
RFP
**Attachment 16: Operating and
Maintenance Terms and Conditions**

Operating & Maintenance Term Sheet for Operations Generation Resources

Option 1 – To the extent PacifiCorp does not have input on the design, the following Operations & Maintenance Agreement will be negotiated by the Parties.

PacifiCorp pays all prudent O&M and capital costs and reasonable fees and directs operator to achieve PacifiCorp's performance objectives for the plant. Plant is managed through an engineering and operating committee. Operator operates and maintains the facility to prudent industry standards. Operator negligence covered by insurance. PacifiCorp maintains the right to step in for default, negligence or transfer of operating entity.

A percentage (as determined by PacifiCorp's review of the design) of the total project cost is withheld until the end of operating term of the O&M agreement. The repayment of the withheld capital cost will depend on the plant achieving specific availability targets compared to [a standard] and the plant operating and maintenance costs are maintained equal to or less than [a standard]. These terms are to protect against design risk.

Parties will negotiate in good faith to further develop an operations and maintenance agreement along the following guidelines:

1. Plant will be owned by PacifiCorp. Fuel, except for diesel fuel required for emergency generators or fire pumps, will be provided by PacifiCorp.
2. Plant will be operated by the Plant Operator
3. Term of agreement: Ten (10) years then by PacifiCorp. PacifiCorp can assume operation of the facility prior to the end of term with 18 months notice. PacifiCorp will assume operations in the event of default, or failure to meet agreed Operating Performance Requirements.
4. O&M Services will be provided by the Plant Operator
 - a. Labor
 - b. Operating materials and services
 - c. Operations
 - i. Labor for staffing the plant 24 hours per day, 365 days per year basis, providing control room manning, auxiliary equipment operations and operating procedures
 - d. Maintenance
 - i. Predictive and Preventive maintenance activities
 - ii. Scheduled Maintenance / Overhaul Activities
 1. Scope and schedule of work
 - iii. Unscheduled maintenance
 - e. Plant data and record keeping per NERC/GADS guidelines
 - f. Purchasing of parts and consumables

- g. Management of maintenance contracts
 - h. Management of any plant projects or improvements
 - i. Plant security
 - j. Preparation of budgets, record keeping and document control
 - k. Compliance with all regulatory requirements
5. Plant Operating Performance Requirements for the plant:
- a. Health and Safety achievement
 - b. Production of power
 - c. Equivalent forced outage rate
 - d. Planned outage rate
 - e. Equivalent availability rate
 - f. Heat rate
 - g. Compliance with regulatory and environmental permits
 - h. Other plant performance criteria as specified by Plant Operator:
 - i. Start up durations
 - ii. Loading and ramping rate
 - iii. Ancillary services
6. Operating and maintenance costs reimbursable by PacifiCorp
- a. Management services
 - b. Labor, directs and indirects
 - c. Contract, Parts, Materials, Chemicals and Services
 - d. Permits and fees
 - e. Budget:
 - i. 1-year and 10- year Operations Budget, updated annually
 - ii. 1- year and 10- year Capital Budget, updated annually
 - iii. Budget variances
7. Dispatching
- a. Agree an annual production schedule
 - b. PacifiCorp dispatches the facility t as part of PacifiCorp's system

Option 2 – PacifiCorp has material input on design

PacifiCorp accepts design and pays for plant

Option 3 – PPA with plant purchase option

APSA is a PPA with an option to purchase exercisable by PacifiCorp after [X] years. PPA supplier provides plant purchase price schedule as part of bid.

- PPA demonstrates design and reliability
- O&M costs will be recovered in PPA energy price
- Cost and risk similar to existing PPAs