



PacifiCorp

Request for Proposals

Renewable Electric Resources

(RFP 2008R)

ISSUED: January 31, 2008

DUE DATE: March 31, 2008

Questions, Bid Numbers, Intent to Bid forms & RFP Responses:

Address: RFP 2008R
PacifiCorp, Suite 600
825 NE Multnomah St.
Portland, OR 97232
E Mail: RFP2008R@PacifiCorp.com

Table of Contents

<u>Section</u>	<u>Page</u>
List of Appendices	3
1. Introduction	4
2. Procedural Items	5
3. Logistics	6
A. Schedule	6
B. Intent to Bid Forms	7
C. Submission of Bids	7
D. Minimum Eligibility Requirements	8
E. Company's Reservation of Rights and Disclaimers	8
F. Accounting	9
G. Confidentiality	9
4. RFP Proposal Content	10
A. Power Purchase Agreement	10
B. Build Own Transfer	11
5. Resource Information	12
A. Price and Non-Price Information	12
B. Point of Delivery	14
C. Proposals Requiring Third-Party Interconnection and Transmission Service	15
D. Standards of Conduct	16
E. Transmission Interconnections & Transmission Services	16
F. PacifiCorp Transmission Integration Service	17
G. Resource Types Eligible to Bid	18
H. Production Tax Credit	19
6. Bid Evaluation and Selection	19
A. Overview of the Evaluation Process	19
B. Rejection of Proposals	23
C. Post-Bid Negotiation	23
D. Subsequent Regulatory Action	24

Appendices

- A. Notice of Intent to Bid
- B. Information Required in Bid Proposal
- C-1. Power Purchase Agreement Bid Summary
- C-2. Build Own Transfer Bid Summary
- D. Bidder's Credit Information and Credit Matrix
- E. Power Purchase Agreement
- F. Build Own Transfer Documents
- G. Confidentiality Agreement
- H. Non-Reliance Letter

Section 1 Introduction

This purpose of this document is to prescribe the process by which PacifiCorp (the “Company”) will request and evaluate proposals from Bidders to fulfill a portion of the Renewable Resources identified in the supply side Renewable Resources outlined in PacifiCorp’s 2007 Integrated Resource Plan (“IRP”). More information on the IRP can be found at www.pacificorp.com/Navigation/Navigation23807.

Chart 1- Resource Requirement

On line Date	Target Quantity
2008	Up to 200MW
2009	Up to 100MW

The scope of this Renewable Request for Proposal (RFP 2008R), subject to the limitation described herein, is for system wide east and west new Renewable Resources which are capable of delivery in or into PacifiCorp’s network transmission system. For more information on PacifiCorp’s network transmission system, please visit www.oasis.pacificorp.com. Renewable Resources* are defined as:

- (A) wind energy;
- (B) solar photovoltaic and solar thermal energy (i.e., concentrated solar);
- (C) wave, tidal and ocean thermal energy;
- (D) except for combustion of wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass byproducts, including
 - (I) organic human or animal waste;
 - (II) spent pulping liquor;
 - (III) forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and to reduce wildfire risk;
 - (IV) agricultural residues;
 - (V) dedicated energy crops; and
 - (VI) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste;
- (E) geothermal energy;
- (F) certified low-impact hydro-electric energy with a nameplate capacity less than thirty megawatts; or
- (G) waste gas and waste heat capture or recovery;

* PacifiCorp reserves the right to reject any Renewable Resource not eligible for existing or anticipated renewable portfolio standard compliance.

Bidders have the option to also bid Renewable Resources coupled with energy storage. Energy storage has the distinct capability of enabling higher penetrations of intermittent renewable energy in PacifiCorp's portfolio. Pumped water, compressed air, or battery storage can firm intermittent Renewable Resources and therefore create energy that can be scheduled to match customer demand as it fluctuates throughout the day.

The Renewable Resource must have a commercial operation date on or after January 1, 2003 but no later than December 31, 2009. PacifiCorp will only accept bids which are for resources that are either less than 100 megawatts in generating capability or for a term of less than five years if greater than 100 megawatts in generating capability. In addition, the resource must have an expected annual output of at least 70,000 megawatt hours, accounting for planned and unplanned outages. Bidders may only bid in Renewable Resources in the form of a Power Purchase Agreement (PPA), or Build Own Transfer (BOT)¹. PacifiCorp does not have a benchmark resource and will not be participating as a bidder in the process.

This introductory Section 1 describes the type, timing and amount of resources sought. Section 2 addresses the Procedural Items. Section 3 covers Logistics such as where and when proposals must be submitted and minimum requirements, as well as important conditions and procedures. Section 4 outlines the RFP Proposal Content. Section 5 outlines Resource Information including price and non-price information, integration, interconnection and transmission services. Section 6 outlines the Bid Evaluation and Selection process. All of the required Appendices are also included.

Section 2 Procedural Items

As indicated above, PacifiCorp will not have a benchmark in RFP 2008R. Any bid submitted by a PacifiCorp affiliate, or any bid that includes power from generating facilities owned in part or in whole by PacifiCorp, or a PacifiCorp affiliate, will not be accepted.

PacifiCorp is seeking proposals for projects that are online or have a projected online date prior to December 31, 2009. In addition, the project must not have reached commercial operation prior to January 1, 2003. PacifiCorp is seeking proposals for up to the target amounts set forth in Section 1 of this solicitation. PacifiCorp will evaluate the proposals based on cost effective economics, a viable implementation schedule, verifiable major equipment availability (such as wind turbines or long lead-time equipment), appropriate ability to provide security for the bidders proposed obligation, transmission access and interconnection status, and conformance to the Pro forma contracts attached as

¹ Form of Power Purchase Agreement is Appendix E and the Build Own Transfer, which consists of a site agreement and an Engineering Procurement Contract (EPC) is Appendix F.

Appendices to this RFP. PacifiCorp may elect to select more or less than the target amounts, or no proposals at all as a result of this solicitation.

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

All proposals belong to PacifiCorp and will not be returned. PacifiCorp will use reasonable efforts to protect information clearly and prominently marked as proprietary and confidential on the page it appears, but PacifiCorp reserves the right to release such information to agents or contractors to help evaluate the Proposal. PacifiCorp shall not be liable for any damages resulting from any disclosure of such information, howsoever occurring.

Proposals must be submitted in the legal name of the respondent who would be bound by any agreement with PacifiCorp.

Section 3 Logistics

A. Schedule

Chart 2 sets forth the anticipated schedule.

Chart 2 – Anticipated Schedule

Event	Anticipated Date
RFP Issued	January 31, 2008
Intent to Bid Form and Appendix D Due	March 3, 2008
Deadline for Proposals Due	March 31, 2008
Evaluation Complete	May 9, 2008
Short List Announced	May 13, 2008
Definitive Agreement(s)	targeted for June 30, 2008

All bidders must submit the Intent to Bid Form included in this solicitation as Appendix A, as well as Appendix D (Bidder's Credit Information and Credit Matrix), by the deadline set forth in Chart 2. PacifiCorp will not accept any late proposals. The

anticipated dates for evaluations, negotiations and definitive agreements are targets only, and actual dates will vary for reasons that include, but are not limited to, negotiation time, availability of key personnel, due diligence, the evaluation or negotiation of any issues unique to any bid, bidder, or project, bidder's willingness to agree to forms of agreements desired by PacifiCorp, PacifiCorp's evaluation of bidder's creditworthiness, and actions required by any third parties. Bidders should note that the above schedule is an anticipated schedule only and is subject to change. PacifiCorp accepts no liability to the extent the actual schedule is different from the anticipated schedule.

PacifiCorp reserves the right to require credit assurances that are adequate to PacifiCorp's satisfaction in PacifiCorp's sole and absolute discretion, which credit assurances may include without limitation a corporate parent guaranty, letter of credit, or other collateral, in a form, amount, and from such entities as are acceptable to PacifiCorp in its sole discretion. See Appendix D for more detail on the necessary credit information to be provided. PacifiCorp will require a commitment letter from the entity providing credit assurances on behalf of the bidder (if applicable) and will require this commitment letter within five days of any bid being short-listed. Please see Appendix D for the form of commitment letter.

B. Intent to bid Forms

Bidders who intend to be considered as part of this RFP process must return the "Intent to Bid Form" (Appendix A) and a completed Appendix D as set forth below by the deadline provided. Five (5) copies of the Intent to Bid Form must be sent to the following address by express, certified or registered mail, or hand delivery by 5:00 p.m. Pacific Prevailing Time on March 3, 2008.

Attention: RFP 2008R
825 NE Multnomah, Suite 0600
Portland, Oregon 97232

C. Submission of Bids

The Bidder will be required to submit its proposal(s):

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.

Attention: RFP 2008R
825 NE Multnomah, Suite 0600
Portland, Oregon 97232

BIDS WILL BE ACCEPTED UNTIL 5:00 P.M. PACIFIC PREVAILING TIME ON MARCH 31, 2008. ANY BIDS RECEIVED AFTER THIS TIME WILL BE SUBJECT TO RETURN UNOPENED.

D. Minimum Eligibility Requirements for Bidders

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

- a) Receipt of Proposal after the response deadline.
- b) Failure to meet the requirements and provide all of the information requested in Appendix C-1 and/or Appendix C-2 of this RFP.
- c) Failure to permit disclosure of information contained in the proposal to PacifiCorp's agents, contractors or regulators.
- d) Any attempt to influence PacifiCorp in the evaluation of the proposals, outside the solicitation process.
- e) Any failure to disclose the real parties of interest in the proposal submitted.
- f) The Bidder, or an affiliate of Bidder, is in current litigation with PacifiCorp or has, in writing, threatened litigation against PacifiCorp, respecting an amount in dispute in excess of one million dollars.
- g) Proposal has failed to clearly specify all pricing terms.
- h) Proposal has failed to offer unit contingent or system firm capacity and energy, delivered into or in PACW or PACE and include appropriate contract term lengths and commercial operation dates.
- i) Proposal presents unacceptable level of development and technology risk.
- j) Failure to demonstrate a contractual right to acquire major equipment (i.e., wind turbines) and/or other critical long lead time equipment.
- k) The transaction results in a third party owned asset being consolidated on PacifiCorp's balance sheet.
- l) Bidder fails to demonstrate, to PacifiCorp's satisfaction, that it can meet the security requirements for each Renewable Resource proposed consistent with the requirements in Appendix D provided in this RFP.
- m) Bidder fails to address satisfactorily both the price and non-price factors.
- n) Bidder fails or is unable to abide by the applicable safety standards.
- o) The Bidder submits an unacceptable contract structure.
- p) Collusive bidding or any other anticompetitive behavior or conduct.

E. Company's Reservation of Rights and Disclaimers

PacifiCorp reserves the right, without qualification and in its sole discretion, to:

- a) reject any or all bids,
- b) to terminate this RFP in whole or in part at any time,

- c) to reject as non-responsive any or all bid proposals received for failure to meet the requirements of this RFP,
- d) to decline to enter into any agreement with any Bidder for any reason, including, but not limited to, change in regulations

Bidders who submit bid proposals do so without recourse against PacifiCorp, its parent company, its affiliates and its subsidiaries, or against any director, officer, employee, agent or representative of any of them, for any modification or withdrawal of this RFP, rejection of any bid proposal, failure to enter into an agreement, or for any other reason relating to or arising out of this RFP. Bidders will be required to execute the non-reliance letter found in Appendix H after the Final Shortlist and prior to entering into final negotiations.

F. Accounting

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

Specifically, accounting and tax rules may require that: (i) a contract be accounted for by PacifiCorp as a Capital Lease or Operating Lease², or (ii) the seller or assets owned by the seller be consolidated as a Variable Interest Entity³ (VIE) onto PacifiCorp's balance sheet. PacifiCorp will not accept bids that result in a VIE being consolidated onto its balance sheet.

Each Bidder must also agree to make available at any point in the bid evaluation process, any and all financial data associated with the Bidder, the Facility and the PPA, or BOT that PacifiCorp requires to determine potential accounting impacts. Such information, including data supporting the economic life (both initial and remaining), the fair market value, executory costs, nonexecutory costs, and investment tax credits or other costs (including debt specific to the asset) associated with the Bidder's proposal. Financial data contained in the Bidder's financial statements (e.g., income statements, balance sheets, etc.) may also be required to provide additional information.

G. Confidentiality

PacifiCorp will attempt to maintain the confidentiality of all bids submitted, to the extent consistent with law or regulatory order, as long as such confidentiality does not adversely

² "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.

³ "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.

impact a regulatory proceeding. It is the Bidder's responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark an entire proposal as confidential, but must mark specific information on individual pages to be confidential in order to receive confidential treatment for that information.

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

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

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

Lastly, PacifiCorp intends to utilize its internal, proprietary, forward price projections in its evaluation process. The resulting projections and evaluations will not be shared with entities external to PacifiCorp or its consultants, including with Bidders, unless required by law or regulatory order.

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

Section 4 RFP Proposal Content

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

A. Power Purchase Agreement

Appendix C-1 contains an explanation of the information required if a bidder plans to pursue the PPA option. The bidder would agree to meet its contractual obligations within the PPA during the Term of the Agreement agreeing to sell the Project to PacifiCorp at

the end the term as outlined in Section 5.6 of the PPA (Appendix E). The bidder proposal must contain the information requested in Appendix B, C-1, D, and any proposed changes to E. The bidder must provide information sufficient to assure PacifiCorp that any proposed project has a reasonable probability of successful construction and operation by December 31, 2009.

Bidders should note that any proposal submitted in this category that proposes new construction of a generation facility must utilize the services of a single primary Contractor under a single engineer, procure, and construct (“EPC”) contract or an equivalent structure which will not increase the risk of default by multiple contractors to PacifiCorp and its customers. Any Contractor must be experienced with the type of facility being proposed and, in addition to any other credit provision described herein, this entity (or the entity’s credit support provider, if applicable) must have a Credit Rating that is BBB-/Baa3 or greater from S&P/Moody’s or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp.

B. Build Own Transfer

Appendix C-2 contains an explanation of the information required if a bidder plans to pursue the BOT option. The bidder proposal must contain the information requested in Appendix B, C-2, D, and any proposed changes to F. The bidder must provide information sufficient to assure PacifiCorp that any proposed project has a reasonable probability of successful construction and operation by December 31, 2009.

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

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

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. Without limiting the foregoing, the Bidder shall be responsible for obtaining all rights and resources required to construct and provide an operational generation resource consistent with the Bidder’s proposal.

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

Section 5 Resource Information

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

A. Price and Non-Price Information

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

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

The Price factors will be determined using the comparison metric which will be the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The net PVRR component views the value of the energy and capacity as a positive, and the offsetting costs as negative. The larger the net PVRR, the more valuable a given resource is to PacifiCorp's customers. The net PVRR/kW-mo metric is the annuity value which, when applied to the nominal kilowatts on a monthly basis and present-valued, will result in the same net PVRR as a straight NPV calculation⁴ with the appropriate adjustments.

⁴The 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.

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

All bids must include exclusive ownership by PacifiCorp of any and all renewable energy credits and renewable energy credits (“RECs”) associated with the energy generated.

A.1. Price Information

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

- *Power purchase agreements with purchase options* – for the initial term of the power purchase agreement bidder owns the asset and PacifiCorp purchases the output. At some defined point in time PacifiCorp must have the ability to purchase the asset for a price.
- *Build own Transfer* – bidder sells a fixed price turn key project payable in a single amount on delivery or upon achievement of milestones as progress payments, with an online date prior to December 31, 2009.

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

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

A.2 Non-Price Information

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

This RFP is requesting cost-effective resources that are capable for delivery into or in PacifiCorp's network transmission system⁵ in PACE or PACW. All proposals will be contingent on the ability of PacifiCorp's commercial and trading function to designate the proposed resource as a Network Resource under the network service contract between PacifiCorp Transmission (www.oasis.pacificorp.com) and PacifiCorp Commercial and Trading.

B. Point of Delivery

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

Eastern Control Area (PACE)

- Salt Lake Valley
- Mona⁶ 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
- Wyoming
- Borah, Brady or Kinport if such resource is interconnected to PacifiCorp's Southwest Idaho electrical system near the Goshen area.

Western Control Area (PACW)

- Mid Columbia
- Paul 500kV
- California Oregon Border
- PACW System

- Within the Western Control Area – The point of interconnection between the resource, or the electrical

⁵ Any costs required to upgrade PacifiCorp's electrical infrastructure incremental to those contained in the IRP will be considered in the overall economics of the resource. PacifiCorp will use the best available information at the time of evaluation to determine the integration costs for the analysis.

⁶ 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).

system to which the resource is connected, and PacifiCorp's transmission system⁷.

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

C. Proposals Requiring Third-Party Interconnection and Transmission Service
PPA 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 costs will be included in the evaluation of BOT proposals. All proposals must identify all third-

⁷ Willamette Valley

Alvey 500 kV
Chiloquin 230 kV
Dixonville 230 kV

Fry 230 kV
Meridian 230 kV
Reston 230 kV

Central Oregon – Deschutes Valley

Bend 69 kV
Pilot Butte 69/230 kV

Ponderosa 230 kV
Redmond 69 kV

Yakima Area – Mid Columbia

Midway 230 kV

Wanapum 230 kV

Oregon Coast

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

Fry 230 kV
Meridian 230 kV
Reston 230 kV

Central Oregon – Deschutes Valley

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

Ponderosa 230 kV

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

party interconnection, electric losses, transmission and ancillary service products, provider of reserves, and must provide a complete description of those service agreements, and provide documentation that such service(s) will be available to during the full term of offer(s) proposed or that contractual roll-over options are available.

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

D. Standards of Conduct

Each Bidder responding to this RFP must conduct its communications, implementation and operations in compliance with FERC's Standards of Conduct for Transmission Providers, requiring the separation of its transmission and merchant functions. The third-party transmission service is NOT a transmission service agreement with PacifiCorp's commercial and trading function; rather it is with PacifiCorp's transmission function or other third-party transmission providers, and hence absolutely no communication by a bidder to PacifiCorp's transmission function can be made through the submission of a bid in this RFP. Any bid seeking to do so will be summarily rejected if the attempt is not immediately withdrawn when discovered. If requested, short-listed Bidders shall execute a FERC compliant waiver that enables PacifiCorp's merchant function to discuss the Bidder's interconnection and/or transmission service application(s) with the transmission interconnection or transmission service provider.

E. Transmission Interconnections & Transmission Services

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

All proposals that will require a new electrical interconnection or an upgrade to an existing electrical interconnection must include a statement of the cost of interconnection (broken out between network upgrade costs and facility specific interconnection costs), together with a diagram of the interconnection facilities. The Bidder will be responsible for, and is required to include in its bid, all costs to interconnect to the transmission

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

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

F. PacifiCorp Transmission Integration Service

Notwithstanding the foregoing, Bidders should not factor in the cost of integrating the proposed resources from bid-specified Points of Delivery to PacifiCorp's system. Such transmission integration costs and other integration costs will be factored in for determination of the final shortlist. PacifiCorp has preliminarily identified the potential costs to integrate and transmit resources in the IRP. These costs do not include interconnection costs. Transmission and other integration costs incremental to those in the IRP will be taken into account within the analysis. Integration costs consistent with the IRP will be added to all bids.

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

G. Resource Types Eligible to Bid

The Renewable Resource must have a commercial operation date on or after January 1, 2003, but no later than December 31, 2009. Renewable Resources must be less than 100 megawatts in capacity or less than five years in term if greater than 100 megawatts in capacity. Facilities generating power from the following renewable types are eligible to be the subject of bids under this RFP, provided they are capable of delivering at least 70,000 MWh per year.

- (A) wind energy;
- (B) solar photovoltaic and solar thermal energy (i.e., concentrated solar);
- (C) wave, tidal and ocean thermal energy;
- (D) except for combustion of wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or chromated copper arsenate, biomass and biomass byproducts, including
 - (I) organic human or animal waste;
 - (II) spent pulping liquor;
 - (III) forest or rangeland woody debris from harvesting or thinning conducted to improve forest or rangeland ecological health and to reduce wildfire risk;
 - (IV) agricultural residues;
 - (V) dedicated energy crops; and
 - (VI) landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or municipal solid waste;
- (E) geothermal energy;
- (F) certified low-impact hydro-electric energy with a nameplate capacity less than thirty megawatts; or
- (G) waste gas and waste heat capture or recovery*;

Bidders also have the option to bid Renewable Resources coupled with energy storage. Energy storage has the distinct capability of enabling higher penetrations of intermittent renewable energy in PacifiCorp's portfolio. Pumped water, compressed air, or battery storage can firm intermittent Renewable Resources and therefore create energy that can be scheduled to match customer demand as it fluctuates throughout the day.

Any resource considered pursuant to this RFP must be capable of clearly verifying time and amount of delivery of energy from the resource by metering or other means acceptable to PacifiCorp including without limitation metering on less than or equal to an hourly basis.

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

This solicitation is for only proposals that offer *both* RECs and underlying generation from associated Renewable Resource and not a RECs only or RECs bundled with market purchases. Proposals that offer only renewable energy credit or a rebundled product will be rejected.

H. Production Tax Credit

Bidders shall bear all risks, financial and otherwise, associated with bidder's or the facility's eligibility to receive production tax credits or qualify for accelerated depreciation for bidder's accounting, reporting or tax purposes. The obligations of the bidder to perform under any executed agreement as a result of this solicitation shall be effective and binding regardless of whether the sale of output from the bidder's facility under such agreement is eligible for, or receives, production tax credits during the term of the agreement.

Section 6 Bid Evaluation and Selection

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

Under this format, contract payments are based on the price contained in each winning bid proposal. The "first-price sealed bid format" means that PacifiCorp will utilize the initial prices and pricing structure submitted by the bidder in order to determine the initial Short-listed entities. PacifiCorp will not ask for, or accept, updated pricing from bidders during the evaluation period. **PacifiCorp will negotiate both price and non-price issues during the post-Shortlist negotiations.** PacifiCorp reserves the right not to engage in any post-bid or post-Shortlist negotiations with any bidder that has not made the initial short list. Selection for the initial short list, the final shortlist and post-Shortlist negotiations does not constitute a "winning bid proposal." Only execution of a definitive agreement by both PacifiCorp and the bidder on terms acceptable to PacifiCorp in its sole and absolute discretion will constitute a "winning bid proposal". Any definitive power purchase agreement or build own transfer will be in the form of the PPA and BOT shown in Appendix E and F, respectively. If the bidder alters the PPA, or the BOT or does not use it as the underlying agreement the bid evaluation will be effected. PacifiCorp has no legal obligation to enter into any agreement of any kind with any bidder.

A. Overview of the Evaluation Process

The analysis for the RFP will be focused on determining the bid resources that provide the best value to customers on a system-wide planning basis to meet customer requirements at the least cost, on a risk adjusted basis and in the public interest. The evaluation process will utilize a screening process to derive an initial shortlist of bids (described in Step 1 below) which will then be placed in a system wide production cost model to determine the final shortlist.

The selection of an initial shortlist of bids will be based on price and non-price factors. The price factor will be derived using the PacifiCorp Structuring and Pricing RFP Base Model. The RFP Base Model determines the initial shortlist of the top performing proposals on the basis of the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The non-price factors will evaluate the positive or negative conformity to RFP bid requirements (Appendix B) and the power purchase agreement (Appendix E) or build own transfer documents (Appendix F), transmission availability and interconnection status, status of the development of the resource, bidder experience, and performance guarantees.

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

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

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

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

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

A. PRICE FACTOR EVALUATION (UP TO 70%)

PacifiCorp will utilize the RFP Base Model to screen the proposals and to evaluate and determine the price ranking for the eligible bids received into the two categories, the Base Load resource and the Intermediate Load resource requirement.

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

RFP Base Model Inputs:

- Market Quote Date: The model will pull corresponding forward price, volatilities, and correlation projections for electricity and fuel commodities. Treasury discount curves are also included. The same Market Quote Date will be used for all bids during each evaluation phase.
- Term: Start and End date
- Transmission Cost assumptions
- Rate Base Inputs: if applicable
- Point of Delivery (POD) and Point of Receipt (POR)
- Dispatch Pattern
- Firm/Unit Contingent
- Resource Type
- Product Source
- Variable O&M Payment (\$/MWh)
- VOM costs (\$MWH)
- Fixed Energy Payment (\$/MWh, if applicable)
- Capacity Charge (\$/KW-mo, if applicable)
- Resource/POD Availability by Month
- Forward Price Curve Multiplier by Month
- Corporate Financial Inputs – Inflation Curve, WACC, etc.

Comparison Metric

The comparison metric will be the projected net present value revenue requirement (net PVRR) per kilowatt month (Net PVRR/kW-mo). The net PVRR component views the value of the energy and capacity as a positive, and the offsetting costs as negative. The larger the net PVRR, the more valuable a given resource is to PacifiCorp’s customers. The net PVRR/kW-mo metric is the annuity value which, when applied to the nominal kilowatts on a monthly basis and present-valued, will result in the same net PVRR as a straight NPV calculation.⁸

Bid Cost Relative to Adjusted Price Curves	Price Factor Weighting
Less than or equal to 80% of adjusted price projections	70%
Greater than 80% of adjusted price projections but less than 120% of adjusted price curves	Linearly interpolated

⁸The 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.

Equal to or greater than 120% of the adjusted price projection	0%
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B. NON-PRICE FACTORS (UP TO 30%)

The primary purpose of the non-price analysis is to help gauge the factors related to the proposal which are outside of price. A matrix will be established for each non-price factor and will be used to compare the bids with one another. Non-price factors will be weighted up to 30% (in combination with the price scores) in the determination of which proposals will be chosen for the initial shortlist. The non-price factor criteria are identified in Chart 3 below. Bids will be evaluated and scored in three discrete categories: (1) 100% of the percentage weight; (2) 50% of the percentage weight; or (3) 0% of the percentage weight. Bids will be evaluated based on their ability to demonstrate the proposal is thorough, comprehensive and provides limited risk to the buyer prior to PacifiCorp performing due diligence on any given Bid. Bids which have a demonstrated track record or are mature proposals will be more highly evaluated. Chart 3 lists the key non-price criteria and the basis for weighting for each criterion.

Chart 3 – Non-Price Factors

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

Step 2 – Integrated Resource Plan – Final Shortlist

The results of the initial shortlist will be used to determine the final shortlist. Each project on the final shortlist will be evaluated individually using the IRP Planning and Risk (PaR) model.

The PaR model is a production cost simulation system with stochastic modeling capabilities. To be consistent with the IRP modeling process, PacifiCorp will run the PaR model in stochastics mode with random draws of electricity market price, gas commodity price, hydro generation, retail load, and forced outage rate variables according to a stochastic time-series modeling process. The model will execute 100 simulations using the variable draws (Monte Carlo simulation), with mean and tail PVRR measures calculated from the simulation results.

To determine the system bid value, the PaR model is run in a “base case” scenario and then re-run with each new resource added to determine the PVRR difference. The least cost projects, on a risk-adjusted basis, will then be selected for the final Short-list.

B. Rejection of Proposals

Proposals may be rejected for any of the reasons, including without limitation:

- i. Receipt after the response deadline.
- ii. Failure to meet the requirements described in this RFP.
- iii. Failure to submit a complete proposal with pertinent information necessary for evaluation.
- iv. Failure of the respondent's authorized officer to sign the proposal.
- v. Failure to have timely submitted an Intent to Bid form.
- vi. Inability or unwillingness of the respondent to provide the required security or surety required for performance.
- vii. Misrepresentation or failure to abide by National Association of Attorneys General (NAAG) Environmental Marketing Guidelines (available at http://www.naag.org/issues/pdf/Green_Marketing_guidelines.pdf).
- viii. Failure to permit disclosure of information contained in the proposal to PacifiCorp agents, contractors or regulators.
- ix. Any attempt to influence PacifiCorp's evaluation of the proposals outside the solicitation process.
- x. Any change in regulation or regulatory requirements.
- xi. Any matter impairing the respondent, the specified resources or the generation of power or RECs.
- xii. Any collusive bidding or other anticompetitive conduct.
- xiii. Any failure to disclose the real parties in interest in any proposal submitted.

C. Post-Bid Negotiation

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

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

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

D. Subsequent Regulatory Action

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