FINAL DRAFT

4-25-08 Version

All Source - Request for Proposal
PacifiCorp

Issued XX, 2008
Responses due XX, 2008

TABLE OF CONTENTS

Deleted: 28
Inserted: 28
Deleted: 27

Deleted: 31
Inserted: 31
Deleted: 30
Deleted: 34
Inserted: 34
Deleted: 33
Deleted: 36
Inserted: 36
Deleted: 35
Deleted: 36
Inserted: 36
Deleted: 35
Deleted: 37
Inserted: 37
Deleted: 36
Deleted: 37
Inserted: 37
Deleted: 36
Deleted: 40
Inserted: 40
Deleted: 39
Deleted: 40
Inserted: 40
Deleted: 39
Deleted: 41
Inserted: 41
Deleted: 40
Deleted: 41
Inserted: 41
Deleted: 40
Deleted: 43
Inserted: 43
Deleted: 42
Deleted: 43
Inserted: 43
Deleted: 42
Deleted: 45
Inserted: 45
Deleted: 44
Deleted: 46
Inserted: 46
Deleted: 45
Deleted: 46
Inserted: 46
Deleted: 45
Deleted: 47
Inserted: 47
Deleted: 46
Deleted: 47
Inserted: 47
Deleted: 46
Deleted: 47

Deleted: 56
Inserted: 56
Deleted: 55
Deleted: 58
Inserted: 58
Deleted: 57
Deleted: 59
Inserted: 59
Deleted: 58
Deleted: 59
Inserted: 59
Deleted: 58
Deleted: 59
Inserted: 59
Deleted: 58
Deleted: 60
Inserted: 60
Deleted: 59
Deleted: 60
Inserted: 60
Deleted: 59

Appendices

Attachments

Forms

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 capacity and energy resource needs identified in the Company's 2007 Integrated Resource Plan ("IRP") as filed with and pending acknowledgement before the Oregon Commission.[1] The scope of this All Source Request for Proposals ("RFP"), subject to the limitations described herein, is focused on system-wide, east and west control area, energy and capacity[2] generation which is capable of delivering energy and capacity in or to the Company's Network Transmission system[3] (www.oasis.pacificorp.com). This RFP is seeking capacity and energy resources to serve PacifiCorp's entire system. Bids from new or existing coal resources will only be considered by the Company if such proposals are consistent with multi-state legal and regulatory requirements regarding new and existing coal resources.

Bidders may propose any of seven (7) different Resource Alternative structures and three (3) exceptions in three (3) separate Bid Categories of resource requirements. The Bid Categories are separated into Base Load, Intermediate Load and Summer Peak resources as set forth below. Each Bid Category will be screened to determine the initial shortlist and the top bids will then be input into the Integrated Resource Plan models to determine the final shortlist.

Bid Category	Capacity Factor	Heat Rates (HHV[4])
1) Base Load	60%	[5]6,900-8,870
2) Intermediate Load	20-60%	8,870-11,500[6]
3) Summer Peak - Q3 purchases		July-September HE0700 through HE 2300[7]

All energy and capacity resources must provide unit contingent or firm resource capacity and associated energy incremental to the Company's existing capacity and energy resources and available for dispatch or scheduling by June 1, 2012; June 1, 2013; June 1, 2014; June 1, 2015; and/or June 1, 2016 (the "Eligible Online Dates").[8] Bidders will

[1] The Public Service Commission of Utah did not acknowledge the 2007 IRP.
[2] All Source with the exception of intermittent generating resources which will be solicited through separate RFPs. Intermittent generation is defined as generation that can not be scheduled or dispatched by PacifiCorp.
[3] Company's Eastern Control Area ("PACE") and/or the Company's Western Control Area ("PACW").
[4] Higher Heating Values.
[5] Heat rates lower than 6,900 may participate in this Bid Category.
[6] Heat rates which exceed 11,500 new and or existing Intermediate Load may participate in this Bid Category.
[7] Excluding NERC holidays.
[8] The Company may allow on-line flexibility consistent with the resource need identified in the Capacity Load and Resource Balance, however, a resource must be online by June 1, 2012 or starting with June 1 of

Formatted: Line spacing: single
Deleted: the

need to specify the online date for each resource proposed. In this RFP, the Company will propose Benchmark Resources in the Base Load and Intermediate Load Bid Category as further provided in **Attachment 1** of the RFP. The Company will use the applicable east/west markets as the benchmark for comparison of proposals received in the Bid Category of Summer Peak – Q3 purchases. The Company will submit a detailed evaluation for each Benchmark Resource(s), with supporting cost information, to the Oregon Commission and the IEs prior to the opening of proposals submitted by the Bidders. The IE and the Company will complete the initial evaluation of the Benchmark Resource(s) prior to opening the third party Bids. During the course of the RFP process, the Company, with input from the IEs, will determine if a Bidder update is appropriate, the Company will then also be entitled to update the assumptions in the Benchmark Resource(s). The IEs will review the reasonableness of the Benchmark Resource(s).

Table 1 sets forth the Company's expected resource requirements for calendar years 2012 – 2016 based on its 2007 IRP:

TABLE 1

Calendar Year	2012	2013	2014	2015	2016
East					
East Existing Resources	7,105	7,105	7,105	7,101	7,080
East Obligation	8,190	8,333	8,490	8,621	8,961
East Reserves*	956	973	992	1,007	1,051
East Obligation + Reserves	9,146	9,306	9,482	9,628	10,012
East Position	(2,041)	(2,201)	(2,377)	(2,528)	(2,932)
East Reserve Margin	-13%	-14%	-16%	-17%	-21%
West					
West Existing Resources	3,506	3,558	3,519	3,519	3,518
West Obligation	3,498	3,509	3,520	3,429	3,360
West Reserves*	413	411	416	405	397
West Obligation + Reserves	3,911	3,920	3,936	3,834	3,757
West Position	(405)	(362)	(417)	(314)	(239)
West Reserve Margin	0%	2%	0%	3%	5%
System					
Total Resources	10,611	10,663	10,624	10,620	10,598
Obligation	11,688	11,842	12,010	12,050	12,321
Reserves*	1,369	1,384	1,408	1,412	1,447
Obligation + Reserves	13,057	13,226	13,417	13,462	13,768
System Position	(2,446)	(2,563)	(2,794)	(2,842)	(3,171)
Reserve Margin	-9%	-10%	-11%	-12%	-14%

* Reserves assume a target planning reserve margin of 12%, and include company non-owned reserves.

As described in more detail below, the Company has adopted prudent safeguards to assure that no bias occurs. The Company seeks proposals from all potential suppliers who can meet the requirements of this RFP. Bidders should note that although from a planning basis the IRP uses specific types of resources in the base case and in the preferred portfolio this should not be considered by Bidders to be the only resource type or technology that the Company is willing to consider. The 2007 IRP[9] assumed a 12% planning margin. The planned renewable targets, conservation and demand side

each year for each year within the Eligible Online Dates.
[9] Pending acknowledgement in Oregon.

management[10] set forth in the IRP are not included for purposes of calculating resource needs; however, the renewable targets, and demand side management, will be inputs into the Capacity Expansion Model (which is discussed in more detail in Section 6) based on IRP forecasted price.

The Company may opt to contract for more or less power, depending among other things, bids received in response to the ongoing 2012 RFP, purchases, quality of bids received in response to this RFP, updates to the Company's forecasts, regional transmission availability and timing, procurement of shorter term resources or intermittent resources, and changes in the wholesale energy market conditions. In the event a resource(s) is selected from the 2012 RFP, the total resource need will be adjusted at such point in time.

In order to provide for a transparent and fair process, the RFP will be conducted under the oversight of independent evaluators ("IEs"). An IE 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 all aspects of receiving, evaluating, and ranking bids in response to this RFP, and in ensuring fairness throughout the RFP process. Potential bidders are invited and encouraged to contact either of the IEs with questions or concerns. More information concerning the role of the IEs is provided in **Attachment 4**. Contact information for the IEs is as follows:

Deleted: 11

Utah Independent Evaluator: Merrimack Energy Group, Inc.
http://www.merrimackenergy.com/PacifiCorp2008RFP/index.asp
Oregon Independent Evaluators: Accion Group and Boston Pacific Company, Inc.
To ensure timely responses, bidders should address questions and concerns to the Oregon IEs using both of the following email addresses: Accion Group: advisors@acciongroup.com Boston Pacific: croach@bostonpacific.com

Upon conclusion of the RFP process, PacifiCorp will request the Utah Public Service Commission to approve the resources selected. The Company also has the option of seeking regulatory acknowledgement of the final shortlist consistent with Oregon Order No. 06-446. PacifiCorp will also 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 for delivery by June 1, 2012 or starting with June 1 of each year for each year within the Eligible Online Dates. Section 2 addresses the Resource Alternatives, proposal characteristics and options. Section 3 covers logistics such as where and when proposals must be submitted, bid fees and minimum requirements, as well as important conditions

[10] A separate RFP will solicit demand side management resources. Conservation is included in the Company's load forecast.

[12] The Company's System Position is as set forth in Table 4.15 - Capacity Load and Resource Balance in the 2007 IRP. To the extent resource acquisitions are made outside of the 2008 RFP the total resource levels may be adjusted accordingly.

and procedures. Section 4 provides the required content and format for all Resource Alternatives. Section 5 outlines resource information including price and non-price information, integration, interconnection and transmission services, and use of PacifiCorp sites. Section 6 outlines the bid evaluation process. Section 7 outlines the awarding and rejecting of proposals. All of the required Appendices, Attachments and Forms for each of the Resource Alternatives are also provided.

SECTION 2. RESOURCE ALTERNATIVES AND PROPOSAL CHARACTERICS

A. RESOURCE ALTERNATIVES

The Company is seeking up to 2,000 MW of cost-effective resource(s) consisting of Base Load, Intermediate Load and Summer Peak resources to meet the Company's System Position during calendar years 2012 to 2016.[12] (See **Attachment 1** for a description of the engineering specifications, fuel type, technology, efficiency, location, projected life, transmission requirements and operation and dispatch characteristics of each Company Benchmark Resource). The minimum eligible fixed term and capacity requirements for proposals are 100 MW or greater of dependable capacity and a minimum term of five (5) years, except as noted below (exceptions to the minimum term and capacity include: a PPA or TSA not backed by an asset, load curtailment, QF and Biomass or Geothermal proposals). Resource(s) bid(s) must provide unit contingent or firm capacity and associated energy incremental to the Company's existing capacity and energy resources and available for dispatch or scheduling within the Eligible Online Dates.

The Company will consider bids that meet Base Load, Intermediate Load or Summer Peak[13] resource requirements that take the form of one of the following Resource Alternatives: (1) Power Purchase Agreement; (2) Tolling Service Agreement; (3) Asset Purchase and Sale Agreement (PacifiCorp site and PacifiCorp's specifications); (4) Asset Purchase and Sale Agreement (Bidder site); (5) purchase of an existing facility; (6) purchase of a portion of a facility jointly owned or operated by the Company; (7) restructuring of an existing Power Purchase Agreement or Exchange Agreement; or (8) Exceptions which include (a) Load Curtailment, (b) Qualifying Facilities or (c) Geothermal or Biomass. Descriptions of each of these Resource Alternatives are set out below.

CHART 1

Resource Alternatives	Term	Location	Requirements
1) Power	Fixed term specified	Bidders can bid on their	If the Bidder bids

[13]Base Load is defined as a resource with a heat rate between 6,900-8,870, however may be lower than 6,900; Intermediate Load is defined as a resource with a heat rate between 8,870-11,500, however may be greater than 11,500; Summer Peak is defined as third quarter calendar purchases for July through September HE0700 through HE2300 PPT, excluding NERC holidays.

Resource Alternatives	Term	Location	Requirements
Purchase Agreements	in the bid up to the life of the asset from a single resource located in or delivering to PACE or PACW under the PPA. Must be a minimum term of 5 years and a minimum of 100 MW. A PPA not backed by assets is limited to a Maximum Term[14] of 5 years, a minimum of 100 MW, and is not eligible to use a PacifiCorp site.	sites or on PacifiCorp sites; however, PacifiCorp is not required to operate the facilities, and it cannot impact PacifiCorp's existing generation on the site.	on one of the PacifiCorp sites the Bidder must bid a minimum of 420 MW and 85% of the facility's dependable generation with no less than 420 MW nominal generating capacity, a minimum of 20 years and a maximum of the life of the asset. Life of the asset will be evaluated consistent with IRP Tables C.27 and C.28. If a PacifiCorp site is used the Bidder must build to the Currant Creek specification or the Lake Side specification in **Attachments 24** or **25.** Bidder must complete **Appendices C-1, D** and **G**.
2) Tolling Service Agreements	Same as #1	Same as #1	Same as #1
3) Asset Purchase and Sale Agreements	Life of the asset will be evaluated consistent with IRP	Currant Creek or Lake Side sites.	Bid to result in the development and construction of a

Deleted: m
Deleted: t

[14] Maximum Term of five years means a term of greater than one year but no more than five years.

Deleted: F

Resource Alternatives	Term	Location	Requirements
on PacifiCorp sites	Tables C.27 and C.28.		facility that complies with the specifications in the APSA and the specification for each site set forth in the Appendices. Contractual privity between PacifiCorp and the EPC contractor. The Bidder must build to the Currant Creek specification or the Lake Side specification in **Attachments 24 or 25**. Bidder must complete **Appendix C-2.**
4) Asset Purchase and Sales Agreement on Bidder's Site	Life of the asset will be evaluated consistent with IRP Table C.27 and C.28.	Facility built on a Bidder's site which is a new facility. If it is an existing facility, it should be bid under #5.	Bid pursuant to the APSA; PacifiCorp will own and operate the facility following commercial operation. Bidder must complete **Appendices C-2** and **G**. Contractual privity between PacifiCorp and the EPC contractor.

Resource Alternatives	Term	Location	Requirements
5) Purchase of an existing facility	Evaluation will be completed based on the remaining depreciated life of the asset. Life of the asset will be determined by the IRP Table C.27.	A single resource located in or delivering to PACE or PACW and integrated as a Network Resource.	Due diligence of facility that PacifiCorp deems appropriate (see **Attachment 19**). Bidder must complete **Appendix C-3.** PacifiCorp would own and operate the facility.
6) Purchase of a portion of a facility jointly owned by and/or operated by PacifiCorp	Same as #5	Same as #5	Same as #5
7) Restructuring of Existing Power Purchase Agreement or Exchange Agreement and/or Buyback of an Existing Sales Agreement	Fixed term specified in the bid up to the life of the PPA or Exchange Agreement must be a minimum of 5 years and 100 MW.	Same as #5	Restructuring of the PPA or Exchange Agreement and/or buyback of an existing sales agreement must result in incremental capacity and energy.
Exceptions			
8 (a) Load Curtailment	Fixed term must be a minimum of 5 years and 25 MW.	Existing end use PacifiCorp customers with a load that can be physically curtailed and must be not less than 25 MW. The 25MW may be aggregated. The load must respond within 30 minutes prior to the hour and remain curtailed for	PacifiCorp will not accept proposals for financial curtailment nor will it accept proposals that result in PacifiCorp having a residual delivery obligation for the curtailment

Resource Alternatives	Term	Location	Requirements
		one continuous hour blocks.	of load via any other contract, law or regulation or order.
8 (b) Qualifying Facility	Fixed term must be a minimum of 5 years and 10 MW. A PPA not backed by assets is limited to a Maximum Term of 5 years and a minimum of 10 MW.	Same as #5	QFs are as defined under the regulations implementing PURPA. Bidder must complete **Attachment 2** and **Appendices C-1** and **G.**
8 (c) Geothermal or Biomass	Fixed term must be a minimum of 5 years and 10 MW. A PPA not backed by assets is limited to a Maximum Term of 5 years and a minimum of 10 MW.	Same as #5	Bidder must complete **Appendices C-1, D,** and **G.**

Deleted: m

Deleted: t

Deleted: m

Deleted: t

1. Power Purchase Agreement

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at

Power purchase bids must be for a fixed term at a stated price which may be indexed or vary in price by year from a single resource located in or into PACE or PACW and must be in the form of a Power Purchase Agreement ("PPA"). A PPA Proforma Agreement is attached as **Attachment 3**. The source of energy and capacity for the PPA should be (a) a generation facility located on a Bidder-supplied site, (b) a generation facility located on one of the PacifiCorp sites identified in this RFP, or (c) from the Bidder's electrical system. The fuel source type must be specified in the proposal. For purposes of this RFP, the PacifiCorp sites consist of real property currently owned by the Company immediately adjacent to the Company's Currant Creek and Lake Side facilities in PACE.

Deleted: To the extent no fuel source is specified, the Company will assume the fuel source type is gas.

In the event a Bidder proposes a PPA not backed by assets, the term accepted will be limited to a Maximum Term[15] of five (5) years and the PPA will not be eligible for use of a PacifiCorp site.

Deleted: m

[15] Maximum Term of five years means a term of greater than one year but no more than five years.

Deleted: F

In the event a Bidder proposes to locate a facility on a PacifiCorp site, the Bidder must propose a PPA for a quantity equal to no less than 85% of the facility's dependable generation capacity, with such amount being no less than 420 MW nominal generation capacity, and a minimum term equal to or greater than 20 years or a maximum consistent with the design plant life as contained in IRP Tables C. 27 and C.28. Design evaluation criteria that the Company will use for bid screening and evaluation purposes can be located in Appendix C (Tables C.27 and C.28) of the IRP. These minimums apply to PacifiCorp sites because both of these sites are capable of second units, and PacifiCorp must ensure the value of these assets are used in the best interest of customers. If a bidder builds a project on either of the PacifiCorp sites, Currant Creek or Lake Side, the project must be built to meet the specifications provided **Attachments 24 or 25**, as applicable.

The Bidder should assume that the Company will not own or operate any facility bid into this category. All Bidders in this category must complete the information requested in **Appendices C-1, D,** and **G.**

In the event a facility is proposed to be located on a PacifiCorp site, the Bidder must negotiate and enter into a lease or land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement substantially in the form attached as **Appendix H**. These negotiations will occur if and when the Bidder is selected from the final shortlist to enter into negotiations. **THIS RFP IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL PACIFICORP BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO PACIFICORP'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF PACIFICORP'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER PACIFICORP'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE PACIFICORP SITES.**

At the Bidder's request, the Company may agree to provide certain facility connection points for facilities located at a PacifiCorp site. The estimated cost and description of these points are contained in **Attachments 9 and 10;** however, actual costs to the Bidder may vary.

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, construct ("EPC") contract or an equivalent structure which will not increase the risk of default by multiple contractors to the Company 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 its credit support provider) must have a Credit Rating[16] that is BBB-/Baa3 or greater from S&P/Moody's or, if not publicly

[16] Credit Rating is defined in Section H.1.

rated, an equivalent Credit Rating as determined by PacifiCorp.

2. Tolling Service Agreement

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at 0.88"

Tolling Service Agreement bids must be for a fixed term at a stated price which may be indexed from a single resource which is located in or delivering to PACE or PACW, and must be in the form of a Tolling Service Agreement ("TSA"). The fuel source type must be specified in the proposal. A TSA Proforma Agreement is attached as **Attachment 5**. The facility from which the TSA is bid can be located on (a) a Bidder-supplied site, or (b) a PacifiCorp site. In the event the Bidder proposes to locate a facility on a PacifiCorp site(s), the Bidder must propose a TSA for an amount equal to no less than 85% of the facility's dependable generating capacity, with such amount being no less than 420 MW nominal generating capacity, and a minimum term equal to or greater than 20 years or a maximum consistent with the design plant life as contained in IRP Tables C. 27 and C.28. Design evaluation criteria that the Company will use for bid screening and evaluation purposes can be located in Appendix C (Tables C.27 and C.28) of the IRP.

The TSA Bidder should assume that the Company will not own or operate any facility bid into this category. All Bidders in this category must complete the information requested in **Appendices C-1, D** and **G**.

In the event a Bidder proposes a TSA not backed by assets, the term accepted will be limited to a maximum of five (5) years and the TSA will not be eligible for use of a PacifiCorp site.

In the event a facility is proposed to be located on a PacifiCorp site, the Bidder must negotiate and enter into a land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement substantially in the form attached as **Appendix H**. These negotiations will occur if and when the Bidder is selected from the final shortlist to enter into negotiations. **THIS RFP IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO PACIFICORP'S SITES.**

At the Bidder's request, the Company may agree to provide certain facility connection points for facilities located at a PacifiCorp site. The estimated cost and description of these points are contained in **Attachments 9 and 10**; however, actual costs to the Bidder may vary.

The Bidder must specify in its bid whether the TSA will take the form of a financially settled physical TSA or physical TSA, if applicable. Provided the TSA is (1) a financially settled physical tolling arrangement, the Bidder will be responsible to purchase the fuel, transportation, fuel-related O&M, and start-up charges, if any, or (2) a physical tolling arrangement, the Company may elect to be responsible for the fuel and transportation however, the Bidder must demonstrate that fuel and transportation are available.

If a TSA Bidder proposes to locate a facility on a PacifiCorp site, and the Bidder proposes the utilization of the existing natural gas lateral to the site, then the Company will accept only a physical tolling arrangement that does not adversely impact the Company's existing fuel resource deliveries and cost at a PacifiCorp site. PacifiCorp maintains contractual rights to 190,000 Dth/day of transportation capacity on each natural gas lateral connection to the Currant Creek and Lake Side sites. Assuming a capacity to burn natural gas at each plant of 95,000 Dth/day, PacifiCorp would release for such plant up to 95,000 Dth/day of transportation capacity on the respective laterals to each site.

Bidders are not limited to a physical tolling arrangement on a PacifiCorp site as the Bidder may make its own arrangements for delivery of natural gas to a PacifiCorp site. If a bidder builds a project on either of the PacifiCorp sites, Currant Creek or Lake Side, the project must be built to meet the specifications provided in the Appendix.

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 EPC contract or an equivalent structure which will not increase the risk of default by multiple contractors to the Company 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 its credit support provider) 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.

3. Asset Purchase and Sale Agreement on PacifiCorp Site

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at 0.88"

Bids for construction on a PacifiCorp site must take the form of an Asset Purchase and Sale Agreement ("APSA") to which the Company and the entity building the project must be parties. The APSA Proforma Agreement is attached as **Attachment 6** and the Appendices which will include **Attachments 7, 8, 24 or 25** (as applicable) which have the PacifiCorp site specifications set forth therein. The fuel source type must be specified in the proposal. Any APSA proposal for development and construction of a facility on a PacifiCorp site (Lake Side or Currant Creek) must be bid in compliance with the specifications in the APSA. Pricing for the purchase and sale of the facility can be structured to include progress payments with defined milestones, or as a single lump sum payment due upon achievement of commercial operation. The Company 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**.

The Bidder will be required to enter into an APSA, and a Construction Coordination Agreement (**Appendix H**), which is also attached to the APSA as **Appendix S**. 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 and all related costs up to achieving commercial operation, with the exception of those costs to be borne by the Company to support start-up, testing, commissioning, and acceptance that are explicitly defined in the Bidder's proposal. 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. Such rights and facilities may include, without limitation, water, emissions reduction credits, wells, and pipelines. If a bidder builds a project on either of the PacifiCorp sites, Currant Creek or Lake Side, the project must be built to meet the specifications provided in **Attachments 24 or 25**.

The Company may, but will not be required to, make available for the successful Bidder's purchase those rights and facilities outlined in **Attachment 7** for Lake Side and **Attachment 8** for Currant Creek. Bidder costs related to such rights and facilities subsequent to commercial operation of the facility shall be as negotiated under the APSA.

In the event a facility is proposed to be located on a PacifiCorp site, the Bidder must negotiate and enter into a lease or land purchase agreement acceptable to the Company, together with a Construction Coordination Agreement substantially in the form attached as **Appendix H.** These negotiations will occur if and when the Bidders selected from the final shortlist to enter into negotiations. **THIS RFP IS NOT AN OFFER TO SELL A PACIFICORP SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND OTHER DOCUMENTS NECESSARY AND PROPER FOR THE SALE OF PROPERTY, AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE PACIFICORP SITES.**

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 APSA. 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 APSA and must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity (or its credit support provider) 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.

The aggregate of the "all-in" capital cost for the APSA resource shall include all payments to be made to the Bidder under the APSA and all Owners' development costs. A complete listing of categories of Owner's Estimated Development Cost Assumptions can be found in **Attachment 10**.

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at 0.88"

4. Asset Purchase and Sales Agreement on a Bidder's Site

Bids for construction on a Bidder-owned site must be in the form of an APSA, to which the Company and the entity building the project must be parties. The APSA Proforma Agreement is attached as **Attachment 6**. The fuel source type must be specified in the proposal. Pursuant to the APSA, the Company will own and operate the facility following commercial operation. All Bidders in this category must complete the information requested in **Appendices C-2** and **G**. Bidders should also submit a form O&M Agreement based on the terms and conditions set forth in **Attachment 23**.

Pricing for the purchase and sale of the facility can be structured to include progress payments, with defined milestones, or as a single lump sum payment due upon achievement of commercial operation. The Company will in no event make progress payments to a Bidder unless each such payment results in the transfer of a tangible asset or percentage ownership of an asset at the time each payment is made according to a schedule set forth in the associated bid and acceptable to the Company.

This bid category is only for facilities that have not reached commercial operation as of the bid response date. In the event the facility being proposed is existing and commercially operable as of the bid response date, then the Bidder should submit a bid pursuant to Resource Alternative #5 (Purchase of an Existing Facility). 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 and all related costs up to commercial operation with the exception of those costs to be borne by the Company to support start-up, testing, commissioning, and acceptance that shall be explicitly defined in the Bidder's proposal. The Company may require that the project be operated and maintained by Bidder for up to ten (10) years in order to ensure cost effectiveness, availability and reliability of the resources prior to the Company's acceptance of the resource. The parties agree to negotiate an O&M agreement after the bidder is selected from the final shortlist to enter into negotiations.

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 APSA. 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 APSA and must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity (or its credit support provider) 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.

The Company will own and the Bidder will operate the facility following commercial operation for up to ten (10) years. Any existing power supply obligations (if any) associated with the facility shall not be assigned to the Company unless the Company, in its sole discretion, accepts such assignment.

The aggregate of the "all-in" capital cost for the APSA resource shall include all payments to be made to the Bidder under the APSA and all Owner's development costs. A complete listing of categories of Owner's Estimated Development Cost Assumptions can be found in **Attachments 9** and **10**.

5. Purchase of an Existing Facility

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at 0.88"

In the event sale of an existing facility is proposed by a Bidder, and if the facility is interconnected to PACE or PACW and commercially operable as of the bid response date, the Company will consider purchasing, owning, and operating the facility. The fuel source type must be specified in the proposal. Any such purchase would be contingent on disclosure to the Company by the Bidder of all information regarding the facility that may be material to the Company's decision to make the purchase, including without limitation all potential or existing claims or liabilities, on the Company's completion of and satisfaction with the results of such due diligence inquiries that the Company may deem appropriate in its sole discretion, and on the transfer of good and marketable title to the Company by the Bidder, free and clear of any and all liens and encumbrances. Such inquiries may include, but will not be limited to, site inspections, interviews, audit of all applicable books, contracts, forecasts, and records, and/or an assessment of past, future, or potential environmental liabilities. In addition, any existing network or point-to-point transmission rights associated with the facility's output must be released and reassigned to the Company, at the Company's option.

Such due diligence will be performed by qualified generation experts, who may be third-party legal and environmental experts and consultants satisfactory to the Company in its sole discretion, in addition to Company personnel. The Company reserves the right to no longer consider the resource, if in its sole discretion; it determines that there are aspects of the resource not in the best interest of the Company and its customers. The Company will require the following information outlined in **Appendix C-3** to be provided by the Bidder in order to determine if the asset will be evaluated and the priorities of the evaluation.

Existing power supply obligations associated with the facility, if any, shall not be assigned to the Company unless the Company, in its sole discretion, accepts such assignment.

6. Purchase of a Portion of a Facility Jointly Owned and/or Operated by PacifiCorp

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at

A Bidder may propose that the Company purchase all or an additional portion of a facility in which the Company already has an existing ownership interest or one that the Company currently operates. The fuel source type must be specified in the proposal. Any such purchase by the Company would be contingent upon disclosure to the Company by the Bidder of all information regarding the facility and the Bidder's interest that may be material to the Company's decision to make the purchase, including without limitation, potential or existing claims or liabilities, on the Company's completion of and satisfaction with the results of such due diligence inquiries that the Company may deem appropriate in its sole discretion, and on the transfer of good and marketable title to the Company by the Bidder of the Bidder's interest, free and clear of any and all liens, claims and encumbrances. The Company's due diligence inquiries may include, but will not be limited to, an audit of all applicable books and records, and/or an assessment of past, future, or potential environmental liabilities. In addition, any existing network or point-to-point firm transmission rights associated with the facility's output owned or controlled by the Bidder must be released and reassigned to the Company, at the Company's option.

Such due diligence will be performed by qualified generation experts, which may be third-party legal and environmental experts and consultants, in addition to Company personnel. The Company reserves the right to no longer consider the resource, if in its sole discretion it determines that there are aspects of the resource that are not in the best interests of the Company and/or its customers. The Company will require the following information outlined in **Appendix C-3** to be provided by the Bidder, in order to determine if the asset will be evaluated and the priorities of the evaluation.

The Company would own and operate the prospective facility following closing on the sale. Existing power supply obligations associated with the facility, if any, shall not be assigned to the Company unless the Company, in its sole discretion, accepts such assignment.

7. Restructure of an Existing Power Purchase Agreement or an Exchange Agreement and/or Buyback of an Existing Sales Agreement

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at 0.88"

The Company will accept proposals under this category of bids for one or more of (a) restructuring of an existing PPA between the Company and the Bidder; (b) an Exchange Agreement between the Company and the Bidder; and (c) the termination or buyback of an existing agreement for the sale of energy and capacity by the Company to the Bidder in PACE or PACW. The fuel source type must be specified in the proposal and can not be sourced or tagged from a coal resource unless the proposal is consistent with multi-state legal and regulatory requirements regarding new and existing coal resources.

If the bid calls for the restructuring of an existing PPA between the Company and the Bidder, such restructuring must result in making available to the Company incremental dependable energy and capacity in an amount of not less than 100 MW within PACE or PACW during the summer season (July through September) for delivery as provided in this RFP for a minimum term of five (5) years. The Bidder will be required to assign any and all existing network or point-to-point firm transmission rights associated with the incremental energy and capacity to the Company at the Company's request at no additional cost if the Company selects this bid.

If the bid calls for an exchange agreement, such agreement would provide for the delivery by the Bidder to the Company of dependable energy and capacity in an amount of not less than 100 MW for delivery of a minimum of a five (5) year term as described in this RFP, in exchange for power to be supplied by the Company to the Bidder at another location (other than PACE or PACW) and/or during another time period.

8. Resource Alternative Exceptions

Formatted: Indent: Left: 0.5", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.63" + Tab after: 0.88" + Indent at: 0.88", Tabs: Not at

The following resources qualify for one of the three exceptions set forth below:

a. Load Curtailment

Formatted: Indent: Left: 1", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1" + Tab after: 0" + Indent at: 1.25"

The Company has found that bilateral agreements with large end-use customers for the physical curtailment of load have proven to be effective in reducing the need for incremental energy and capacity at critical times. The fuel source type must be specified in the proposal. The Company invites end-use customers to bid physical load curtailment under this RFP. Any such bid must meet the following requirements: (a) the Bidder must be an existing end-use customer of the Company; (b) the load to be curtailed must be not less than 25 MW, however load can be aggregated by a single supplier to equal a total of 25 MW or more; (c) the curtailment must be a physical curtailment of the load; (d) the load to be curtailed must respond to the curtailment order 30 minutes prior to the hour within and remain curtailed for continuous one-hour blocks; (e) the Company must not have any residual delivery obligation for the curtailed load after exercising its curtailment rights hereunder pursuant to any other contract, law, regulation or order, and Bidder must waive any and all rights to assert any such contrary rights; and (f) the Bidder must provide the Company with reasonable contractual surety and credit assurances that such load curtailment will take place at times and in amounts required by this RFP. The Company will not accept proposals for financial curtailment of load. Bidders should start with the Power Purchase Agreement (**Attachment 3**) as the underlying agreement.

b. Qualifying Facility

Formatted: Indent: Left: 1", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1" + Tab after: 0" + Indent at: 1.25"

Qualifying Facilities ("QFs"), as defined under the regulations implementing the Public Utility Regulatory Policies Act of 1978 ("PURPA"), with 10 MW or greater of capacity are eligible to participate in this RFP. Firm QFs with 10 MW or greater of capacity and a minimum term of five (5) years or longer will constitute a Resource Alternative exception. In the event a Bidder proposes a PPA not backed by assets, the maximum term accepted will be five (5) years. The fuel source type must be specified in the proposal. All Bidders in this category must complete the information requested in **Appendices C-1**, and **G**. Each QF Bidder must also submit the required information in **Attachment 2**[17] in order to be evaluated under this RFP. QF Bidders are subject to the credit requirements contained in this RFP. Bidders should start with the Power Purchase Agreement (**Attachment 3**) as the underlying agreement.

[17] Schedule 38 in Utah and Oregon are included. Depending on location of the resource, a Bidder may also need to comply with the state specific QF tariff schedules which are available on PacifiCorp's website at: http://www.pacificorp.com/Navigation/Navigation4428.html.

c. Geothermal or Biomass

If the Bidder proposes a Geothermal or Biomass resource, such proposal must provide for the delivery by the Bidder to the Company of dependable energy and capacity in an amount of not less than 10 MW for a minimum term of five (5) years as described in this RFP. However, in the event a Bidder proposes a PPA not backed by assets, the maximum term accepted will be five (5) years. The source of energy and capacity for the PPA should be a generation facility located on a Bidder-supplied site. The fuel source type must be specified in the proposal. The Bidder should assume that the Company will not own or operate any facility bid into this category. All Bidders in this category must complete the information requested in **Appendices C-1, D,** and **G.** Bidders should start with the Power Purchase Agreement (**Attachment 3**) as the underlying agreement. Bidders are subject to the credit requirements contained in this RFP.

Formatted: Indent: Left: 1", Hanging: 0.5", Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 1" + Tab after: 0" + Indent at: 1.25"

B. PROPOSAL OPTIONS

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, including index options 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, water cooling technologies, 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.

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 2 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

C. FLEXIBILITY OF PROPOSALS

PacifiCorp is interested in proposals which offer PacifiCorp flexibility in terms of the commencement date of delivery in the contract and which provide PacifiCorp the ability to defer or accelerate the in-service date of the contract or buy-out the contract at its option. If Bidders provide proposals which would include an option to extend the proposal beyond the original term, Bidders are required to specifically identify such option and the required terms, conditions and price upon which the Company would exercise such option. If the Bidder is not offering to extend the term and no such option language is included in the proposal, the Company will not assume that the Resource Alternative extends beyond the term provided by the Bidder. Bidders are encouraged to be creative in their proposals within the scope of the RFP. To the extent Bidders want to propose in-service date deferral or acceleration options, Bidders should provide a complete description of their proposed deferral or acceleration option as an attachment to

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 2 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

Form 2. Bidders should provide a schedule that offers a one year in-service date deferral option and a one-year acceleration option along with the strike price (in total dollars) for which PacifiCorp would compensate the Bidder for exercising the option at each milestone date identified in **Form 2**. The schedule should also include the milestone dates prior to the proposed in-service date at which PacifiCorp could decide to exercise the deferral or acceleration option. Bidders can also offer a price schedule associated with the option for PacifiCorp to buy-out the contract at different milestone dates prior to commercial operation. For the buyout option, Bidders should use **Form 2** as a component of their bids. Bidders can provide breakup fees for all the milestone dates listed in **Form 2**, or identify select milestones and submit breakup fees for those dates. The milestones may be modified by the Bidders to address the specific project and proposal. For each option, Bidders should identify the option proposed along with specific triggers (i.e., triggers associated with specific milestones) within the Bidder's proposal. Concerning deferral, acceleration, and breakup options, Bidders must complete **Form 2** with suggested milestones and strike price. For each resource and alternative proposed, **Forms 1** and **2** should be completed, if applicable.

D. UNACCEPTABLE PROPOSAL CHARACTERISTICS

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 2 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

The Company will not accept intermittent resource proposals as part of this RFP. The Company will not accept bids from new or existing coal resources unless such proposals are consistent with multi-state legal and regulatory requirements regarding new and existing coal resources. The Company will not accept proposals where the Bidder retains the option to displace any resource for economic reasons and/or where the Bidder holds the unilateral option to select one or more alternate Point(s) of Delivery. In addition, the Company will not accept any proposal that provides for planned maintenance or planned derates (as defined by NERC) during the months of June through September or December through February in any year.

SECTION 3. LOGISTICS

A. SCHEDULE OF RFP ACTIONS

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

Chart 2 sets forth the anticipated schedule:

CHART 2

Event	Anticipated Date
RFP issued	Issued XX, 2008
RFP bid conference	Issued + 20 days
Intent to Bid Forms due	Issued + 30 days
Benchmark Proposals due	Issued + 60 days
Responses due	Issued + 75 days
Evaluation complete	Issued + 135 days
Oregon Commission acknowledgement of final shortlist[1]	Issued + 200 days

Bidder negotiation	Issued + 240 days
PacifiCorp decision	Issued + 270 days
Utah Public Service Commission approval proceeding (180 days)	Issued + 450 days
Avoided cost filing[2]	Issued + 500 days
[1]The Oregon Commission may acknowledge the final shortlist. *See* Oregon Order No. 06-446 Guideline 13.	
[2]Updated avoided costs filing by state will be made to the extent required by law or regulatory order.	

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. PREBID 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 prior to the issuance of the final approved RFP. After the final approval of the RFP, Merrimack Energy Group, Inc. will be responsible to maintain and post all material on a website established by the IEs. The Company will be responsible to maintain and post all materials on the Company's website at www.pacificorp.com. **Any questions on the RFP or related documents and all** communications with the Oregon and Utah IEs should be directed as follows:

Utah Independent Evaluator: Merrimack Energy Group, Inc.
http://www.merrimackenergy.com/PacifiCorp2008RFP/index.asp
Oregon Independent Evaluators: Accion Group and Boston Pacific Company, Inc.
To ensure timely responses, bidders should address questions and concerns to the Oregon IEs using both of the following email addresses: Accion Group: advisors@acciongroup.com Boston Pacific: croach@bostonpacific.com

C. INTENT TO BID FORMS

Bidders who intend to be considered as part of this RFP process **must** return the "Intent to Bid Form" **(Appendices A and B)** as set forth below.

Five (5) copies of the Intent to Bid Form must be sent to both of the following addresses by express, certified or registered mail, or hand delivery by 5:00 p.m. Pacific Prevailing

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

Time on [Insert Date]:

Utah Independent Evaluator
Merrimack Energy Group, Inc.
c/o Utah Division of Public Utilities
Heber M Wells Bldg, 4th Floor
160 East 300 South
Box 146751
Salt Lake City, Utah 84114-6751

and

Oregon Independent Evaluator
Accion Group and Boston Pacific Company, Inc.
c/o Pacific Power Legal Department
Attention: Natalie L. Hocken
825 NE Multnomah, Suite 2000
Portland, Oregon 97232

D. SUBMISSION OF BIDS

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

Bidders are required to submit hard copies and electronic copies of proposal(s) as set forth 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.

All bids must be submitted and must be transmitted by express, certified or registered mail or hand delivered to both addresses:

Utah Independent Evaluator
Merrimack Energy Group, Inc.
c/o Utah Division of Public Utilities
Heber M Wells Bldg, 4th Floor
160 East 300 South
Box 146751
Salt Lake City, Utah 84114-6751

and

Oregon Independent Evaluator
Accion Group and Boston Pacific Company Inc.
c/o Pacific Power Legal Department
Attention: Natalie L. Hocken
825 NE Multnomah, Suite 2000
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 IEs and PacifiCorp.

E. RFP TEAM

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

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 an Intent to Bid Team. The composition of the teams and their primary roles and responsibilities are shown below in Chart 3.

CHART 3

Work Group	Roles
Independent Evaluators (IEs)	The IEs will ensure a fair and reasonable process is used in the RFP. The IEs will provide oversight of the RFP process and will validate, audit and review all aspects of all proposals, providing oversight to the process and validation on the models, inputs, assumption(s), risk assessment, and generation specifications for the PacifiCorp sites. See **Attachment 4** for Role of the IEs.
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 IEs 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, generation expertise, 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	Air, water and discharge, emission credits, site permits and facilities.
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 B are complete.

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

F. BID FEES

To help defray the cost of the Utah IE, each Bidder shall submit with each of its bid proposals a nonrefundable "bid fee" of $10,000. Bidders submitting a bid in Resource Alternative category #8 (load curtailment, QFs, and Biomass or Geothermal) shall submit a nonrefundable bid fee of $1,000. A bid in each Resource Alternative category may consist of one base proposal in addition to two alternatives, which may include a different index option for the same bid fee. The alternatives may consist of a different bid size, contract term, pollution control technologies, water cooling technologies, in-service date and/or pricing structure for the same Resource Alternative. In addition, bidders will have the option of submitting up to three additional alternatives for a fee of $1,000 per alternative. A proposal for a different Resource Alternative, at a different site or using a different technology will be considered a separate proposal and will be subject to a separate bid fee. The bid fee(s) must be submitted with the proposals to Merrimack Energy Group, Inc. 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 Utah 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 Merrimack Energy Group, Inc.

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

G. EFFECTIVENESS OF BIDS

Each bid proposal must remain open for acceptance by the Company from the date of submittal through [Insert Date], unless earlier released in writing by the Company or if the Bidder's proposal does not make the final shortlist. Bidders have the option of either submitting a proposal(s) with a fixed capacity charge or capital cost (e.g. fixed for the term of the contract or escalated by a fixed amount) or index a portion of the capacity charge or capital cost to a variable index. Under the latter option, Bidders must provide a minimum of 60% of the capacity charge or the capital cost as a fixed price. However, Bidders may index up to 40% of the total capital cost or capacity charge to the following two indices. A maximum of up to 25% of the capital costs or capacity charges may be indexed to the Consumer Price Index ("CPI") and a maximum of up to 15% of the capital costs or capacity charges may be indexed to the Producer Price Index ("PPI") – Metals and Metal Products. The Bidders will be allowed to index up to 40% of the capital costs or capacity charges from the time of bid submission (or contract execution if agreed to by the Company and Bidder) until the earlier of the time the Bidder executes the EPC Agreement or the Bidder achieves project financing, provided that it is not longer than two years after the EPC Agreement has been executed. Indexing for capital costs or capacity charges is only available for new resources under the following Resource Alternatives: 3 and 4, and Resource Alternatives 1 and 2 (to the extent such alternatives are asset backed by new construction).

Deleted: with the Company.

In addition, Bidders are allowed to index the variable components to the CPI, or the

Gross Domestic Product ("GDP"). All final short-listed bids may be asked to provide their "best and final" prices.

If during the course of the RFP process, the Company, with input from the IEs, determines that a Bid update is appropriate, then all Bidders (including the Company) will be entitled to update their assumptions. The Company will be required to submit any Benchmarks two weeks prior to the due date for third-party Bids and on the same basis as third-party Bids and such Benchmarks will be evaluated using the same assumptions and evaluation tools as third-party Bids, however, the Company does not intend for the Benchmarks to be treated like third-party bids for purposes of subsequent ratemaking treatment (e.g. Benchmark Resources are different from other bids in that price and performance are not fixed because actual costs of the Benchmark are equally likely to be lower or higher than projected as part of the RFP proposal).

Deleted: o
Deleted: ne day

H. PROCEDURAL ITEMS

Formatted: Indent: Hanging: 0.5", Outline numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

1. Intent to Bid Form - Bidder's Qualification, Capability and Credit

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

In order to participate in the RFP, each Bidder must complete and submit to the IEs the Intent to Bid Form which includes **Appendices A** and **B** for each Resource Alternative it intends to submit in its proposal by the date identified in Section 3. The Company will require each Bidder to demonstrate their Qualification Capability and Experience as required in **Appendix A**. In addition, twenty (20) business days after the Bidder is notified by the Company that the Bidder has been selected for the final shortlist the Bidder will be required to provide any necessary guaranty commitment letter from the entity providing guaranty credit assurances on behalf of the Bidder and/or necessary letter of credit commitment letter from the financial institution providing letter of credit assurances. The timing of when credit security must be posted is detailed in **Attachment 21**. The forms of commitment letters are in **Attachment 22**.

Attachment 21 explains how the Credit Matrix in Appendix B will be used to determine the amount of credit assurances required. The use of the Credit Matrix requires a sequence of checks against the Credit Matrix. The Bidder must first check its Credit Rating in the Credit Matrix in order to determine the amount of total credit assurances required. If the amount of credit assurances required from the prior sentence is an amount other than $0, the Bidder must next check the Credit Rating of its proposed credit support provider in the Credit Matrix. The difference in the amounts of credit assurances required using the Bidder's Credit Rating and amount of credit assurances required using its proposed credit support provider's Credit Rating is the maximum amount that the credit support provider will be required to commit to in its commitment letter. For any residual amount of credit assurances required, the Bidder must obtain a commitment letter from a second credit support provider with a higher Credit Rating than the first credit support provider, committing to provide credit assurances in the residual amount. Note that the higher Credit Rating of any second credit support provider will need to be high enough such that any ultimate residual amount will be $0. An example of using the Credit Matrix in this sequence of checks is described in Attachment 21. It is important that Bidders

Formatted: Font: Not Bold

realize that more than one commitment letter from the entity(ies) providing credit assurances on behalf of the Bidder may be required. If the Bidder's initial proposed credit support provider's Credit Rating is high enough such that the amount of credit assurance required is $0, note that only a single commitment letter from that entity is needed, and the amount required will be the difference between what is required based on the Bidders Credit Rating and $0.

Deleted:

Appendices A and **B** are attached to the Intent to Bid Form and must be completed in order to submit a proposal. In **Appendix A**, the Bidder must provide information that the Bidder's project development team has successfully completed the development and commissioning of at least one generation project with characteristics similar to the proposed project. The proposal must pose an acceptable level of development and technology experience, as determined by the Company's Evaluation Team. In **Appendix B** the Bidder must demonstrate the ability to post the credit assurances consistent with the Credit Matrix for each Resource Alternative being proposed.[18] Each Bidder must provide the requested financial and credit information and indicate what its ability will be to post any necessary credit assurances, if applicable, and be prepared to provide the necessary guaranty and/or letter of credit commitment letter(s) if they are selected for the final short list. The forms of commitment letters are in **Attachment 22**.

Deleted: c

Deleted: m

All Bidders must demonstrate their ability to meet the credit requirements and to provide any necessary credit assurances, including their plan for doing so (including the type of security proposed, sources of security and a description of its credit support provider) for the Resource Alternative they are proposing. Bidders should also provide a demonstration of their ability to finance their project based on past experience and a sound financial plan identifying the proposed sources for debt and equity. If the Bidder does not provide all the information required in **Appendices A** and **B** to the satisfaction of the Company the Bidder may be notified that the Bidder will not be eligible to submit a proposal. If the Bidder can demonstrate to the Company its ability to meet the qualifications in **Appendices A** and **B** then the Bidder will be permitted to submit proposal(s) in the RFP. In the event that the Bidder (or Bidder's credit support provider's) credit status changes at any time after submission of a bid into the RFP process, the Company reserves the right to request updated information to reevaluate the creditworthiness of the Bidder and/or the Bidder's credit support provider.

The Bidder will be required to demonstrate its ability to post credit assurances in the amounts outlined in the Credit Matrix in **Appendix B** or as otherwise adjusted based on the Bid Category proposed. A credit methodology paper explaining the rationale behind the Credit Matrix is provided in **Attachment 21**. A Bidder must be able to demonstrate its ability to post any necessary credit assurances in the form of a guaranty commitment letter from either a proposed guarantor and/or in the form of a letter of credit commitment letter from a financial institution that would be issuing a letter of credit. This commitment letter(s) are then to be posted twenty (20) days after the Bidder is selected

Deleted: c

Deleted: m

Deleted: c

Deleted: m

Deleted: is

[18] The credit matrix was developed based on the Base Load Bid category; however, the matrix will form the basis for developing credit requirements for the other two Bid Categories.

for the final shortlist. Forms of credit commitment letters are provided in **Attachment 22**. The amount of any credit assurances to be provided will be determined based upon (a) the Credit Rating in the Credit Matrix of the Bidder and the entity(ies) providing credit assurances on behalf of the Bidder, if applicable, (b) the size of the project, (c) the Eligible Online Date, (d) the type of Resource Alternative bid, and (e) the Bid Category proposed. QF Bidders, and Biomass or Geothermal Bidders are subject to the credit requirements contained in this RFP.

Deleted: c

Deleted: m

The Credit Rating is defined as the lower of: (x) the most recently published senior, unsecured long-term debt rating (or corporate rating if a debt rating is not available) from Standard & Poor's ("S&P") or (y) the most recently published senior, unsecured debt rating (or corporate rating if a debt rating is not available) from Moody's Investor Services. If option (x) or (y) is not available, the Credit Rating will be determined by the Company through an internal process review and utilizing a proprietary credit scoring model developed in conjunction with a third party. All Bidders will receive a Credit Rating which will determine the amount of any credit assurances to be posted.

If a Bidder is an existing counterparty of the Company, the Company reserves the right to protect itself from counterparty credit concentration risk and may require credit assurance in addition to that outlined in the credit matrix.

In the event that the Bidder posts a letter of credit as collateral it must be issued by a bank acceptable to the Company in the Company's reasonable discretion, and be in form and substance acceptable to the Company and meet the requirements set forth in **Attachment 11.** The timing of when credit assurances must be posted is detailed in **Attachment 21.**

Deleted: security

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

2. Submission of Proposals by Bidders

All bid proposals must be received no later than the date specified in Section 3. All bid proposals must contain the requirements and be in the format set forth in the RFP Proposal Form for the specific Resource Alternative as indicated in Section 4. The RFP Proposal Form identifies all of the required Attachments and Forms for each Resource Alternative the Bidder intends to submit. Any bid proposal that does not contain all of the required information by the due date specified in Section 3 will be subject to rejection as nonresponsive following review and agreement by the IEs and the Company. It is each Bidder's responsibility to submit additional information related to its bid proposal if such information will materially improve the value of its bid proposal or the Company's understanding thereof.

Each bid proposal must be signed by an officer of the bidding company via an Officer Certification found in **Appendix E.** Each proposal must contain the following information:

a) Each bid must include a statement by the Bidder that the Terms and Conditions of the applicable Proforma Agreements, selected as part of the Resource Alternatives submitted by Bidder, are acceptable to the Bidder **or** identify any significant exceptions to the Proforma Agreements in the form of a redline agreement or through written comments which specifically identify the significant exceptions as part of the Bidder's proposal.

b) Proposals must clearly specify all pricing terms. Any and all index prices and/or price escalations must be fully explained consistent with Section 3.G above.

In addition, Bidders should describe any contract deferral and acceleration options proposed, as well as any contract buyout options proposed. Proposals with pricing that is subject to change prior to [Insert Date] must explain what triggers the change, what the change is tied to, and any information the Company will require to evaluate the pricing risks associated with the proposal. All pricing must be in terms of nominal dollars. Prices and dollar figures quoted will be assumed to be in nominal terms for the year in which they occur unless clearly stated otherwise. The Form Pricing Input Sheet (**Form 1**) contains the applicable pricing inputs which will be required to be completed by the Bidder for the bid to be evaluated This Form Pricing Input Sheet includes inputs such as start/end date, point of interconnection, resource type, variable and fixed O&M, start-up costs, capacity payment or capital expenditures, PPA or TSA escalation rates, heat rates and capacity levels adjusted for both expected temperature, degradation per the manufacturer's recommended maintenance schedule, and a variety of other inputs, including specific published indices, if applicable.

c) All bid proposals must be for a capacity greater than 100 MW except for: (i) Qualifying Facility, Biomass or Geothermal which must have 10 MW or greater of installed capacity; and (ii) end-use customers or an aggregate of the Company's customers with physical load curtailment proposals for a minimum of 25 MW each.

d) Bid proposal prices must include all costs that the Bidder expects the Company to pay associated with any of the Resource Alternatives, including, but not limited to, station service, test energy, fuel for testing, gas lateral construction, electrical interconnection, and all costs (including fuel) incurred as necessary to accomplish synchronization.

e) All bid proposals must indicate a present ability and commitment to abide by safety standards, no less stringent than PacifiCorp's standards, with respect to the operation, construction and maintenance of any physical resources, facilities, plant or equipment.

f) All bid proposals must provide evidence that the developer or the bidder has already obtained or will obtain the generation site (e.g. letter of intent) before signing a contract with the Company.

3. Minimum Eligibility Requirements for Bidders

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

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. PacifiCorp, in consultation with the IEs, will return those proposals deemed ineligible together with the bid evaluation fee. Reasons for rejection of a Bidder or its bid include:

a) Receipt of proposal and/or Intent to Bid Form after the applicable response deadline.

b) Failure to meet the requirements and provide all of the information requested in Section 4 of the RFP, including provision of the content required for each Resource Alternative.

c) Failure to permit disclosure of information contained in the proposal to PacifiCorp's agents, contractors or regulators.

d) Any attempt to influence PacifiCorp or the IEs in the evaluation of the proposals, outside the solicitation process.

e) Failure to disclose the real parties of interest in the proposal submitted.

f) Bidder is in current material litigation or has threatened material litigation against PacifiCorp. "Material litigation" for purposes of this provision includes an amount in dispute in excess of five (5) million dollars under circumstances in which the Bidder has issued a demand letter to PacifiCorp, the Bidder and PacifiCorp are currently involved in dispute resolution, the Bidder and PacifiCorp have an unresolved dispute pending or the Bidder has noticed a pending legal action against PacifiCorp.

g) Failure to include a certified check for the appropriate bid fee(s) payable to PacifiCorp.

h) Failure to clearly specify all pricing terms in proposal.

i) Failure to offer unit contingent or system firm capacity and energy, delivered into or in PACW or PACE, including appropriate contract term lengths and commercial operation dates.

j) Presentation of an unacceptable level of development and technology risk.

k) Failure to demonstrate that the Bidder's project development team has successfully completed the developmental and commissioning of at least one generation project with characteristics similar to the proposed project.

l) Failure to demonstrate, to PacifiCorp's satisfaction that Bidder can meet the security requirements for each Resource Alternative being proposed consistent with the requirements in the appropriate Proforma Agreements for that resource.

m) Failure to address satisfactorily both the price and non-price factors.

n) Bidder's failure to include a statement in the proposal that the Bidder agrees to indemnify and hold harmless the Independent Evaluators for their actions associated with the RFP process.

o) Bidder's failure or inability to abide by the applicable safety standards.

p) Submission of an unacceptable contract structure.

q) Bidder or project being bid is involved in bankruptcy proceedings.

r) Submission of a PPA or TSA that is not backed by an asset for a term longer than five (5) years.

4. Company's Reservation of Rights and Disclaimer

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

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 IEs 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 the Company, 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. The bid fees submitted by any Bidder, once the bid is accepted, will not be refunded (unless otherwise determined by the Company in consultation with the IEs) in the event of any modification or withdrawal of this RFP, rejection of any bid proposal, or failure to execute an agreement.

5. Accounting

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

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 PPA, TSA, and/or exchange proposals may cover in response to this RFP, accounting and tax rules may require either: (i) a contract be accounted for by PacifiCorp as a Capital Lease or Operating Lease[19] 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[20] (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, the Facility and/or the PPA, TSA or other contract 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.

[19] "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.
[20] "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.

6. Cost Associated with Direct or Inferred Debt

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

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 approval by the Utah Commission or 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 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.

7. Confidentiality

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

The Company will attempt to maintain the confidentiality of all bids submitted, to the extent allowed by 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 their 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 the Company or generated internally by the Company shall remain the property of the Company. 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 the Company 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 to view confidential information. If such a request occurs, the Company 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 the Company shall not be held liable for any information that it is ordered to be released or that is inadvertently released.

Lastly, the Company 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 the Company, including with Bidders, unless required by law or regulatory order.

8. Regulatory Process

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

Utah Code § 54-17-101, *et seq*. requires PacifiCorp to use a solicitation process to construct or acquire a significant energy resource, defined as 100 MW or more with a dependable life of ten (10) years or more. This law requires the participation of an independent evaluator, appointed by the Utah Public Service Commission, to actively monitor the solicitation process for fairness and compliance with state law. Prior to execution of contracts for any of the Resource Alternatives listed above the Company will go through a preapproval process, consistent with the Utah Energy Resource Procurement Act[21] and may seek acknowledgement of resources pursuant to Oregon Order No. 06-446.[22]

9. Subsequent Regulatory Action

Formatted: Indent: Left: 0.5", Outline numbered + Level: 2 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.75" + Tab after: 1.25" + Indent at: 1.25", Tabs: Not at 1.25"

The Company does not intend to include a contractual clause whereby the Company is allowed to adjust contract prices in the event a regulatory agency exercises jurisdiction over the Company, and does not fully recognize the contract prices in determining the Company's revenue requirement. As of the issuance date of this solicitation, PacifiCorp is unaware of any such actual or proposed law or regulatory order.

SECTION 4. RFP PROPOSAL CONTENT

The following outlines the content and format requirements for all proposals by Resource Alternative when responding to this RFP. Proposals that do not include the information requested in this form will be deemed ineligible for further evaluation unless the information is not relevant.

The Bidder is required to provide information in the following format to meet the criteria of this RFP. All sections must be completed and in compliance with the RFP in order for the bid to be accepted. Bidders must provide the appropriate bid fee(s) for the number of

[21] The Utah Energy Resource Procurement Act may be viewed at: http://www.le.state.ut.us.

[22] Oregon Order No. 06-446 is located at: http://edocs.puc.state.or.us.

Resource Alternatives that are being offered.

Each Bidder must provide the following information: 1) All RFP Appendices, Form(s) and Attachments identified below as required for all proposals; and 2) the Appendices, Form(s) and Attachments identified under each of the Resource Alternatives identified below in Chart 4.

CHART 4

Proposal Type	Required Information
<u>All Bidders</u> are required to submit the following:	Intent to Bid Form: Appendix A and Appendix B Appendix D – Fuel Supply Form (may vary if Bidders offer fixed price) Appendix E – Officer Certificate Form Attachment 13 - PacifiCorp Costs Associated with Integration that will be used in the analysis Form 1 - Pricing and Input Sheet Form 2 - Permitting and Construction Milestones depending on the Resource Alternative

Proposal Type	Additional Required Information
1) Power Purchase Agreement:	Attachment 3 - Power Purchase Agreement Attachment 16 - Site Purchase Agreement for Lake Side (if applicable) Attachment 17 - Site Purchase Agreement for Currant Creek (if applicable) Attachment 24 – Specification for the APSA at the Lake Side Site (if applicable) Attachment 25 – Specification for the APSA at the Currant Creek Site (if applicable) Appendix C-1 - PPA and TSA Information Request Appendix G - Bidder Site Control Form Appendix H - Construction Coordination

Proposal Type	Additional Required Information
	Agreement (if applicable)
2) Tolling Service Agreement:	Attachment 5 – Tolling Service Agreement Attachment 16 - Site Purchase Agreement for Lake Side (if applicable) Attachment 17 - Site Purchase Agreement for Currant Creek (if applicable) Attachment 24 – Specification for the APSA at the Lake Side Site (if applicable) Attachment 25 – Specification for the APSA at the Currant Creek Site (if applicable) Appendix C-1 - PPA and TSA Information Request Appendix G - Bidder Site Control Form Appendix H - Construction Coordination Agreement (if applicable)
3) APSA Bids at PacifiCorp Sites:	Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices – Lake Side or Currant Creek specifications Attachment 16 or Attachment 17 – Site Purchase Agreement (if applicable) Attachment 24 – Specification for the APSA at the Lake Side Site (if applicable) Attachment 25 – Specification for the APSA at the Currant Creek Site (if applicable) Appendix C-2 - APSA Information Request
4) APSA Bids at Bidder Sites:	Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices Attachment 23 – O&M Term Sheet Appendix C-2 - APSA Information Request Appendix G - Bidder Site Control Form Bidder's form of O&M Agreement
5) Sale of Existing Facilities Bids :	Attachment 19 – Due Diligence items for the Acquisition of an Existing Facility

Proposal Type	Additional Required Information
	Appendix C-3 – Existing Asset Purchase Information Request
6) Sale of Portion of Jointly Owned or Operated Bids:	Attachment 19 - Due Diligence Items for the Acquisition of an Existing Facility Appendix C-3 - Existing Asset Purchase Information Request
7) Restructuring Bids of an Existing Power Purchase Agreement or an Exchange Agreement and/or Buyback of an Existing Sales Agreement:	Any other form deemed to be required based on the restructuring
8) Exceptions: **a) Load Curtailment:**	Attachment 3 - Power Purchase Agreement
b) Qualifying Facilities:	Attachment 3 - Power Purchase Agreement Appendix C-1 - PPA Information Request Appendix G - Bidder Site Control Form Attachment 2 - QFs Bidder Information
c) Biomass or Geothermal:	Attachment 3 - Power Purchase Agreement Appendix C-1 - PPA Information Request Appendix G - Bidder Site Control Form

SECTION 5. RESOURCE INFORMATION

A. PRICE AND NON-PRICE INFORMATION

Formatted: Indent: Left: 0", Numbered + Level: 2 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 1.5" + Tab after: 2" + Indent at: 2", Tabs: Not at 2"

The Company intends to rely on the outcome from this RFP to ascertain the most prudent resource decision. Bidders should note that the IRP is a useful document for information purposes and Bidders should not infer in any way that the IRP should prescriptively guide their specific proposal. The Company intends to use then-current assumptions in its evaluation of bids.

With respect to air quality standards, it is PacifiCorp's intent to incorporate cost assumptions into all bids that are consistent with the "then current assumptions." The base case assumptions can be located in the 2007 IRP in Appendix A. This represents the best information currently available at this point in time to the Company via the IRP public input process and other information sources. The base case will be updated through the RFP process only if any new assumptions become available to the Company.

This RFP will incorporate assumptions regarding the future cost, if any, associated with future tax assessment(s) or other impositions based on the quantity of carbon dioxide (CO_2) emissions produced from the combustion of fuel by a facility selected and contracted through this RFP. If a Bidder proposes a PPA, a source must be identified which will determine the (CO_2) emissions. For bids with a specified facility, which would include an asset backed PPA, the potential CO_2-related expenses will be included in the Company's evaluation based on the asset identified by the Bidder as backing the resource. The CO_2-related expenses will be consistent with the reference case assumptions utilized in the 2007 IRP or the then current assumptions if applicable. The bid evaluation process will incorporate the assumption that the Bidder does not contractually absorb the liability associated with potential future CO_2 expenses.

As such, even if the bid does not provide for the passing through of such costs, the bid evaluation process will incorporate the assumption that Bidders will pass through to PacifiCorp any costs associated with meeting future air quality requirements relating to specified facilities.

B. PRICE INFORMATION

1. Fixed & Variable Cost for Capacity and Energy

a) Fixed Costs

The fixed resource costs will include, but are not limited to, the following components:

- The Bidder - specified capacity cost payment ($/kw-mo)
  - The capacity charge may include a combination of fixed and indexed pricing provided that the following minimum and maximum percentages and indices are submitted:
    - Minimum of 60% Fixed
    - Maximum of 25% Indexed to "Consumer Price Index"[23]
    - Maximum of 15% Indexed to "Producer Price Index - Metals and Metal Products"

- The Bidder – capital cost purchase price (including Owner's cost) ($/kw-mo) plus ongoing capital estimates for the term of the resource
  - Capital Cost may have a combination of fixed and indexed pricing for its capital costs provided that the following minimum and maximum percentages and indices are submitted:
    - Minimum of 60% Fixed
    - Maximum of 25% Indexed to "Consumer Price Index"

[23] If the Bidder proposes an alternate Index than what is provided in the RFP the proposed Index must be transparent and easily measurable (i.e. "publicly available"). PacifiCorp and the Bidder with input from the IEs will need to ensure that there is no disagreement as to how costs will be measured if a bid is successful.

Formatted: Indent: Left: 0", Numbered + Level: 2 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 1.5" + Tab after: 2" + Indent at: 2", Tabs: Not at 2"

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.75" + Indent at: 0.75"

Deleted:

Formatted: Font: 10 pt

Formatted: Line spacing: single

Deleted: i

Formatted: Font: 10 pt

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman, 10 pt

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman, 10 pt

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman, 10 pt

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman

Formatted: Font: (Default) Times New Roman, 10 pt

Formatted: Font: (Default) Times New Roman

- Maximum of 15% Indexed to "Producer Price Index - Metals and Metal Products"

- The Bidder – specified fixed O&M payment ($/kw-mo)
  - This value can be a fixed value or indexed to the Consumer Price Index, the Gross Domestic Product, or a bidder-supplier fixed rate.
- The Bidder – specified property tax, sales tax, and insurance payment, if not included in capacity cost or fixed O&M payment ($/kw-mo)
- The Bidder – transport costs which may include: Fuel pipeline costs for the estimated costs of adequate firm natural gas capacity
- The Bidder – must include interconnection costs in their proposal and other costs (e.g., applicable transmission wheeling expense) necessary to deliver the energy to an interconnection point on PacifiCorp's system
- The Bidder – In the evaluation process, the Company will add the cost of integration. The Integration costs associated with the possible Points of Delivery in **Attachment 13** will be used, on a prorated basis, as a proxy cost in the initial shortlist. Bidders must identify the Point of Delivery in Section 4(C)(1). If the Bidder can not determine if the Point of Delivery corresponds to one of the Points of Delivery in **Attachment 13** then the Bidder must request clarification with the Utah IE who will seek the determination from PacifiCorp Transmission.
- Proposed fixed cost adjustment factor for availability.

b) Variable Costs

The variable generation costs will include, but are not limited to, the following components:

- The variable energy commodity price, which, depending on pricing structure, could take one of several forms. Energy commodity costs could (1) be based or indexed to a specified gas index, (2) could be established as the product of a fuel index value times the contractual heat rate, or (3) in certain structures, the variable energy commodity price will be fixed, or potentially fixed with an annual escalation. Escalators must be a fixed annual percentage, CPI, or GDP.
- Variable O&M ($/MWh).
  - This value can be a fixed value or indexed to the Consumer Price Index, the Gross Domestic Product, or a bidder-supplier fixed rate.
- Potential CO_2 costs ($/ton) ($/MWh based on a $/ton CO_2 basis)
- Transmission losses in those cases where the Company will incur third-party transmission losses (if applicable).
- Start costs (if applicable) per plant and per machine (if applicable). Bidders must define if this start cost is from initiation of start to minimum sustainable load or to

full load. Start costs and variable O&M must be clearly separated. Cost presentation format provided by the Bidder should be in $/MWh terms, assuming both eight- and sixteen- hour run periods, for up to 365 starts per year at 100% availability.[24]

C. NON-PRICE INFORMATION

Formatted: Indent: Left: 0", Numbered + Level: 2 + Numbering Style: A, B, C, … + Start at: 1 + Alignment: Left + Aligned at: 1.5" + Tab after: 2" + Indent at: 2", Tabs: Not at 2"

1. Point(s) of Delivery

This RFP is requesting up to 2,000 MW of cost-effective resources that are capable for delivery into or in the Company's network transmission system[25] in PACE or PACW. All proposals will be contingent on the ability of PacifiCorp's commercial and trading function to designate the proposed resource (new, existing, imported, etc.) as a Network Resource under the network service contract between PacifiCorp Transmission and PacifiCorp Commercial and Trading.

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

Eastern Control Area (PACE)

- Salt Lake Valley
- PacifiCorp Sites
  - Currant Creek
  - Lake Side
- Mona[26] 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
- Four Corners
- West of Naughton

Although the Company will consider resources delivered to the following areas these areas have been identified as having potential transmission constraint implications

[24] The number of starts assumed per year should be adjusted down for expected mechanical availability. For example, if a resource has an expected mechanical availability of 90%, the number of assumed starts per year should equal 365 x 90% = 328.

[25] Any costs required to upgrade PacifiCorp's electrical infrastructure (integration costs) will be considered in the overall economics of the resource. See **Attachment 13** for cost assumptions for Integration costs. If the Bidder is proposing another site that is not stated in **Attachment 13**, PacifiCorp will use the best available information at the time of evaluation to determine the integration costs for the analysis.

[26] 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).

and as such, will need to be evaluated accordingly:

- Wyoming, unless the resource(s) electrically reside south of the Naughton Monument 230kV line. If, resources in Wyoming are not electrically west of Naughton such resources may be useful in supporting the increased load and wind resources in Wyoming; however, such resources may be negatively affected by transmission constraints.
- Borah, Brady or Kinport unless such resources is interconnected to the Company's Southwest Idaho electrical system near Goshen area.

Formatted: Bulleted + Level: 1 + Aligned at: 0.5" + Tab after: 0.75" + Indent at: 0.75"

PacifiCorp is willing to purchase capacity and associated energy that is sourced from the Desert Southwest (Nevada, California, Arizona, New Mexico); provided, the selling entity is able to purchase firm transmission from the resource to either Gonder or Nevada Utah Border or Crystal.

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.[27]

---

[27] Willamette Valley

Alvey 500 kV	Fry 230 kV
Chiloquin 230 kV	Meridian 230 kV
Dixonville 230 kV	Reston 230 kV

Central Oregon – Deschutes Valley

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

Yakima Area – Mid Columbia

Midway 230 kV	Wanapum 230 kV

Deleted: ¶

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

Alvey 500 kV	Fry 230 kV
Chiloquin 230 kV	Meridian 230 kV
Dixonville 230 kV	Reston 230 kV

Central Oregon – Deschutes Valley

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

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

2. Proposals Requiring Third-Party Interconnection and Transmission Service

Formatted: Indent: Left: 0.5", Numbered + Level: 3 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Tab after: 2.63" + Indent at: 2.63", Tabs: Not at 2.63"

For proposals that will require third-party transmission service to provide delivery of capacity and associated energy to the bid-specified Point of Delivery on PacifiCorp's west and east system, Bidders are responsible for any interconnection, electric losses, reserves, transmission and ancillary service arrangements required to deliver the proposed firm capacity and associated energy to the bid specified Point(s) of Delivery. Such 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 Bidder during the full term of offer(s) proposed.

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.

Bidders who propose unit contingent arrangements or system portfolio bids that are interruptible within an operating hour will require the Company to evaluate the need to carry 100% reserves against the import schedule.

3. Standards of Conduct

Formatted: Indent: Left: 0.5", Numbered + Level: 3 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Tab after: 2.63" + Indent at: 2.63", Tabs: Not at 2.63"

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 the Company's commercial and trading function; rather it is with PacifiCorp's transmission function or

---

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

other third-party transmission providers.

4. PacifiCorp Transmission Interconnection & Transmission Services

Formatted: Indent: Left: 0.5", Numbered + Level: 3 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Tab after: 2.63" + Indent at: 2.63", Tabs: Not at 2.63"

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 ("OATT"). Bidders must advise PacifiCorp Transmission if their service is being requested as part of this RFP. Bidders requiring interconnection service from PacifiCorp Transmission must request Network Resources Interconnection Service.

All proposals that will require a new electrical interconnection to the PacifiCorp Transmission system or an upgrade to an existing electrical interconnection to the PacifiCorp Transmission system must include a statement of the cost of interconnection, 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 PacifiCorp's Transmission system. The Bidder will be responsible for applying to PacifiCorp Transmission for a Large Generator Interconnection Agreement ("LGIA"), except in connection with the EPC Contract, in which case PacifiCorp Generation will apply for the LGIA. However, the interconnection costs from all Bidders will be included in the bid evaluation. **Bidders are reminded that they shall bear 100% of the costs to interconnect to PacifiCorp's Transmission system**. Bidders are encouraged to contact PacifiCorp's transmission function (at www.oasis.pacificorp.com) for information related to a system interconnection request.

Once the Bidder is selected, PacifiCorp's transmission function has the option of funding the interconnection upgrades or requiring the Bidder to fund such upgrades and then receive revenue credits per PacifiCorp's OATT. Any such revenue credits shall be assigned to the Company.

5. PacifiCorp Transmission Integration Service

Formatted: Indent: Left: 0.5", Numbered + Level: 3 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Tab after: 2.63" + Indent at: 2.63", Tabs: Not at 2.63"

Bidders should not factor in the cost of integrating the proposed resources from bid-specified Points of Delivery to PacifiCorp's system. Such integration costs will be factored in for determination of the final shortlist. PacifiCorp has preliminarily identified the potential costs to integrate resources from the bid-specified Points of Delivery to the PacifiCorp system. These costs are reflected in **Attachment 13**. These costs do not include interconnection costs. The Points of Delivery and the costs identified in **Attachment 13** are proxy costs to integrate resources into the system which will be used in the evaluation of the initial shortlist to determine the cost to integrate resources at those specific Points of Delivery. The costs in **Attachment 13** will be updated prior to issuance of the RFP to the market.

In the event that a Bidder proposes a facility, PPA or TSA that is not at one of the locations identified in **Attachment 13**, the Bidder will seek clarification from the IEs, who will seek clarification from PacifiCorp Transmission as to the appropriate cost to use from **Attachment 13** for integration of the resources proposed to PacifiCorp's system.

After the initial shortlist is determined, 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 determine the actual costs associated with integrating the short-listed resources into PacifiCorp's system. The IRP group will seek updated costs from PacifiCorp Transmission to integrate only the short-listed bidders. These integration costs will be used as inputs into the IRP model with the short-listed proposals in order to determine the final short list.

6. Use of PacifiCorp's Sites

Formatted: Indent: Left: 0.5", Numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Tab after: 2.63" + Indent at: 2.63", Tabs: Not at 2.63"

In the event a facility is proposed to be located on a PacifiCorp Site, the Bidder must negotiate and enter into a land purchase agreement acceptable to the Company (**Attachment 16** and/or **17)**, together with a Construction Coordination Agreement substantially in the form attached as **Appendix S** to **Attachment 6** or **Appendix H.** These negotiations will occur if and when the Bidder is selected from the final shortlist to enter into negotiations. **THIS RFP IS NOT AN OFFER TO SELL PACIFICORP'S SITE TO ANY BIDDER, AND IN NO EVENT WILL THE COMPANY BE OBLIGATED TO SELL A PACIFICORP SITE TO ANY BIDDER. ANY SALE OF A PACIFICORP SITE WILL BE SUBJECT TO THE NEGOTIATION, EXECUTION AND DELIVERY OF ALL AGREEMENTS AND TO THE COMPANY'S SATISFACTION, IN ITS SOLE DISCRETION, THAT SUCH TRANSACTION WILL BE IN THE BEST INTERESTS OF THE COMPANY'S CUSTOMERS AND WILL NOT IMPAIR IN ANY MANNER THE COMPANY'S OPERATION OF ITS FACILITIES THEN LOCATED ON OR ADJACENT TO THE COMPANY SITES.**

SECTION 6. BID EVALUATION PROCESS OF THE PROPOSALS

The Evaluation Team and the IEs will adhere to the following bid evaluation process.

A. OVERVIEW OF THE EVALUATION PROCESS

The analysis for the RFP will be focused on finding the best combination of resource opportunities 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) which will then be placed in a system wide production cost model to determine the final shortlist (described in Steps 2 and 3 below). The Company intends to utilize a "first price sealed bid format" in order to determine both the initial and final shortlist of proposals.

The selection of an initial shortlist of bids will be based on price and non-price factors. The Company will exchange Term Sheets containing all inputs with the Bidders in order to ensure that all inputs that are entered into the price evaluation are validated by the Bidder. The price factor will be derived, in the initial shortlist analysis, using the PacifiCorp Structuring and Pricing RFP Base Model. The RFP Base Model will be used

Deleted: sheets

to establish the initial shortlist up to two times[28] the quantity in each of the three separate categories may be selected: a Base Load category, an Intermediate Load category and a Summer Peak category each on the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The non-price factors will evaluate the proposed resource characteristics, including development feasibility and risk, site control and permitting, and operational viability and risk impacts. The underlying criteria within each category are explained in more detail in Section 6.B.

Deleted: the top performing proposals in

Bids which qualify for the initial shortlist from a screening basis will be run through a production cost model to establish a preferred portfolio and subsequently a final shortlist, which may include up to one and a half times[29] the requested quantity. After the final shortlist is determined, post-bid negotiations will take place. Under this format, contract payments will be based on the price contained in each winning bid proposal. The "first price sealed bid format" means that the Company will utilize the initial prices and/or pricing structure submitted by the Bidders in order to determine the initial short-listed entities. Bidders who make the initial shortlist may be offered the option to refresh or update their pricing at the discretion of PacifiCorp, in consultation with the IEs.

Deleted: of

In selecting the RFP bids for contract negotiations, an optimization model will be used to pick the least cost portfolios of resource options from the initial shortlist under different sets of forecast assumptions (prices, emission expenses, etc.). Additional deterministic and stochastic analyses will be performed to support portfolio risk analysis of each of the optimal portfolios determined by the optimization model.

In selecting resources to be submitted for approval or acknowledgement as part of the final shortlist, the Company will take into consideration, in consultation with the IEs, certain other factors not expressly included in the formal evaluation process, but required to be considered by applicable law or Commission order.

The evaluation process described below is consistent with that used in the Company's IRP process and applicable laws and orders, and is expected to provide sufficient analytical basis from which to make resource choices. The evaluation will identify the resources most commonly included in the highest performing portfolios as the RFP "winners" that will then advance to contract negotiations. Portfolio performance is measured as the expected present value of revenue requirements (PVRR), adjusted for risk, and accounting for statutory public interest factors. The key stochastic performance measure used to assess each resource set will be the risk-adjusted PVRR which is calculated as the mean PVRR plus the expected value (EV) of the 95th percentile PVRR, where EV = $P(PVRR)_{95}$ x 5%.[30] The Company will not ask for, or accept, updated pricing from Bidders during this evaluation period. It is the Company's intent to negotiate

[28] Up to 2,000 MW *2 or 4,000 MW.

[29] Up to one and a half times the resource requested (2,000 MW *1.5 or 3,000 MW).

[30] This metric expresses a low-probability portfolio cost outcome as a risk premium applied to the expected (or mean) PVRR based on the 100 Monte Carlo simulations.

both price and non-price issues during the post-bid negotiations. Selection for the initial shortlist, final shortlist, and/or post-bid negotiation does not constitute a "winning bid proposal." For the purpose of the RFP, only execution of the definitive agreement by both the Company and the Bidder that is specific to the Bidder's proposal, as the same may be amended pursuant to any post-bid negotiations, will constitute a "winning bid proposal."

Bidders should also be aware that operational separation exists, pursuant to FERC's Standards of Conduct, between the merchant and transmission functions of PacifiCorp (See **Attachment 20**). As a result, PacifiCorp will require the Bidder to be responsible for the negotiation, execution and cost of interconnecting a resource or a contract of firm capacity with associated energy in or in to PacifiCorp's 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 **Attachment 13** or otherwise that is not disclosed in the Bidder's response will be added by PacifiCorp using information reasonable and readily available during the economic evaluation phase.

Transmission integration costs will be used on a prorated basis in the development of the initial shortlist in Step 1. In the system wide production cost models utilized in Step 2 and Step 3, the transmission costs and system benefits (i.e. additional economic transactions, etc.) will be evaluated. Figure 1 is an overview of the evaluation process

FIGURE 1

The Company will not make any of the evaluation models - the RFP Base Model, the Capacity Expansion Model, the Planning and Risk Model - available to Bidders. The IEs will have full access to the inputs (including the Company's forward price projections) and all models used in the evaluation process.

B. THE EVALUATION PROCESS

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

1. Step 1—Price and Non-price screen will be used to determine a list which will be deemed an initial shortlist.

The Company 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 in three separate categories, the Base Load resource, the Intermediate Load resource and the Summer Peak resource.

a) Price Factor Evaluation (Up to 70%)

The Company will utilize the RFP Base Model to screen the proposals and to evaluate and determine the price ranking for the eligible bids received in the three categories, the Base Load resource, the Intermediate Load resource and the Summer Peak load resource.

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++.

<u>RFP Base Model Inputs</u>:

- 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.

Formatted: Bulleted + Level: 1 + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

- Term: Start and End date
- Transmission Cost assumptions (Transmission Integration costs will be used on a prorated basis)
- Emission Inputs
- Rate Base Inputs: if applicable
- Point of Delivery (POD) and Point of Receipt (POR)
- Dispatch Pattern
- Limitation of Duct Firing or Power Augmentation Capability (hours per day, hours per year, etc.)
- Firm/Unit Contingent
- Resource Type
- Product Source
- Temperature-adjusted undegraded (new and clean) Capacity Curve
- Temperature – adjusted undegraded (new and clean) Heat rate Curve
- Capacity (MW) Degradation Schedule (Expected and/or Guaranteed)
- Heat Rate Degradation Schedule (Expected and/or Guaranteed)
- Turbine Type
- Variable O&M Payment ($/MWh)
    - VOM costs ($MWH)
    - Start-Up Costs ($/MWh)

Formatted: Bulleted + Level: 2 + Aligned at: 0.75" + Tab after: 1" + Indent at: 1"

- Fixed O&M Payment ($/KW-mo)

Formatted: Bulleted + Level: 1 + Aligned at: 0.25" + Tab after: 0.5" + Indent at: 0.5"

- Gas Capacity (MMBtu/day)
- Gas Demand Charge ($/MMBtu-mo)
- Gas Transportation/Delivery Adder ($/MMBtu)
- Fixed Energy Payment ($/MWh, if applicable)
- Capacity Charge ($/KW-mo)
- 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 the Company'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.[31]

Bid Cost relative to adjusted price curves	Price Factor Weighting
Less than or equal to 60% of adjusted price projections	70%
Greater than 60% 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%

b) Non-price Factors (up to 30%)

The primary purpose of the non-price analysis is to help gauge the relative development, construction and operational characteristics and associated risks of each proposal from a screening basis. 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 identified in Chart 5 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 the company performing due diligence on any given Bid. Bids which have a demonstrated track record or are mature proposals will be more highly evaluated. Chart 5 lists the key non-price criteria and the basis for weighting for each criterion.

CHART 5

Non-price	Non-price Weighting Factor
Development Feasibility/Risk ▪ Critical Path Schedule 0-5% ▪ Engineering Design and Technology 0-2.5% ▪ Fuel Supply and Transportation Strategy 0-2.5%	Up to 10% Bids will be evaluated based on the quality of their proposal, their responsiveness to the information requested and their ability to demonstrate that the project can be reasonably developed within the appropriate timeframe to meet the proposed

[31]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 120% of adjusted price curves, they will be ranked by percentage.

Non-price	Non-price Weighting Factor
	in service date and with limited risk to the buyer. 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 criteria.
Site Control and Permitting ▪ Permits Required 0-5% ▪ Access to Water Supply 0-2.5% ▪ Rights of Ways 0-2.5%	Up to 10% Bids 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, access to available water supply and site control. Bids which can demonstrate little or no risk associated with these criteria will be more highly evaluated.
Operational Viability/Risk Impacts ▪ Environmental Compliance/Strategy 0-5% ▪ Environmental Impact 0-2.5% ▪ O&M Plan 0-2.5%	Up to 10% 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 O&M plan as well as the environmental impact of each proposal consistent with the proposed technology.

i) Development Feasibility/Risk

This category is intended to assess the likelihood the project can be successfully developed as proposed based on a number of factors which influence project development feasibility and risk of development. Factors influencing the status of project development as well as the likelihood the project will be developed on schedule will be assessed. For this category, PacifiCorp will evaluate the Critical Path schedule provided by the Bidders, the engineering design and technology maturity for the project proposed, the status of fuel supply arrangements and the strategy of the Bidder for securing fuel for the project.

Bidders shall provide a detailed project schedule with critical path milestones for the project that includes activities from the period of selection as the winning bidder to the commercial operation date. PacifiCorp will review and evaluate the project schedule to ensure there is a high likelihood the project can reach commercial operations as proposed. This review will include the risks of delays in securing the necessary environmental permits.

Bidders should also provide information about specific technology and equipment proposed for the project, including a description of the track record of the technology and equipment. The Bidder should provide a detailed description and specifications for the proposed equipment (including the turbine, steam generator, cooling equipment and environmental control equipment proposed). PacifiCorp reserves the right to conduct further due diligence on the equipment. PacifiCorp prefers proposals that demonstrate that the generation design and equipment proposed is technologically mature and the Bidder has included a reasonable plan to address how the project will conform to change in environmental requirements in the future

Bidders should provide a detailed strategy for securing and delivering fuel to the plant site. If the project is in the early stages of development, PacifiCorp requires a fuel supply and transportation plan that demonstrates that the fuel supply arrangements adequately conform to the type of project/technology proposed (*e.g.* gas-fired combined). PacifiCorp prefers proposals that can demonstrate a secure and reliable fuel supply or strategy which demonstrates the ability of the bidder to secure a reliable supply for the project.

ii) Site Control and Permits

Bidders must be able to 1) document they have obtained site control and necessary permits (maximum points in this category) or 2) demonstrate how site control and permits will be obtained. To meet the site control requirement, Bidders shall have identified a site and must provide a copy of documentation establishing that the seller has and/or will have control over the site for the entire term of the contract. Eligible documentation includes a demonstration of site ownership, an option to purchase the site, or a binding letter of intent from the landowners for the full term of the contract. The Bidder must be able to obtain site control prior to signing a contract with the Company.

For Bidders to demonstrate how they will obtain site control, they must submit documentation which supports the site control requirements. Bidders should also provide a list of all required permits that must be obtained. In addition, Bidders should identify any rights-of-ways that need to be acquired for the construction of supporting facilities (i.e. water pipelines, fuel lines, transmission lines, rail spurs, etc.) and provide a plan and schedule for securing the rights-of-ways.

Finally, PacifiCorp is particularly interested in the plan proposed by the Bidder for securing necessary water rights for the project, including the sources of water and status of any agreements in place to secure and deliver the water to the project site.

iii) Operational Viability/Risk Impacts

This category addresses key viability and risk factors associated with project operations.

The three key factors of importance are the Bidder's environmental management and compliance plan, the proposal's environmental impacts and the O&M plan. The environmental management and compliance criterion addresses the ability of the generation facilities supporting the PPA to anticipate and remain in compliance with existing and future environmental regulatory requirements and to reduce environmental impacts. Bidders should, to the extent practicable, explain and justify their choices of pollution control and water cooling technologies. PacifiCorp is interested in proposals that can demonstrate, through a credible plan, the ability to manage and reduce environmental costs and impacts. Options to meet the requirements of developing regulations for control of currently regulated air emissions and mercury, along with emerging issues such as greenhouse gas emissions and ways to mitigate future CO_2 impositions, should be included in the Bidder's strategy for meeting the necessary requirements.

An important criterion for evaluating proposals will be the project's environmental impacts. The proposal's overall plan to minimize air emissions will be an important aspect of this review. In addition, site impacts such as water usage, land use, waste disposal, etc. will be considered. Proposals should include a description of the Bidder's plan to address site-specific areas of environmental sensitivity. Bidders are encouraged to identify areas where incremental improvements in environmental performance and water use and efficiency can be made through more advanced pollution control and water cooling technologies, if applicable, and to provide projected cost analysis for such incremental improvements, and tradeoffs with other factors like fuel use and air emissions. If a Bidder it not able to address this issue fully in its initial bid submission, it should identify what additional information it will be prepared to provide in the event its bid moves from the initial shortlist to the final shortlist.

The Bidder is also required to provide an O&M plan for the proposal. The O&M plan should include any plans for the Bidder to execute a long-term contract with a reputable operations and maintenance provider, a description of the funding levels/mechanism and contractual arrangements, and a description of the previous experience of the Bidder in operating and maintaining similar facilities.

The initial shortlist will be established using the combined price and non-price results. The initial shortlist will include the top bids in the three categories, Base Load resource, Intermediate Load and Summer Peak resource. In addition, PacifiCorp may utilize the information provided by Bidders in their proposals associated with the non-price criteria listed above in the risk assessment of various resource alternatives.

The Final Shortlist will be comprised of Step 2 and Step 3.

2. Step 2—Capacity Expansion Model - Optimized Portfolio Development

Formatted: Indent: Left: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.75" + Indent at: 0.75", Tabs: Not at 0.75"

Based on the initial shortlist, Global Energy Decision's Capacity Expansion Model (CEM®) will be used to develop optimized portfolios under various assumptions for future emission expense levels and market prices. CEM® will develop a corresponding number of optimized portfolios—one for each combination of emission and wholesale market and natural gas price assumptions—drawing from resource options in the initial shortlist (described above) along with the Company's Benchmark Resource(s). These assumptions will be conceptually consistent with the 2007 IRP high, medium, and low cases, but may reflect more recent data at the time the analysis is conducted. An optimal portfolio will be established for each combination of emission and wholesale market and natural gas price assumptions.

Each portfolio from the CEM® scenarios will be a candidate for the optimum combination of resources to be selected through the RFP process and will therefore be advanced to the stochastic/deterministic analysis step described below. Resources bid into the RFP that are not included in any of the portfolios resulting from this step will no longer be considered candidates for acquisition by the Company.

3. Step 3—Risk Analysis

Formatted: Indent: Left: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.75" + Indent at: 0.75", Tabs: Not at 0.75"

In order to identify the resources in the highest performing (least cost, adjusted for risk) portfolios, stochastic and deterministic analyses will be performed on each optimized portfolio. Consistent with the IRP, the Company will use the Planning and Risk Model and the Capacity Expansion Model to assess the risks to each Resource Alternative. The Planning and Risk Model will model hydro conditions, thermal outages, gas prices, electricity prices and load on a stochastic basis. The Capacity Expansion Model will model CO_2, fuel prices (natural gas) and electricity prices on a scenario basis.

c) Stochastic Analysis

Formatted: Indent: Left: 1", Hanging: 0.5", Outline numbered + Level: 4 + Numbering Style: a, b, c, … + Start at: 1 + Alignment: Left + Aligned at: 1.38" + Tab after: 0" + Indent at: 0.78"

Global Energy Decision's Planning and Risk (PaR®) model will be used in stochastic mode to develop expected PVRR and tail risk PVRR measures for the optimal portfolios developed from Step 2. PaR® is an hourly unit commitment and dispatch model that, in stochastic mode, generates many simulations based on variations in loads, wholesale gas prices, wholesale electric prices, hydro variations, and thermal unit performance. The model dispatches resources to meet load with given markets and transmission access to minimize variable cost PVRR using linear programming techniques. The resulting distribution of total PVRR (comprised of PaR®'s variable cost PVRR plus the fixed cost PVRR component estimated by the CEM®), typically over 100 draws of the variables, will be evaluated for the expected PVRR, tail risk PVRR, and PVRR volatility.

d) Deterministic Scenario Analysis

Formatted: Bullets and Numbering

As an additional risk analysis step, the optimal portfolios will be subjected to a more in-depth deterministic dispatch model using CEM®, with each portfolio being assessed for each of the future scenarios described in Step 2 above. For example, Portfolio 1 will have been optimized for Scenario 1, but in this step Portfolio 1 will be reevaluated under scenarios 2 through *N* in order to assess the consequences of choosing a portfolio if other futures are realized. This step is intended to identify portfolios with especially poor performance under certain future scenarios and used to inform the selection of final resource options.

e) Inputs used in CEM® and PaR®

Formatted: Bullets and Numbering

Operational Costs

For each portfolio, the operational information for each added proposal will be entered into the production cost simulation (CEM® and PaR®). In addition, the Company will include any changes to the system topology to reflect transmission upgrades required by the added proposals. The operational information used in the production cost simulations includes:

1. Maximum capacity of each unit
2. Minimum capacity of each unit
3. Dependable per-unit capacity
4. Peaking capacity, for use under specified conditions
5. Actual pre-specified commitment and/or unit dispatch
6. Daily charge for operating a unit for at least one hour in the day
7. Variable O&M cost of each unit
8. The heat rate curve for a unit
9. Pre-scheduled maintenance, number of units and duration
10. Maintenance rate, for distributed maintenance per unit
11. Mean, maximum, and minimum time to repair, for outages scheduled by Convergent Monte Carlo
12. Minimum up- and downtimes of a unit
13. Per-hour operating cost, exclusive of fuel and variable O&M costs
14. Pumped storage pumping capacity and pumping minimum
15. Unit ramp and run-up rates
16. Unit start-up O&M and fuel costs and corresponding hours
17. Emission rates/costs

Bidders should ensure that they provide the information necessary to undertake the evaluation in their proposal. The production-cost model simulations (CEM® and PaR®) will provide information on net system costs for fuel, variable plant O&M, unit start-up, market contracts and spot market purchases and sales.

Fixed Costs

As mentioned above, the revenue requirement costs associated with additional investments required by the bid—investment in new resources and/or transmission—will be added to the variable operating costs. The information required for new resources in order to calculate the fixed costs include:

1. Capital Costs—generation and transmission
2. Fixed O&M
3. Incremental Transmission Asset Life
4. Incremental Resource Asset Life

4. Step 4 – Final Selections; Other Factors

Formatted: Indent: Left: 0.5", Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Tab after: 0.75" + Indent at: 0.75", Tabs: Not at 0.75"

The first three 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 IEs, 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. The Company may consider creative means, proposed by Bidders, to absorb and securitize any CO2 risk consistent with multi-state legal and regulatory requirements. The Company may also evaluate and include prudent costs associated with direct and or indirect debt consistent with the information outlined in Section 3(h)(5) and (6) when seeking approval, cost recovery or acknowledgement of the selected resource(s). In addition, the Company will consider the multi-state cost allocation process in evaluating all bids.

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 Benchmark, including the regulatory treatment of costs or benefits related to actual construction cost and plant operation differing from what was projected for the RFP.

Deleted: 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 CO_2;¶
<#>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 IEs, 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 Base Load, Intermediate Load or Summer Peak 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. POST-BID NEGOTIATION

The Company will further negotiate all terms and conditions during post-bid negotiations. The Company will continually update its economic and risk evaluation until a definitive agreement acceptable to the Company in its sole and absolute discretion is executed by both parties. The Company will allow Bidders to negotiate final contract terms that are different from the Proforma Agreements.

C. CONFIDENTIALITY AGREEMENT

All parties will be required to sign Confidentiality Agreements if they qualify for the final shortlist **(Attachment 14)** prior to entering into negotiations with the Company.

D. NONRELIANCE LETTER

All parties will be required to sign a nonreliance letter if they are qualify for the final shortlist **(Attachment 15)** prior to entering into negotiations with the Company.