

PacifiCorp Request For Proposal All Source Question and Responses

January 11, 2010

Question 1: Please post the “intent to bid” form and appendices as “word” documents so we can fill them out online.

Answer to Question 1: The appendices are posted as .PDF and Word Documents (“MS Word Version” is the link)

Link to word document :

http://www.pacificorp.com/content/dam/pacificorp/doc/Suppliers/RFPs/All_Source2009/RFP2009_AllSource_Appendix_12-2-09.doc Page 5 is the Intent to Bid Form.

Question 2: Do Bidders have the flexibility to propose a technology of their choice at the PAC sites or are we restricted to the design specs given in the RFP?

Answer to Question 2: Yes, you are restricted to the design specifications in the RFP.

Question 3: It is difficult for us to provide a certified check. Would you accept a non certified check or provide wiring instructions.

Answer to Question 3: We will provide wiring instructions and post them on the web site.

Question 4: What would be the cause for PacifiCorp not accepting deliveries at Four Corners as opposed to Mona? Would deliveries at Four Corners be considered?

Answer to Question 4: Deliveries at Four Corners are not being considered for an incremental resource. There is no additional transmission available to import generation into the PACE.

Question 5: On page 26 of the Utah RFP it states “The Company will not accept renewable resources that cannot be dispatched or scheduled by PacifiCorp.”

How do you define schedule and dispatch? More specifically is wind generation an acceptable resource per this RFP?

Answer to Question 5: If the resource can be scheduled firm from another control area or if the resource can be dispatched by PacifiCorp then it qualifies. If the wind resource is scheduled from

another control area on an hourly firm basis with firm transmission then it does qualify. Stand-alone wind would not be allowed based on the fact that it is not schedulable or dispatchable, but we would welcome creative solutions to those issues.

Question 6: On page 14 of PacifiCorp’s All Source RFP Bid Conference Presentation, it is stated that “the Company will adjust the submitted capital cost of indexed bids from Bidders for risk in the same manner as the Benchmark Resource”.

How is the risk adjustment mentioned above calculated?

Does the risk adjustment apply to Capacity Cost Payment, Fixed O&M Payment and Variable O&M Payment when using the allowed indices (ie. CPI, PPI-Metals, GDP)?

Answer to Question 6: The risk adjustment is applied to only the capital cost if the Bidder decides to Index their bid. The risk adjustment only applies to the capital cost of a new resource.

Question 7: Please refer to the example below for the following questions:

- Are we allowed to offer this pricing scheme?
- Does PacifiCorp add a risk adjustment to this pricing scheme and if so how is it applied?
- Are we allowed to have PacifiCorp reimburse us for any specific costs we incur? I am referring to the last bullet on page 44 of the RFP which talks about property tax, sales tax, and insurance payments. How does this generally work?

Example:

We are bidding a tolling agreement for a facility which is already in operation. We are proposing the following pricing scheme.

- Capacity Payment = $\$[X] / \text{kW-mo.}$ escalated at CPI
- Fixed O&M Payment = $\$ [Y] / \text{kW-mo.}$ escalating at CPI
- Variable O&M Payment = $\$[X] / \text{MWh}$ escalating at CPI

Answer to Question 7: Yes, you are allowed to offer this price scheme. No, an existing resource can not Index a proposal and therefore no risk adjustment will be applied. No, PacifiCorp will not reimburse the bidder for any costs.

Question 8: We are considering a bid into the All Source RFP but we have concern over the delivery points as identified in the bidder presentation. Our proposed delivery point for energy would be 4C. Is this an acceptable delivery point under the RFP? Is this a delivery point where we would be considered as a viable resource by PacifiCorp?

Answer to Question 8: No. This is not a delivery point in the RFP.

Question 9: What is the definition of an Eligible Renewable Resource?

Answer to Question 9: A resource that can be dispatched or scheduled into the pacificorp control area, but for those Resource Alternatives that are Exceptions identified on page 14 and 15 of the RFP (i.e. qualifying facilities, load curtailment, etc.).

Question 10: In regard to points of delivery, is it acceptable to delivery power at the Dave Johnson power station in Wyoming or the Bonanza substation in Utah? If not, why?

Answer to Question 10: Deliveries at the DJ or Bonanza substations are not being considered for an incremental resource. There is no additional transmission available to import generation into PACE.

Question 11: Can we assume that the Aeolus substation will be a delivery point with access to the Gateway West transmission project?

Answer to Question 11: Please see the transmission presentation posted on the web site.

Question 12: How many MW's of capacity does PacifiCorp have on the Gateway West project and will it be available for this RFP?

Answer to Question 12: Please see the transmission presentation posted on the web site.

Question 13: Is there a transmission meeting planned? When and where will it take place?

Answer to Question 13: Yes, it is on January 19, 2010 in SLC and Portland with a call in number. It is posted on the website.

Question 14: Salt Lake Valley is one of the Points of Delivery. Since there is no substation by that name, can we assume the area along the 138 kV line is suitable for POD.

Answer to Question 14: Yes, that is a fair assumption.

Question 15: According to the approved Lake Side Vendor List a "Siemens SGT6-5000F or Owner approved equivalent" can be bid to this site. Is a GE 7FA an Owner approved equivalent for this site?

Answer to Question 15: It may however, it will need to be reviewed as the Air Permit application is written around the Siemens gas turbines.

Question 16: What is the water availability at the Lake Side Block 2 site?

Answer to Question 16: The bidder is required to ensure that water is available. PacifiCorp does not have existing water.

Question 17: On page 26 of the RFP one of the unacceptable proposal characteristics is that the Company will not accept renewable resources that cannot be dispatched or scheduled by PacifiCorp. Does wind generation qualify based on this definition?

Answer to Question 17: See response in questions 5 and 9

Question 18: In Appendix A of PacifiCorp All Source RFP, there is a footnote at the end, saying PacifiCorp may require step-in rights, a second lien, a cap on debt to equity ratio and etc. These requirements could be problematic from a lenders perspective. Can you clarify these requirements and elaborate on the idea behind them?

Answer to Question 18: Step - in rights, a second lien, a cap on debt to equity ratio are required in the PPA, APSA and the Tolling Agreement. Please review these terms in these documents. These requirements are part of the overall credit and security package for any resource.

January 26, 2010

Question 19: For Field ID No. 1164 in the Pricing Input Sheet (RFP2009AS_Form1_12-4-09.xls) the stated requested information is "Min. Capacity and Corresponding Heat Rate". For a combustion turbine based resource, the minimum capacity and corresponding heat rate is temperature dependent. At what temperature should the minimum capacity and heat rate be stated? Average ambient temperature for the resource?

Answer to Question 19: Field ID 1164 is requesting minimum load and corresponding heat rate data. In as much as temperature affects minimum load for your bid, please submit the minimum load and heat rate data under average temperature conditions.

February 25, 2010

Question 20: If we want to propose a PPA or an asset sale for a renewable energy resource – looking through all the documents, application, appendices, it looks like a responder sends in the information required by the TYPE of contract not the TYPE of resource, gas, coal, wind, etc. We are confused by that and wanted to be sure there isn't a section that is just for one type of resource or the other. I guess the question relates to the fact that for the PPA or asset sale there are many types of information required that don't apply to their resource – so I assume they just

don't answer those and only answer what types of information apply to them. Can you confirm that for me??

Answer to Question 20: The RFP is divided into three types of resources:

- 1) Baseload,
- 2) Intermediate,
- 3) Third Quarter, Summer HLH

Within each of these three categories you select the applicable Eligible Resource (ie PPA, APSA etc).

Example: If the renewable is a Geothermal PPA it would go under the Baseload category and fall under a PPA.

Question 21: Our Company submitted a bid into the 2008 RFP, which was subsequently suspended. We did not withdraw our bid. However, we did not submit a new Intent to Bid form on 12/22/09 for the current All-Source RFP. Is it too late to submit an Intent to Bid if we wish to participate in this process and submit another bid.

Answer to Question 21:

Email was sent to 2008 All Source Bidders:

You are receiving this email notification because it is PacifiCorp's understanding that you did not submit a Notice of Intent (NOI) to bid for the 2009 All Source RFP, which was due December 22, 2009.

Please send an NOI within three (3) business days of receipt of this email notice or your company's bid fee will be returned and your proposal will not be accepted.

Bids for the 2009 All Source RFP will be due March 1, 2010.

PacifiCorp RFP

Question 22: During the transmission meeting yesterday you mentioned something about bidding an earlier operational date than 2014 and PacifiCorp would evaluate if it is economical to ratepayers. How does a bidder go about offering an earlier commercial operation date (COD) to PacifiCorp in their bid.

Answer to Question 22: In the RFP it states that if a bidder desires to bid an earlier on line date than 2014 the Bidder must submit a request outlining the earlier on line date 30 days prior to the due date of the RFP proposal.

PacifiCorp will then determine based on existing load and resource if they will consider the earlier on line date and respond to the bidder so that the bidder can provide that specific option when they are responding on March 1, 2010.

Question 23: Does a package containing one signed original, five hard copies and 2 CDs need to be sent to both the Oregon and Utah Independent Evaluators?

Answer to Question 23: Yes, a package needs to be sent to both locations.

Question 24: Is there a difference between the Utah or Oregon RFPs? If so, how do we determine which one to respond to?

Answer to Question 24: You can reply to either one but not to both of them. The only difference is that the Utah RFP allows for the review of coal as a resource however, there are no other differences.

Question 25: The form asks for bidder number – is this something we assign to ourselves?

Answer to Question 25: The bidder is not required to enter a bid number on the form 1.

Question 26: We intend to propose a toll from the Cogen and from the Peakers. Each toll will have two terms. Do we need to provide a form 1 for all four terms or is there a way to simply do 2 forms (one for the Cogen and one for the peaker)?

Answer to Question 26: A separate form 1 should be supplied for each term.

Question 27: We are considering proposing a wind project in response to your recently issued All Source RFP. However, in review of the proposal we could not find any specific information as to the wind/energy performance requirements (average wind speed, Gross Capacity Factor, Net Capacity Factor, Site Diurnal Characteristics, Net Project Losses, etc.) you need us to provide to adequately evaluate our site.

Could you please let us know as soon as possible the requirements for a wind project you would like us to provide in order to submit a wind energy project response to this RFP.

Answer to Question 27: See answer to question 5.

Question 28: Would PacifiCorp accept a unit contingent product from a neighboring BA if the delivery is one of the scheduling points listed in the RFP and we obtain "Firm" transmission rights?

Answer to Question 28: If there is Firm transmission then yes.

Question 29: If yes, would PacifiCorp BA provide the reserve?

Answer to Question 29: If the proposal contains Firm Transmission and the resource can be scheduled and or dispatched by the company then yes.

Question 30: Could the bidder supply its own reserve associated with the unit contingent product as long as transmission into PacifiCorp is firm.

Answer to Question 30: The product must be Firm, backed by reserves not just the transmission.

Question 31: Please clarify this statement "Bidders who 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 and tag from the source to the Point(s) of Delivery will require the Company to evaluate the need to carry 100% reserves against the import schedule."

Answer to Question 31: Not sure what aspect needs clarification.

Question 32: We understand "interruptible transmission" to mean "Non-Firm transmission." If the bidder obtained Firm Transmission from the neighboring BA, would this Firm transmission product eliminate the need for PacifiCorp to carry 100% reserve against the import schedule? For example, if the bidder provides a 50 MW capacity from a specific unit as a unit contingent product and schedules the 50 MW using firm transmission to one of the scheduling points with PacifiCorp, would PacifiCorp need to carry 100% reserves?

Answer to Question 32: If the Bidder obtains Firm Transmission, backed by reserves from the Balancing Authority (BA), which can be scheduled into PacifiCorp control area then yes we will not be required to carry 100% reserves against the import schedule.

If the Bidder obtains Firm Transmission, with no reserves from the BA, which can be scheduled into PacifiCorp control area then yes we will be required to carry 100% reserves against the import schedule.

April 30, 2010

During the benchmark summary overview meeting held on 2/19/10, you made a comment we would like some clarification on. The comment was in regard to bidders being limited to only one firm proposal for their Best and Final proposal for the July 2010 submittal date. Our

questions relate to whether this is a technology limitation, or whether it extends further to bidders being limited to single in-service dates as well.

Question 33: Does that mean bidders are limited to one particular design/configuration?

Answer to Question 33:

No, the benchmark team and Bidders may not have firmed up the equipment they intend to use (e.g. GE, Siemens, etc.) in their initial proposals. All short listed bidders to optimize the equipment choice if they are selected for the Final Shortlist and submit their best and final pricing.

Question 34:

Is this constraint applied to a bidder being able to submit more than one in-service date?

Answer to Question 34:

The term and in-service date must be consistent with what was submitted in the Initial proposal submitted by Bidders and the Benchmark Team.

Question 35:

Are bidders limited to both a single configuration and one firm in-service date?

Answer to Question 35:

The term and in-service date must be consistent with the benchmark and Bidders original proposal however, with regard to configuration, which may have not been firmed up at the time of the submission of the Original proposals. Bidders and the Benchmark may optimize the equipment choice when they submit their best and final pricing if they are selected on the Final Shortlist.
