energy, capacity, and terminal value benefits, as applicable. In developing its financial analysis, PacifiCorp will use consistent internal assumptions for key financial inputs (i.e., inflation, discount rates, marginal tax rates, asset lives, AFUDC rates, etc.). PacifiCorp will also apply consistent assumptions associated with bid benefits (i.e., energy, capacity, terminal value, etc.) and application of its own carrying costs (i.e., integration costs, owner’s costs, etc.), as applicable.

The financial analysis will be used to develop a price factor metric that will be used to compare bids to one another. The price factor metric will be calculated as the present value differential between delivered revenue requirement costs (PVRR) and bid benefits (i.e., energy, capacity, and terminal value, as applicable) on a nominal levelized per

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<sup>20</sup> PacifiCorp may contact Bidders during the evaluation period to clarify information submitted with proposals, as required.

megawatt-hour (MWh) basis. The net PVRR metric reports benefits as a positive value, and the offsetting costs as negative value. The more positive the nominal levelized net PVRR, the more benefit a given resource brings to customers. Price scores will be assigned to bids based on the proportionate spread of the price score metric among bids.

## 2. Non-Price Factor Evaluation (Up To 20%)

The non-price analysis will gauge the relative development, construction and operational characteristics and associated risks of each bid. A matrix will be used for each non-price factor. For each non-price factor, proposals will be assigned one of three discrete scores: (1) 100% of the percentage weight; (2) 50% of the percentage weight; or (3) 0% of the percentage weight. Bids will be evaluated based on their ability to demonstrate the proposal is thorough, comprehensive and provides limited risk to the buyer prior to the Company performing due diligence on any given bid. Bidders that have a demonstrated track record and bids for mature proposals will receive higher scores. The following chart summarizes the basis for weighting each non-price factor.

### NON-PRICE FACTORS

| Non-Price Factor   | Non-Price Factor Weighting |
|--|----------------------------|
| 1. Conformity to RFP requirements - Has the Bidder provided all the requirements pertaining to their proposals in <b>Appendix A (including Appendices A-1 through A-10), B, C-1, C-2, APSA Appendices, and Appendices H, I, J and K?</b>   | 4%                         |
| 2. Conformity to PPA or APSA pro forma contracts - Has the Bidder required any additions or deletions that impose additional costs and or risks to customers? Have any of the edits provided by the Bidder to the underlying agreements shifted or applied additional risks or costs to customers? If so, then the percentage will be adjusted. The percentage will not be adjusted if Bidders provide edits which either add value to customers or do not impose additional costs or shift risks to PacifiCorp's customers.   | 4%                         |
| 3. Development and feasibility of proposal - Bids will be evaluated based on the quality of their proposal, their responsiveness to the information requested and demonstration of sufficient detail regarding the quality of their environmental compliance plan and any environmental impact of each proposal consistent with the proposed technology. Bids must demonstrate that the project can be reasonably developed within the appropriate timeframe to meet the proposed in service date and with limited risk to the customers. Bids which have achieved commercial operation will be awarded percentage weight consistent with the risk associated with each non-price category. For example, an existing project will be awarded 100% of the percentage weight associated with the critical path schedule. | 4%                         |
| 4. Control and permitting –Bidders must be able to: 1) document they have obtained site control, necessary permits, interconnection or transmission services, and project incentives (maximum points in this category) or 2) demonstrate how site control, necessary permits, interconnection or transmission services, and project incentives will be obtained in the time required to meet the project in-service date. Bids   | 4%                         |

| <b>Non-Price Factor</b>   | <b>Non-Price Factor Weighting</b> |
|---|-----------------------------------|
| will be evaluated based on the quality of their proposal, their responsiveness to the information requested and demonstration of sufficient detail on the status of permitting, and site control. Bids which can demonstrate little or no risk associated with these criteria will be more highly valued.   |                                   |
| 5. Operational Viability - Bids will be evaluated based on the quality of their proposal, their responsiveness to the information requested and demonstrate sufficient detail of their ability to comply with environmental permits and requirements and their operating experience with similar renewable projects and technology. Bidders should provide a description of the environmental management and compliance criterion for the renewable project and addresses the ability of such project, existing or to be constructed, ability to meet all of the project's environmental compliance and permits. Second, Bidders should provide a description of any and all previous experience in operating and maintaining similar projects. | 4%                                |

**C. STEP 2 – FINAL SELECTIONS**

Bidders selected to the Shortlist will be given an opportunity to provide best and final pricing, which will then be used to update PacifiCorp’s financial analysis as described in Step 1. In making its final resource selections, PacifiCorp will take into consideration certain other factors that are not expressly or adequately factored into the Shortlist evaluation process, but that may be required by applicable law or Commission order. During the final selection process, PacifiCorp will evaluate how bids and/or combinations of bids affect PacifiCorp’s state RPS compliance position and compliance cost, which may include alternative REC compliance products being solicited through a separate RFP process and projected long-term compliance alternatives. In addition PacifiCorp may evaluate and include in its final selection process costs associated with direct and/or indirect debt directly related to the resource procurement opportunity consistent with the information outlined in Section 5(I) and (J) of the RFP.

## SECTION 7. AWARDING OF CONTRACTS

### A. INVITATION

This RFP contains only an invitation to make proposals to PacifiCorp. No proposal is itself a binding contract unless the parties execute definitive and complete documentation providing otherwise.

PacifiCorp may in its sole discretion do any one or more of the following:

1. Determine which proposals are eligible for consideration in response to this RFP.
2. Issue additional subsequent solicitations for information, and conduct investigations with respect to the qualifications of each Bidder.
3. Disqualify proposals contemplating new or existing specified resources that do not meet the definition of renewable energy products under the Oregon, California or Washington renewable portfolio standards.
4. Supplement, amend, or otherwise modify this RFP, or cancel this RFP with or without the substitution of another RFP.
5. Negotiate with Bidders to amend any proposal.
6. Select and enter into agreements with the Bidders who, in PacifiCorp's sole judgment, are most responsive to the RFP and whose proposals best satisfy the interests of PacifiCorp and its customers, and not necessarily on the basis of price alone or any other single factor.
7. Issue additional subsequent solicitations for proposals.
8. Waive any irregularity or informality on any proposal to the extent not prohibited by law.
9. Reject any or all proposals in whole or in part.
10. Vary any timetable.
11. Conduct any briefing session or further RFP process on any terms and conditions.
12. Withdraw any invitation to submit a response.

#### **Basis for Rejection**

Proposals may be rejected for any reason including but not limited to not meeting the minimum eligibility requirements identified in Section 3.C of this RFP.

### B. CONFIDENTIALITY AGREEMENT

In addition to the confidentiality provisions set forth herein, Bidders should note that all parties will be required to sign a mutual Confidentiality Agreement (**Appendix G**) with PacifiCorp if they qualify for the Shortlist prior to entering into negotiations.

### C. POST-BID NEGOTIATION

PacifiCorp will further negotiate both price and non-price factors during post-bid negotiations. PacifiCorp will also include in its evaluation any factor that may impact the total cost of a resource, including but not limited to all of the factors used in the Shortlist cost analysis plus consideration of accounting treatment and potential effects due to rating agency treatment, if applicable. Post-bid negotiation will be based on PacifiCorp's cost assessment. PacifiCorp will continually update its economic and risk evaluations

until both parties execute a definitive agreement acceptable to PacifiCorp in its sole and absolute discretion.

PacifiCorp shall have no obligation to enter into any agreement with any Bidder to this RFP and PacifiCorp may terminate or modify this RFP at any time without liability or obligation to any Bidder. In addition, this RFP shall not be construed as preventing PacifiCorp from entering into any agreement that PacifiCorp deems prudent, in PacifiCorp's sole discretion, at any time before, during, or after this RFP process is complete. Finally, PacifiCorp reserves the right to negotiate only with those entities who propose transactions that PacifiCorp believes in its sole discretion to have a reasonable likelihood of being executed.

#### **D. SUBSEQUENT REGULATORY ACTION**

Unless mutually agreed between the parties or unless required by actual (or proposed) law or regulatory order, at the time of contract execution, PacifiCorp does not intend to include a contractual clause whereby PacifiCorp is allowed to adjust contract prices in the event that an entity who has regulatory jurisdiction over PacifiCorp does not fully recognize the contract prices in determining PacifiCorp's revenue requirement. As of the issuance date for this solicitation, PacifiCorp is unaware of any such actual law or regulatory order.