



**PacifiCorp**

**Request for Proposals**

**Renewable Electric Resources**

**(RFP 2008R-1)**

**ISSUED: [INSERT DATE]**

**DUE DATE: [INSERT DATE]**

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## SECTION 1. INTRODUCTION

The purpose of this document is to prescribe the process by which PacifiCorp (the Company) will request and evaluate proposals from Bidders to fulfill a portion of the Renewable Resource generation identified in the Company's 2007 Integrated Resource Plan (IRP) as filed with and pending acknowledgement before the Oregon Commission.<sup>1</sup>

The scope of this Renewable Request for Proposal (RFP 2008R-1) will request renewable resources located in the Western Electricity Coordinating Council that are compliant with existing or anticipated renewable portfolio standards and that are new to the Company's resource portfolio. The RFP 2008R-1 will require renewable resources capable of delivering energy, within the prescribed timeframe, in or into the Company's Network Transmission system<sup>2</sup> ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)).

For purposes of the 2008R-1 RFP, each renewable resource is limited in size to no more than 300 MW.<sup>3</sup> In addition, each renewable resource must have an expected annual output of at least 70,000 megawatt hours after accounting for planned and unplanned outages. PacifiCorp issued a RFP (2008R RFP) on January 31, 2008 for renewable resources of less than 100 MW (for resources greater than five years in length) or greater than 100 MW for resources less than or equal to five years in length. The 2008R RFP solicits renewable resources that have a commercial operation date prior to December 31, 2009. The 2008R-1 RFP will not be duplicative of the 2012 RFP (Base Load solicitation) or the 2008 RFP. The 2008R-1 RFP is not anticipated to be duplicative with the 2008R RFP unless a Bidder has a resource that can reach commercial operation prior to December 31, 2009 and the Bidder elects to bid the same resource in each RFP.

In addition to bidding in renewable resources, Bidders will have the option to bid in renewable resources coupled with energy storage. Energy storage has the distinct advantage of potentially enabling higher penetrations of intermittent renewable energy in the Company's portfolio. Pumped water, compressed air, battery storage, or other contractual forms can firm intermittent renewable resources and therefore create an energy resource that can be scheduled to better match customer demand or result in a higher degree of dependability throughout a prescribed time period.

If the same resource is bid in the 2008R RFP and the 2008R-1 RFP, each bid will be considered under the terms of the RFP under which the bid is submitted.

The scope of this RFP 2008R-1 is focused on system-wide, east and west control area, for Renewable Resource<sup>4</sup> generation which is capable of delivering energy, within the prescribed timeframe, in or into the Company's Network Transmission system ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) and that is new to the Company's resource portfolio.

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<sup>1</sup> The Public Service Commission of Utah did not acknowledge the 2007 IRP.

<sup>2</sup> Company's Eastern Control Area (PACE) and/or the Company's Western Control Area (PACW).

<sup>3</sup> 300 MW is the nameplate capacity or quantity of capacity and is the upper limit permitted by Utah Senate Bill 202, The Energy Resource and Carbon Reduction Initiative.

<sup>4</sup> PacifiCorp reserves the right to reject any Renewable Resource not eligible for existing or anticipated renewable portfolio standard compliance in California, Oregon, Utah and/or Washington.

The 2008R-1 RFP will be the RFP under which the Company will issue subsequent RFPs to meet the renewable resource target quantity over the ten year IRP planning horizon. The 2008R-1 RFP will be a tool under which periodic Renewable RFPs will be issued. The 2008R-1 shelf request for proposal will allow the Company to react effectively and competitively to stay current with the status of the production tax credit and the competitive nature of the wind turbine market. This 2008R-1 will be the first renewable RFP under which subsequent solicitation for Renewable Resources will be conducted. The 2008R-1 is for Renewable Resources which can reach commercial operation during the 2008 through 2011 time period. The purpose of this RFP is to comply with current regulatory rules, orders, and any applicable resource procurement state laws.

The 2007 IRP<sup>5</sup> identifies a target of 2,000 megawatts of renewable resources to be acquired by 2013. Under the 2007 IRP plan, the company will seek to acquire 1,400 megawatts of new renewable resources by 2010, with an additional 600 megawatts in its portfolio by 2013. The 2,000 megawatts of renewable resources is inclusive of the 1,400 megawatts of cost-effective renewable resources identified in the company's 2004 IRP.

The targeted acquisition quantity for this 2008R-1 RFP will be up to 500 MW; the 2008R RFP may solicit up to 300 MW.

#### CHART 1- RESOURCE TARGET QUANTITY

Commercial Operation Date	Target Quantity
2008 <sup>6</sup>	Up to 200 MW
2009	Up to 100 MW
2010	Up to 300 MW
2011	Up to 200 MW

Renewable Resources are defined as:

An electric generation facility or generation capability or upgrade that becomes operational on or after January 1, 1995 that derives its energy from one or more of the following:

- (A) wind energy;
- (B) solar photovoltaic and solar thermal energy (i.e., concentrated solar);
- (C) wave, tidal and ocean thermal energy;
- (D) except for combustion of wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass byproducts, including

<sup>5</sup> More information on the IRP can be found at [www.pacificorp.com/Navigation/Navigation23807](http://www.pacificorp.com/Navigation/Navigation23807).

<sup>6</sup> Renewable resources in 2008 will be highly dependent on the approval of this 2008R-1 RFP and the tentative timeline in Section 2.

- (I) organic human or animal waste;
  - (II) spent pulping liquor;
  - (III) forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and to reduce wildfire risk;
  - (IV) agricultural residues;
  - (V) dedicated energy crops; and
  - (VI) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste;
- (E) geothermal energy;
- (F) certified low-impact hydro-electric energy with a nameplate capacity less than fifty megawatts, without regard to the date upon which the facility becomes operational, if the facility is certified as a low-impact hydroelectric facility on or after January 1, 1995, by a national certification organization;
- (G) waste gas and waste heat capture or recovery;\*
- (H) efficiency upgrades to a hydroelectric facility, without regard to the date upon which the facility became operational, if the upgrades become operational on or after January 1, 1995;
- (I) geothermal energy if located within the state of Utah, without regard to the date upon which the facility becomes operational; or
- (J) hydroelectric energy if located within the state of Utah, without regard to the date upon which the facility becomes operational.

Bidders have the option to also bid Renewable Resources coupled with energy storage.

The Company may opt to contract for more or less power, depending among other things, bids received in response to the ongoing 2008R RFP, quality of bids received in response to this RFP, updates to the Company's forecasts, regional transmission availability and timing, and changes in the wholesale energy market conditions.

The Renewable Resource must have a commercial operation date no later than December 31, 2011. Bidders may only bid in Renewable Resources in the form of a Power Purchase Agreement (PPA) or a Build Own Transfer (BOT).<sup>7</sup> To the extent that Bidders bid in variations of a PPA or BOT, such proposals will be considered at the Company's discretion and the Company reserves the right to reject non-compliant bids. PacifiCorp generation will submit a benchmark resource(s) which are further described in **Appendix I**.

In order to provide for a transparent and fair process, the RFP will be conducted under the oversight of independent evaluators (IEs). A consultant will be hired by the Utah Public Service Commission and an IE retained by the Company on behalf of the Oregon Public Utility Commission will be involved in ensuring the RFP is conducted in a fair

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\* PacifiCorp reserves the right to reject waste gas and waste heat capture or recovery resources if the resource is not eligible for existing or anticipated renewable portfolio standard compliance.

<sup>7</sup> Form of Power Purchase Agreement is set forth in Appendix E and the Build Own Transfer, which consists of a site agreement and an Engineering Procurement Contract (EPC) is set forth in Appendix F.

and reasonable manner.<sup>8</sup> Potential Bidders are invited and encouraged to contact either the Oregon IE or the Utah consultant with questions or concerns. More information concerning the role of the IE and the consultant is provided in **Appendix K**. Contact information for the consultant and the IE is as follows:

<b>Utah Consultant :</b> [Utah Consultant]
[Insert Consultant's contact information]
<b>Oregon Independent Evaluators:</b> [Oregon IE].
[Insert IEs contact information]

The Company has the option of seeking regulatory acknowledgement of the final shortlist consistent with Oregon Order No. 06-446. PacifiCorp will seek rate recovery consistent with standard rate making practices in its six state jurisdictions.

This introductory Section 1 describes the type, timing and amount of resources sought. Section 2 addresses the procedural items. Section 3 covers logistics such as where and when proposals must be submitted, bid fees and minimum requirements, as well as important conditions and procedures. Section 4 outlines the required content and format. Section 5 outlines resource information including price and non-price information, integration, interconnection and transmission services. Section 6 outlines the bid evaluation and selection process. Section 7 outlines the awarding of contracts. All of the required Appendices which are required are included.

## **SECTION 2. PROCEDURAL ITEMS**

PacifiCorp is seeking proposals for renewable projects that are online or have a projected online date prior to December 31, 2011. PacifiCorp is seeking proposals for up to the target amounts set forth in Section 1 of this solicitation. PacifiCorp will evaluate the proposals based on cost effective economics, a viable implementation schedule, verifiable major equipment availability (such as wind turbines or long lead-time equipment), appropriate ability to provide security for the Bidders proposed obligation, transmission access and interconnection status, and conformance to the pro forma contracts attached as Appendices to this RFP. PacifiCorp may elect to select more or less than the resource target quantity, or no proposals at all as a result of this solicitation.

Each proposal will be prepared at the sole cost and expense of the respondent 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 respondents 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. Respondent shall bear all costs and expenses of any response to PacifiCorp in connection with its proposal, including providing additional information and respondent's own expenses in negotiating and reviewing any documentation.

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<sup>8</sup>A Bidder may request the appointment of an independent third-party to assist the Washington Utilities & Transportation staff with review of any utility bids at the expense of the Bidder requesting the appointment.

All proposals belong to PacifiCorp and will not be returned. 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 several different alternatives under the same proposal. For each proposal, Bidders are allowed to submit a base proposal and up to two alternatives for the same bid fee. Bidders will also be allowed to offer up to three additional alternatives at a fee of \$1,000 each. Alternatives will be limited to different bid sizes, contract terms, in service dates, and/or pricing structures. A Bidder may submit more than one proposal. If a Bidder submits the same proposal but with three different bid sizes, the proposal will be considered one proposal with two alternatives and the Bidder will receive three separate bid numbers for the proposal and pay one bid fee. The Company's objective in offering Bidders the opportunity to propose multiple 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 who would be bound by any agreement with PacifiCorp.

### SECTION 3. LOGISTICS

#### A. SCHEDULE

Chart 2 sets forth the anticipated schedule.

**CHART 2 – ANTICIPATED SCHEDULE**

<b>Event</b>	<b>Estimated Timeline</b>
Selection of Independent Evaluator	May 2008
2008R-1 Issued	Issued
2008R-1 Bid Conference	Issued + 20 days
Intent to Bid Forms and Appendix Ds due	Issued + 30 days
Benchmark Resource(s) Responses due	Issued + 60 days
Responses due	Issued + 75 days
Evaluation completed	Issued + 120 days
Oregon Commission acknowledgement of final shortlist	Issued + 120 days
Bidder negotiations completed	Issued + 180 days

Bidders should note that the above schedule is an anticipated schedule only and is subject to change. The Company accepts no liability to the extent the actual schedule is different from the anticipated schedule.

## **B. RFP CONFERENCE**

Time: TBD

Date: TBD

Location: Oregon - 825 NE Multnomah – Room TBA  
Utah - North Temple Office – Room TBA

Interested parties and Bidders may submit questions prior to the RFP bid conference, so that such questions may be addressed in a more timely fashion. All information, including the pre-bid conference materials, questions and answers will be posted on the PacifiCorp website at [www.pacificorp.com](http://www.pacificorp.com). The Company will be responsible to maintain and post all materials on the Company's website at [www.pacificorp.com](http://www.pacificorp.com). Any questions on the RFP or related documents should be sent to the Company via email at [RFP2008R-1@pacificorp.com](mailto:RFP2008R-1@pacificorp.com).

Communications with the Oregon IE and Utah Consultant can be emailed to them directly at the following email addresses: **[Insert email addresses.]**

## **C. INTENT TO BID FORMS**

Bidders who intend to be considered as part of this RFP process must return both the "Intent to Bid Form" and the "Bidder's Credit Information" (**Appendices A and D**) as set forth below.

Five (5) copies of the Intent to Bid Form and the Bidder's Credit Information must be sent to the following address by express, certified or registered mail, or hand delivery by 5:00 p.m. Pacific Prevailing Time on **[Insert Date]**:

### **Oregon Independent Evaluator**

**[Insert IE]**

c/o PacifiCorp

Attention: RFP 2008R-1

825 NE Multnomah, Suite 600

Portland, Oregon 97232

## **D. SUBMISSION OF BIDS**

The Bidder will be required to submit its proposal(s) to the following addresses. Bidders must submit the following to the address below:

1. a signed original and five (5) hard copies of each bid and any required forms, and
2. two (2) electronic copies of the bid and any required forms (on two (2) separate compact discs) that are in PDF format.
3. one (1) electronic copy of the Pricing Input Sheet.

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

Oregon Independent Evaluator  
Attention: RFP 2008R-1  
825 NE Multnomah, Suite 600  
Portland, Oregon 97232

Bids will be accepted until 5:00 p.m. Pacific Prevailing Time on **[Insert Date]**. **Any bids received after this time will be subject to return unopened to the Bidder following a decision based on consultation between the IE, the Consultant and PacifiCorp.**

PacifiCorp will not accept any late proposals. The anticipated dates for evaluations, negotiations and definitive agreements are targets only, and actual dates will vary 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.

#### **E. RFP TEAM**

An RFP Team will be established by the Company prior to the final approval of the RFP. The RFP Team shall consist of an Evaluation Team and Intent to Bid Team. The composition of the teams and their primary roles and responsibilities are shown below in Chart 3.

**CHART 3**

<b>Work Group</b>	<b>Roles</b>
Oregon Independent Evaluator (IE) and Utah Consultant	The IE and Consultant will ensure a fair and reasonable process is used in the RFP. See Appendix I for the Roles of the Oregon IE and the Utah Consultant.
Evaluation Team: Origination and/or Third-Party Engineering Consultants as required	Overall coordinator of the process. Bid process management for all proposals and coordination with the IE and the Consultant and all of the work groups. Evaluation of the non-price components of the analysis. Specifying, evaluating and confirming conformity with design specifications; conducting, as needed, technological and operational due diligence, environmental due diligence on all resources.
Evaluation Team: Structuring and Pricing and/or Third-Party Engineering Consultant as required	Economic analysis and modeling including validation of the inputs to the risk assessment of the bid.

Evaluation Team: Environmental	If applicable, review of local, state, and federal permits, permit applications, and supporting documentation, including: wildlife baseline study (including wildlife habitat mapping, special status species survey, and raptor nest survey); avian and bat use data analysis (including four-season study); avian and bat impact assessments; rare plant habitat assessments; wetlands survey; historic, cultural, and archaeological resources survey; Phase One environmental site assessment; and project mitigation and monitoring plan (including any proposed conservation easements).
Evaluation Team: Credit	Credit screening, evaluation and monitoring throughout the process.
Evaluation Team: Legal	Legal will confirm compliance of bids to requirements of RFP and its Forms, Attachments and Appendices; conduct of legal process; conducting due diligence inquiries; supervising any documentation entered into as part of the RFP process.
Intent to Bid Team: Origination, Legal and Credit	Origination, Legal and Credit will work with the IEs to ensure that Appendices A and D are complete.

**F. BID FEES**

To help defray the cost of the Oregon Independent Evaluator and/or the Utah Consultant, each Bidder shall submit with each of its bid proposals a nonrefundable “bid fee” of \$10,000. A bid may consist of one base proposal in addition to two alternatives for the same bid fee. The alternatives may consist of a different bid size, contract term, in-service date and/or pricing structure for the same bid. In addition, Bidders will have the option of submitting up to three additional alternatives for a fee of \$1,000 per alternative. The bid fee(s) must be submitted with the proposals to **[Oregon IE]**. The Bidder must attach to its proposal a certified check written in the required amount payable to the order of PacifiCorp. Bidders may submit multiple base bid proposals in response to this RFP. The Oregon IE, in consultation with the Company shall confirm whether a Bidder’s submission constitutes one or more proposals, for purposes of assessing bid fees. Any questions regarding bid fees should be directed to **[Oregon IE]**.

**G. MINIMUM ELIGIBILITY REQUIREMENTS FOR BIDDERS**

Bidders may be disqualified for failure to comply with the RFP if any of the requirements are not met. To the extent proposals do not comply with these requirements they will be deemed ineligible and will not be considered for further evaluation. Reasons for rejection of a Bidder or its bid include:

- a) Receipt of Intent to Bid and Bidder’s Credit Information forms or any proposal after the response deadline.

- b) Failure to meet the requirements and provide all of the information requested in **Appendix C-1 and/or Appendix C-2** of this RFP.
- c) 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.
- d) Any attempt to influence PacifiCorp in the evaluation of the proposals, outside the solicitation process.
- e) Any failure to disclose the real parties of interest in the proposal submitted.
- f) 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 million dollars.
- g) Proposal has failed to clearly specify all pricing terms.
- h) Proposal has failed to offer unit contingent or system firm capacity and energy, delivered into or in PACW or PACE and include appropriate contract term lengths and commercial operation dates.
- i) Proposal presents unacceptable level of development and technology risk.
- j) Failure to demonstrate a contractual right or an option to acquire major equipment (i.e., wind turbines) and/or other critical long lead time equipment.
- k) The transaction results in a third party owned asset being consolidated on PacifiCorp's balance sheet.
- l) Bidder fails to demonstrate, to PacifiCorp's satisfaction, that it can meet the security requirements for each Renewable Resource proposed consistent with the requirements in **Appendix D** provided in this RFP.
- m) Bidder fails to address satisfactorily both the price and non-price factors.
- n) Bidder fails or is unable to abide by the applicable safety standards.
- o) The Bidder submits an unacceptable contract structure.
- p) Collusive bidding or any other anticompetitive behavior or conduct exists.
- q) Bidder or project being bid is involved in bankruptcy proceedings.
- r) Submission of a PPA that is not backed by an asset for a term longer than five (5) years.
- s) Failure of the respondent's authorized officer to sign the proposal.
- t) Misrepresentation or failure to abide by National Association of Attorneys General (NAAG) Environmental Marketing Guidelines (available at [http://www.naag.org/issues/pdf/Green\\_Marketing\\_guidelines.pdf](http://www.naag.org/issues/pdf/Green_Marketing_guidelines.pdf)).
- u) Any change in regulations or regulatory requirements that make the Bidder's proposal non-conforming.
- v) Any matter impairing the respondent, the specified resources or the generation of power or Environmental Attributes of the Renewable Resource.

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

The Company reserves the right, without qualification and in its sole discretion, to reject any or all bids, and to terminate this RFP in whole or in part at any time. Without limiting the foregoing, the Company reserves the right to reject as non responsive any or all bid proposals received for failure to meet any requirement of this RFP outlined in Section 4. The Company also reserves the right to request that the IE or Consultant contact any Bidder for additional information. The Company 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 the Company and/or any collusive bidding or other anticompetitive behavior or conduct.

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 the non-reliance Agreement in **Appendix H** after the Final Shortlist and prior to entering into final negotiations.

## **I. ACCOUNTING**

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

Specifically, accounting and tax rules may require that: (i) a contract is accounted for by PacifiCorp as a Capital Lease or Operating Lease,<sup>9</sup> or (ii) the seller or assets owned by the seller be consolidated as a Variable Interest Entity<sup>10</sup> (VIE) onto PacifiCorp's balance sheet. PacifiCorp will not accept bids that result in a VIE being consolidated onto its balance sheet.

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, the Facility and the PPA, or BOT that PacifiCorp requires to determine potential accounting impacts. Such information, including 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) 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 provide additional information.

## **J. 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.

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<sup>9</sup> "Capital Lease" and "Operating Lease" - shall have the meaning as set forth in the Statement of Financial Accounting Standards (SFAS) No. 13 as issued and amended from time to time by the Financial Accounting Standards Board.

<sup>10</sup> "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in Financial Accounting Standards Board (FASB) Interpretation No. 46 (Revised December 2003) as issued and amended from time to time by the FASB.

All information supplied to PacifiCorp or generated internally by PacifiCorp shall remain the property of 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. The Bidder expressly acknowledges that PacifiCorp may retain information submitted by the Bidder in connection with this RFP.

Only those Company employees who are directly involved in this 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 Bidders or who may be providing services to a Bidder, but PacifiCorp can not 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, forward price projections in its evaluation process. The resulting projections and evaluations will not be shared with entities external to PacifiCorp or its consultants, including with Bidders, unless required by law or regulatory order.

Bidders will be required to execute the confidentiality agreement included as **Appendix G** to this solicitation after the Final Shortlist and prior to entering into final negotiations.

#### **SECTION 4. REQUEST FOR PROPOSAL CONTENT**

Bidders can submit proposals for either (A) a Power Purchase Agreement (PPA) or (B) a Build Own Transfer (BOT).

##### **A. POWER PURCHASE AGREEMENT**

**Appendix C-1** contains an explanation of the information required if a Bidder plans to pursue the PPA option. The Bidder would agree to meet its contractual obligations within the PPA during the Term of the Agreement agreeing to sell the Project to PacifiCorp at the end of the term as outlined in Section 5.6 of the PPA (**Appendix E**). The Bidder's proposal must contain the information requested in **Appendices B, C-1, D, J**, and any proposed changes to **Appendix E**. The Bidder must provide information sufficient to assure PacifiCorp that any proposed project has a reasonable probability of successful construction and operation by December 31, 2011. In the event a Bidder proposes a PPA not backed by an asset, the maximum term accepted will be (5) years.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary

Contractor under a single engineer, procure, and construct (EPC) contract or an equivalent structure which will not increase the risk of default by multiple contractors to PacifiCorp and its customers. Any Contractor must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity (or the entity's credit support provider, if applicable) must have a Credit Rating (as defined in Appendix D) that is BBB-/Baa3 or greater from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp.

## **B. BUILD OWN TRANSFER**

**Appendix C-2** contains an explanation of the information required if a Bidder plans to pursue the BOT option. The Bidder's proposal must contain the information requested in **Appendices B, C-2, D, J**, and any proposed changes to **F**. The Bidder must provide information sufficient to assure PacifiCorp that any proposed project has a reasonable probability of successful construction and operation by December 31, 2011.

Under the BOT option, PacifiCorp and the entity building the project must be counterparties. The BOT pro forma documents are attached as **Appendix F**. BOT can be structured with progress payments with defined milestones, or as a single lump sum payment due upon achievement of commercial operation. PacifiCorp will in no event make progress payments to a Bidder unless each such payment results in the transfer of a tangible asset or a percentage ownership of an asset at the time each payment is made. Bidders must submit bids that comply with one of these two payment structures. All Bidders in this category must complete the information requested in **Appendix C-2**.

PacifiCorp will only accept proposals in which PacifiCorp purchases a fully completed project which has reached commercial operation. Any proposals that consist of either only a site sale or only an EPC contract will be rejected as a nonconforming proposal.

The Bidder shall 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 shall be responsible for obtaining all rights and resources required to construct and provide an operational generation resource consistent with the Bidder's proposal.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor, which must be a party to the BOT. To the extent the Bidder uses a Contractor or a separate legal entity other than the Bidder itself, this entity must be a party to the EPC and must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity (or the entity's credit support provider, if applicable) must have a Credit Rating that is BBB-/Baa3 or greater from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp, or otherwise provide adequate credit assurances to PacifiCorp's satisfaction.

## SECTION 5. RESOURCE INFORMATION

PacifiCorp shall rely on the outcome from this RFP to ascertain the most prudent resource decision(s). PacifiCorp's Integrated Resource Plan (IRP) is a comprehensive decision support tool and road map for meeting PacifiCorp's objective of providing reliable and least-cost electric service to all of its customers while addressing the substantial risks inherent in the electric utility business. Bidders should note that the IRP report is a useful document for information purposes and Bidders should not infer in any way that the IRP should prescriptively guide their specific proposal. PacifiCorp's IRP is available at [www.pacificorp.com/Navigation/Navigation23807](http://www.pacificorp.com/Navigation/Navigation23807).

### A. PRICE AND NON-PRICE INFORMATION

Bids will be evaluated on the basis of price and non-price factors to determine the initial shortlist. The bids on the initial shortlist will then be evaluated using the IRP models to determine the final shortlist.

The initial shortlist will consist of Price and Non-Price factors.

The Price factors will be determined using the comparison metric which will be the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The net PVRR component views the value of the energy and capacity as a positive, and the offsetting costs as negative. The larger the net PVRR, the more valuable a given resource is to PacifiCorp's customers. The net PVRR/kW-mo metric is the annuity value which, when applied to the nominal kilowatts on a monthly basis and present-valued, will result in the same net PVRR as a straight NPV calculation<sup>11</sup> with the appropriate adjustments.

The Non-Price factors will include without limitation positive or negative conformity to RFP bid requirements (**Appendix B**) and the form power purchase agreement (**Appendix E**) or BOT agreements (**Appendix F**), transmission availability and interconnection status, status of the development of the project, Bidder's experience, and performance guarantees. Price factors will recognize the value of the power (e.g., firm versus non-firm, delivery shape, and the relative value of environmental attributes associated with the facilities).

All bids must include exclusive ownership by PacifiCorp of any and all Environmental Attributes<sup>12</sup> associated with the energy generated.

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<sup>11</sup>The term "straight NPV calculation" refers to the act of present-valuing the net of the nominal capacity and energy value, and costs, to derive a net present value of the net margin between value and costs. To the extent that all proposals are above 140% of adjusted appropriate price curve in the initial shortlist, such proposals will be ranked by percentage.

<sup>12</sup> As defined in the Power Purchase Agreement.

#### A.1. PRICE INFORMATION

PacifiCorp is willing to consider the following contract structures so long as the Bidder supplies sufficient information to permit effective evaluation:

- *Power purchase agreements with purchase options* – for the initial term of the power purchase agreement Bidder owns the asset and PacifiCorp purchases the output. At some defined point in time PacifiCorp must have the option to purchase the asset for a price.
- *Build Own Transfer* – Bidder sells a fixed price turn key project payable in a single amount on delivery or upon achievement of milestones as progress payments, with an online date prior to December 31, 2011.

For PPAs, PacifiCorp is willing to consider the following delivery concepts so long as the Bidder supplies sufficient information to permit effective evaluation:

- Unit contingent generation as generated by the facility interconnected directly to PacifiCorp's transmission system
- Firm, scheduled generation into PacifiCorp's system
- Generation from other systems telemetered into PacifiCorp's system if adequate third party transmission is available.

#### A.2 NON-PRICE INFORMATION

Non-price factors will include without limitation positive or negative conformity to RFP bid requirements (**Appendix B**) and the form of power purchase agreement (**Appendix E**) or build own transfer agreement (**Appendix F**), transmission availability and interconnection status, Bidder's experience, and performance guarantees.

This RFP is requesting cost-effective resources that are capable for delivery into or in PacifiCorp's network transmission system<sup>13</sup> in PACE or PACW. All proposals will be contingent on the ability of PacifiCorp's commercial and trading function to designate the proposed resource as a Network Resource under the network service contract between PacifiCorp Transmission ([www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) and PacifiCorp Commercial and Trading.

#### B. POINT OF DELIVERY

PacifiCorp is interested in resources that are capable of delivery into or in a portion of PacifiCorp's network transmission system in PACE or PACW. Specifically, the point(s) of delivery of primary interest to PacifiCorp are:

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<sup>13</sup> Any costs required to upgrade PacifiCorp's electrical infrastructure incremental to those contained in the IRP will be considered in the overall economics of the resource. PacifiCorp will use the best available information at the time of evaluation to determine the integration costs for the analysis.

Eastern Control Area (PACE)

- Salt Lake Valley
- Mona<sup>14</sup> 345 kV
- Glen Canyon 230 kV
- Nevada/Utah Border:
  - Gonder-Pavant 230 kV line known as “Gonder 230 kV”
  - Sigurd – Harry Allen 345 line known as “NUB” or Red Butte 345 kV
- Crystal 500 kV (southern terminus of Gateway South project) starting 2012
- Wyoming- delivery points will require further evaluation for integration.
- Borah, Brady or Kinport if such resource is interconnected to PacifiCorp’s Southwest Idaho electrical system near the Goshen 161 kV area.

Western Control Area (PACW)

- Mid Columbia
- Paul 500kV
- California Oregon Border
- PACW System
  - Within the Western Control Area – The point of interconnection between the resource, or the electrical system to which the resource is connected, and PacifiCorp’s transmission system.<sup>15</sup>

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<sup>14</sup> PacifiCorp’s transmission function has broken Mona into three distinct delivery points. These three points are “MDWP” (IPP-Mona from LADWP control area), “MDGT” (Bonanza-Mona within the PACE control area), and “MPAC” (all other lines into Mona with the PACE control areas).

<sup>15</sup> Willamette Valley

Alvey 230 kV  
Chiloquin 230 kV  
Dixonville 230 kV

Fry 230 kV  
Meridian 230 kV  
Reston 230 kV

Central Oregon – Deschutes Valley

Bend 69 kV  
Pilot Butte 69/230 kV

Ponderosa 230 kV  
Redmond 69 kV

Yakima Area – Mid Columbia

Midway 230 kV

Wanapum 230 kV

Oregon Coast

Astoria to Tillamook 115 kV  
Boyer (Lincoln City) 115 kV  
Fairview (Coos Bay) 115/230 kV  
Alvey 500 kV  
Chiloquin 230 kV  
Dixonville 230 kV

Fry 230 kV  
Meridian 230 kV  
Reston 230 kV

Central Oregon – Deschutes Valley

Bend 69 kV  
Pilot Butte 69/230 kV  
Redmond 69 kV

Ponderosa 230 kV

- Scheduled to the point(s) of interconnection between PacifiCorp's western control area and the Bonneville Power Administration or Portland General Electric such that transfer limitations are not exceeded. If the source located within the Bonneville the Bidder must show they have control area service from the resource to the delivery point.

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

PPA Bidders are responsible for any interconnection, electric losses, reserves, transmission, integration tariffs, imbalance tariffs, and ancillary service arrangements required to deliver the proposed firm capacity and associated energy to the bid specified Point(s) of Delivery. Such costs will be included in the evaluation of BOT proposals. All proposals must identify all third-party interconnection, electric losses, transmission and ancillary service products, provider of reserves, and must provide a complete description of those service agreements, and provide documentation that such service(s) will be available to during the full term of offer(s) proposed or that contractual roll-over options are available.

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 or tagged from the source to the Point(s) of Delivery will require PacifiCorp to evaluate the 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 PACE or PACW.

### **D. 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, requiring the separation of its transmission and merchant functions. The third-party transmission service is NOT a transmission service agreement with PacifiCorp's commercial and trading function; rather it is with PacifiCorp's transmission function or other third-party transmission providers, and hence absolutely no communication by a Bidder to PacifiCorp's transmission function can be made through the submission of a bid in this RFP. Any bid seeking to do so will be summarily rejected if the attempt is not immediately withdrawn when discovered. If requested, short-listed Bidders shall execute a customer consent consistent with FERC requirement that enables PacifiCorp's merchant function to discuss the Bidder's interconnection and/or transmission service application(s) with the transmission interconnection or transmission service provider.

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Yakima Area – Mid Columbia  
Midway 230 kV

Wanapum 230 kV

Oregon Coast  
Astoria to Tillamook 115 kV  
Boyer (Lincoln City) 115 kV  
Fairview (Coos Bay) 115/230 kV

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

This RFP requires that all Bidders must enter into a separate Interconnection Agreement if their facilities are located within the PacifiCorp footprint in accordance with PacifiCorp's Open Access Transmission Tariff. Bidders must advise PacifiCorp Transmission if any such service is being requested as part of this RFP. Bidders requiring interconnection service from PacifiCorp Transmission must request both Network Resources Interconnection (NR) and Energy Resource (ER) service. As stated above, all such requests, if made, must be made directly to PacifiCorp's transmission function through OASIS or other applicable tariffs, and not made to PacifiCorp through the submission of a bid in this RFP. Any bid seeking to do so will be summarily rejected if the attempt is not immediately withdrawn when discovered.

All proposals that will require a new electrical interconnection or an upgrade to an existing electrical interconnection must include a statement of the cost of interconnection (broken out between network upgrade costs and facility specific 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 will be responsible for applying to the transmission provider for a Large Generator Interconnection Agreement (LGIA). The interconnection costs from all Bidders will be included in the bid evaluation. Bidders shall describe interconnection costs in their bids by disclosing that portion of costs associated with network upgrades and that portion that is facility specific. Bidders are reminded that they shall bear 100% of the costs to interconnect to the transmission provider's system. Bidders are encouraged to contact the applicable transmission function (i.e., PacifiCorp's transmission function at [www.oasis.pacificorp.com](http://www.oasis.pacificorp.com)) for information related to a system interconnection request. As stated above, all such requests, if made, must be made directly to PacifiCorp's transmission function through OASIS or other applicable tariffs, and not made to PacifiCorp through the submission of a bid in this RFP. Any bid seeking to do so will be summarily rejected if the attempt is not immediately withdrawn when discovered.

Once the Bidder is selected, the applicable transmission function typically has the option of funding the interconnection upgrades or requiring the Bidder to fund such 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 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 resources from bid-specified Points of Delivery to PacifiCorp's system. Such transmission integration costs and other integration costs will be factored in for determination of the final shortlist. PacifiCorp has preliminarily identified the potential

costs to integrate and transmit resources in the IRP. These costs do not include interconnection costs. Transmission and other integration costs incremental to those in the IRP will be taken into account within the analysis. Integration costs consistent with the IRP will be added to all bids.

After the initial Shortlist is selected, the Structuring and Pricing group will provide the results of the initial Short list to the IRP Group. Pursuant to a consulting agreement between the IRP Group and PacifiCorp Transmission, PacifiCorp Transmission will provide more refined cost estimates associated with integrating the Short-listed resources into PacifiCorp's system. The IRP group will seek updated costs from PacifiCorp Transmission for only the Short-listed Bidders. These integration costs will be used as inputs into the IRP model along with the Short-listed proposals in order to determine the final Short list.

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

The Renewable Resource must have a commercial operation date no later than December 31, 2011. Facilities generating power from the resource types defined as Renewable Resources in Section 1 are eligible to be the subject of bids under this RFP, provided they are capable of delivering at least 70,000 MWh per year.

Any resource considered pursuant to this RFP 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 on less than or equal to an hourly basis.

This solicitation is for proposals that offer *both* Renewable Energy Credits (RECs) and underlying generation from an associated Renewable Resource and not RECs only or RECs bundled with market purchases. Proposals that offer only Environmental Attributes or a rebundled product will be rejected.

#### **H. PRODUCTION TAX CREDIT**

Bidders shall bear all risks, financial and otherwise, associated with Bidder's or the facility's eligibility to receive production tax credits or qualify for accelerated depreciation for Bidder's accounting, reporting or tax purposes. 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 output from the Bidder's facility under such agreement is eligible for, or receives, production tax credits during the term of the agreement.

#### **I. ACCOUNTING**

All contracts proposed to be entered into as a result of this RFP will be assessed by the Company for appropriate accounting and/or tax treatment. Bidders shall be required to supply the Company with any and all information that the Company reasonably requires in order to make such assessments. Specifically, given the term lengths that Build own Transfer or Power Purchase Agreements accounting and tax rules may require either: (i)

a contract be accounted for by PacifiCorp as a Capital Lease or Operating Lease<sup>16</sup> pursuant to SFAS No. 13, or (ii) the seller or assets owned by the seller, as a result of an applicable contract, be consolidated as a Variable Interest Entity<sup>17</sup> (VIE) onto PacifiCorp's balance sheet. To the extent a Bidder's proposal results in an applicable contract, the following shall apply with respect to VIE treatment:

The Company is unwilling to be subject to accounting or tax treatment that results from VIE treatment. As a result, all Bidders are required to certify, with supporting information sufficient to enable the Company to independently verify such certification, that none of their proposals will subject the Company to such 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, which will be subject to consultation with the IEs. Further, any applicable contract that the Company executes will require that: (i) the Seller covenant that the Company will not be subject to VIE treatment at any point during the term of the agreement, and (ii) in the event that the contract causes the Company to be subject to VIE treatment at any point during the term of the agreement, unless cured, such treatment will constitute a seller event of default.

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 power purchase agreement or build own transfer that PacifiCorp requires to determine potential accounting impacts. Such information may include, but may not be 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 provide additional information. To the extent PacifiCorp rejects a proposal submitted in this RFP because it triggers VIE treatment, PacifiCorp shall provide documentation to the IEs justifying the basis for its decision.

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

PacifiCorp will not take into account potential costs to the Company associated with direct or inferred debt (described below) as part of its economic analysis in the initial or final shortlist evaluation. However, after completing the final shortlist and before the final resource selections are submitted for acknowledgement by the Oregon Commission, the Company may take into consideration, in seeking approval, cost recovery or acknowledgement with respect to selected resources, any projected costs of direct or inferred debt. The Company will bear the burden to demonstrate to the satisfaction of its regulators the validity, magnitude and impacts of any such projected costs. At the request of the Utah or Oregon Commission, PacifiCorp will be required to obtain a written

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<sup>16</sup> "Capital Lease" and "Operating Lease" - shall have the meaning as set forth in the Statement of Financial Accounting Standards (SFAS) No. 13 as issued and amended from time to time by the Financial Accounting Standards Board.

<sup>17</sup> "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in Financial Accounting Standards Board (FASB) Interpretation No. 46 (Revised December 2003) as issued and amended from time to time by the FASB.

advisory opinion from a rating agency to substantiate the utility'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 EITF 01-08 and SFAS No. 13 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.

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

PacifiCorp will utilize a "first-price sealed bid format" in order to generate an initial short list. The initial short list constitutes the bids that will be evaluated with the IRP models, and from which the final short-listed bids will be selected for any post-bid negotiations.

Under this format, contract payments are based on the price contained in each winning bid proposal. The "first-price sealed bid format" means that PacifiCorp will utilize the initial prices and pricing structure submitted by the Bidder in order to determine the initial short-listed entities. PacifiCorp will not ask for, or accept, updated pricing from Bidders during the evaluation period. **PacifiCorp will negotiate both price and non-price issues after the initial shortlist and during post-shortlist negotiations.** PacifiCorp reserves the right not to engage in any post-bid or post-Shortlist negotiations with any Bidder that has not made the initial short list. Selection for the initial short list, the final 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 power purchase agreement or build own transfer will be in the form of the PPA and BOT shown in **Appendices E** and **F**, respectively. If the Bidder alters the PPA, or the BOT or does not use it as the underlying agreement the bid evaluation will be effected. 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 be focused on determining which resources provide the best value to customers on a system-wide planning basis to meet customer requirements at the least cost, on a risk adjusted basis and in the public interest. The evaluation process will utilize a screening process to derive an initial shortlist of bids (described in Step 1 below) and the final shortlist will be determined using the integrated resource planning models, and any residual value of the project to determine the final shortlist.

The selection of an initial shortlist of bids will be based on price and non-price factors. The price factor will be derived using the PacifiCorp Structuring and Pricing RFP Base Model. The RFP Base Model determines the initial shortlist of the top performing proposals on the basis of the projected net present value revenue requirement (net PVRR)

per kilowatt month (Net PVRR/kW-mo). The non-price factors will evaluate the positive or negative conformity to RFP bid requirements (**Appendix B**) and the form of power purchase agreement (**Appendix E**) or build own transfer documents (**Appendix F**), transmission availability and interconnection status, status of the development of the resource, Bidder's experience, and performance guarantees.

Bids that qualify for the initial shortlist from a screening basis will then be evaluated using an Integrated Resource Planning model to establish the Final Shortlist.

The Bidder is responsible for the negotiation, execution and cost of interconnecting or delivering in or into the PacifiCorp control area. The Bidder will be responsible for all incremental transmission expenses associated with delivery to PacifiCorp's network transmission system (inclusive of any third-party system upgrade needed to deliver such energy to PACE or PACW). Any anticipated transmission cost which is not included in Bidder's response or is incremental to transmission assumptions included in the IRP will be added by PacifiCorp using information reasonable and readily available during the economic evaluation phase.

Bids submitted in this RFP will be evaluated in two steps:

**STEP 1—PRICE AND NON-PRICE SCREEN WILL BE USED TO DETERMINE A LIST OF BIDS DEEMED AS THE INITIAL SHORTLIST.**

**STEP 2—PACIFICORP'S PRODUCTION COST SIMULATION MODEL, USED FOR INTEGRATED RESOURCE PLANNING, WILL BE USED TO DETERMINE A LIST OF BIDS DEEMED AS THE FINAL SHORTLIST.**

PacifiCorp intends to evaluate each bid received in a consistent manner by separately evaluating the non-price characteristics of the resource and the price characteristics. Each component will be evaluated separately and recombined to determine the bundled price and non-price score. The price factor will be weighted up to 70%, while the non-price factor will be weighted up to 30%. No proposal will receive a total weighting in excess of 100%. The price and non-price evaluation will be added together and used to determine the initial shortlist. The initial shortlist will be made up of the highest scoring proposals.

**B. PRICE FACTOR EVALUATION (UP TO 70%)**

PacifiCorp will utilize the RFP Base Model to screen the proposals and to evaluate and determine the price ranking for the initial shortlist.

The RFP Base Model is contained in a Microsoft Excel workbook that includes a number of proprietary Visual Basic macros, custom add-ins, and computational code written in C++.

RFP Base Model Inputs:

Market Quote Date: The model will pull corresponding forward price, volatilities, and correlation projections for electricity and fuel commodities. Treasury discount curves are

also included. The same Market Quote Date will be used for all bids during each evaluation phase.

- Term: Start and End date
- Transmission Cost assumptions
- Rate Base Inputs: if applicable
- Point of Delivery (POD) and Point of Receipt (POR)
- Dispatch Pattern
- Firm/Unit Contingent
- Resource Type
- Product Source
- Variable O&M Payment (\$/MWh)
- VOM costs (\$MWH)
- Fixed Energy Payment (\$/MWh, if applicable)
- Capacity Charge (\$/KW-mo, if applicable)
- Resource/POD Availability by Month
- Forward Price Curve Multiplier by Month
- Corporate Financial Inputs – Inflation Curve, WACC, etc.

Comparison Metric

The comparison metric will be the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The net PVRR component views the value of the energy and capacity as a positive, and the offsetting costs as negative. The larger the net PVRR, the more valuable a given resource is to PacifiCorp’s customers. The net PVRR/kW-mo metric is the annuity value which, when applied to the nominal kilowatts on a monthly basis and present-valued, will result in the same net PVRR as a straight NPV calculation.<sup>18</sup>

<b>Bid Cost Relative to Adjusted Price Curves</b>	<b>Price Factor Weighting</b>
Less than or equal to 80% of adjusted price projections	70%
Greater than 80% of adjusted price projections but less than 140% of adjusted price curves	Linearly interpolated
Equal to or greater than 140% of the adjusted price projection	0%

**C. NON-PRICE FACTORS (UP TO 30%)**

The primary purpose of the non-price analysis is to help gauge the factors related to the proposal which are outside of price. A matrix will be established for each non-price factor and will be used to compare the bids with one another. Non-price factors will be weighted up to 30% (in combination with the price scores) in the determination of which proposals will be chosen for the initial shortlist. The non-price factor criteria are

<sup>18</sup>The term “straight NPV calculation” refers to the act of present-valuing the net of the nominal capacity and energy value, and costs, to derive a net present value of the net margin between value and costs. To the extent that all proposals are above 140% of adjusted price curves for the Initial shortlist which will be ranked by percentage.

identified in Chart 4 below. Bids will be evaluated and scored in three discrete categories: (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 PacifiCorp performing due diligence on any given Bid. Bids which have a demonstrated track record or are mature proposals will be more highly evaluated. Chart 4 lists the key non-price criteria and the basis for weighting for each criterion.

#### CHART 4 – NON-PRICE FACTORS

Non-Price Factor	Non-Price Factor Weighting
Conformity to RFP requirements	6%
Conformity to pro forma PPA or BOT	6%
Status of project development	6%
Bidder's experience	6%
Performance guarantees	6%

#### Step 2 – Integrated Resource Plan – Final Shortlist

The Company will use its current wind resource valuation methodology for evaluating bids for inclusion in the final shortlist. This methodology, called the Alternative Compliance Cost (ACC) method, uses the Company's production cost simulation system and its Forward Price Curve to generate a market-based alternative comparison of the bid resources. In determining the alternative, the Company first runs the production cost simulation system (the Planning and Risk, or PaR model) in stochastics mode using the then-current IRP preferred portfolio. The PaR model is then run a second time with the uncommitted future renewable resources removed from the preferred portfolio. The resulting production costs from this second model run reflect the market-based energy costs incurred as a result of no longer adding renewable resources to the IRP preferred portfolio. Next, other costs and benefits of the specific bid resource being considered are compared against the PaR model results. This comparison is in the form of a bid resource ACC value, which represents the resource cost, over the life of the project that yields a zero net PVRP difference with respect to the PaR model's market-based resource alternative. A negative ACC value, expressed on a dollar-per-MWh basis, indicates that the bid resource compares favorably to the market-based alternative, whereas a positive ACC value indicates that the bid resource compares unfavorably to the market-based alternative.

#### **D. FINAL SELECTIONS; OTHER FACTORS**

The two steps described above constitute the formal evaluation process and will lead to the compilation of the final shortlist of resources for further negotiation. After completing the formal evaluation process described above, but before making the final resource selections to be submitted for approval or acknowledgement, the Company will take into consideration, in consultation with the IE and the Consultant, certain other factors that are not expressly or adequately factored into the formal evaluation process, but that are required by applicable law or Commission order to be considered. In addition the

Company may evaluate and include in its final finally and prudent costs associated with direct and or indirect debt directly related with the resource procurement consistent with the information outlined in Section 5(I) and (J).

The Utah Energy Resource Procurement Act requires consideration of at least the following factors in determining whether a resource selected by the Company should be approved as in the public interest:

- whether it will most likely result in the acquisition, production, and delivery of electricity at the lowest reasonable cost to the retail customers of an affected electrical utility located in this state;
- long-term and short-term impacts;
- risk;
- reliability;
- financial impacts on the affected electrical utility; and
- other factors determined by the Commission to be relevant.

Oregon Order No. 06-446, Guideline 10(d), requires that the Oregon IE evaluate the unique risks and advantages associated with a Self Build option, including the regulatory treatment of costs or benefits related to actual construction cost and plant operation differing from what was projected for the RFP.

The Washington solicitation rules (WAC 480-107-001 et seq.) provide that ranking criteria must consider the following:

- Resource cost;
- Market-volatility risks;
- Demand side resource uncertainties;
- Resource dispatchability;
- Resource effect on system operation;
- Credit and financial risks to utility;
- Risks imposed on customers;
- Public policies regarding resource preference adopted by Washington state or the federal government;
- Environmental effects including carbon dioxide (CO<sub>2</sub>);
- Differences in relative amounts of risk inherent among technologies, fuel sources, financing arrangements, and contract provisions; and
- Complements power acquisition goals identified in the IRP.

## **SECTION 7. AWARDING OF CONTRACTS**

### **A. INVITATION**

**This RFP is merely an invitation to make proposals to the Company. No proposal in and of itself shall constitute a binding contract. The Company may, in its sole and absolute discretion, perform any one or more of the following:**

- Determine, in consultation with the IE and Consultant, which proposals are eligible for consideration as proposals in response to this RFP.
- Issue additional subsequent solicitations for information and conduct investigations with respect to the qualifications of each Bidder.
- Disqualify proposals contemplating resources that do not meet the definition of Renewable Resources in this RFP.
- Supplement, amend, or otherwise modify this RFP, or cancel this RFP with or without the substitution of another RFP.
- Negotiate and request Bidders to amend any proposals.
- Select and enter into agreements with the Bidders who, in the Company's sole judgment, are most responsive to the RFP and whose proposals best satisfy the interest of the Company, its customers, and state legal and regulatory requirements, and not necessarily on the basis of any single factor alone.
- Issue additional subsequent solicitations for proposals.
- Reject any or all proposals in whole or in part.
- Vary any timetable.
- Conduct any briefing session or further RFP process on any terms and conditions.
- Withdraw any invitation to submit a response.

## **B. CONFIDENTIALITY AGREEMENT**

All parties will be required to sign Confidentiality Agreements if they qualify for the final shortlist (**Appendix F**) prior to entering into negotiations with the Company.

## **C. NONRELIANCE LETTER**

All parties will be required to sign a nonreliance letter if they are qualify for the final shortlist (**Appendix H**) prior to entering into negotiations with the Company.

## **D. POST-BID NEGOTIATION**

Prior to entering into post-bid negotiation with Bidders, selected Bidders must execute the confidentiality agreement and the non-reliance letter in **Appendices F** and **H**, respectively.

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 initial cost analysis plus consideration of accounting treatment and potential effects due to rating agency treatment. 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 opinion, 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.

#### **E. 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.