

**PacifiCorp 2008R-1 RFP  
Stakeholder Questions and Answers  
Version – November 20, 2008**

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**June 18, 2008**

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**Question 1:**

With respect to the \$10,000 bid fee for an initial project submission and two additional alternatives; what is the characterization of the alternatives? Must they be derivative of, phases, or variations of the initial project submission? What of the additional \$1,000 per alternative for each additional alternative (up to three)? How do they differ from the two additional alternatives to the initial submission?

**Answer to Question 1:**

A bid may consist of one base proposal in addition to two alternatives for the same bid fee. The alternatives may consist of a different bid size, contract term, in-service date and/or pricing structure for the same bid. In addition, Bidders will have the option of submitting up to three additional alternatives for a fee of \$1,000 per alternative.

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**Question 2:**

The forward price curve discussed in the net PVRR evaluation, is available in the published 2007 IRP?

**Answer to Question 2:**

No. The forward price curve date (and therefore, also the data) to be used in the initial net PVRR evaluation will be determined when the final RFP is issued. The forward price curve will be PacifiCorp's internal price curve on that date.

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**Question 3:**

The net PVRR component views the value of energy and capacity as a positive, and the offsetting costs as negative. Please repeat the types of offsetting costs.

**Answer to Question 3:**

Below are the offsetting costs:

- Cost of energy
  - Cost of integration
  - Cost of purchase option
  - Cost of transmission
  - Cost of capacity
  - Other costs identified as necessary to appropriately value the proposal
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**October 27, 2008**

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**Question 4:**

This would be done without negotiation of other credit terms?

**Answer to Question 4:**

Specific credit terms will be negotiated as part of the Agreement with a final short listed bidder, however, if required, a commitment letter will need to be posted as outlined above and according to Appendix D.

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**Question 5:**

I think the guidance in today's conference was clear regarding bid options, but I'd like some further clarification. The RFP allows for a single proposal plus two alternatives for the \$10,000 Bid Fee. Stacey indicated that the proposed alternatives can be of different Transaction Structures. However, the first sentence in Section 4. REQUEST FOR PROPOSAL CONTENT, states that proposals can be submitted for either A) PPA, B) BOT, or Asset Acquisition and Sale Agreement.

**Answer to Question 5:**

No, as a point of clarification, a bid fee may consist of one base proposal (i.e. Transaction Structure) in addition to two alternatives for the same bid fee. The alternatives may consist of a different bid size, contract term; in service date and or pricing structure for the same bid but not a Transaction Structure. In addition, Bidders will have the option of submitting up to three additional alternatives for fee of \$1,000 per alternative. Each base proposal can consist of a power purchase agreement, a build own transfer or an asset acquisition and sale agreement. See Section 3F Bid Fees page 13.

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**Question 6:**

Can you please clarify the extent to which bid options may propose entirely different Transaction Structures?

**Answer to Question 6:**

Yes, bidders can propose 1) Power Purchase Agreements, with and without the purchase option 2) Build Own Transfers, 3) Asset Acquisitions and Sales Agreements. To the extent that Bidders are seeking to use PacifiCorp Turbines for the Build Own Transfer structure they must indicate so in Intent to Bid request upon a confidentiality agreement will be required to be executed. To the extent that Bidders have modifications to the above three types of Transaction Structures they can propose modifications and PacifiCorp and the Independent Evaluators will evaluate them accordingly.

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**Question 7:**

A bidder who was on the phone wanted clarification on the level of access to/security of turbines necessary to submit a bid. For example a must the TSA be signed? In negotiation?

**Answer to Question 7:**

Yes, turbines are necessary to submit a bid. On page 9 of the RFP it states the following: PacifiCorp will evaluate the proposals based on cost effective economics, a viable implementation schedule, verifiable major equipment availability (such as wind turbines or other long lead- time equipment), appropriate ability to provide security for the Bidders proposed obligations, transmission and interconnection status, and conformance to the pro forma contracts attached as Appendices to this RFP. This means that the bidder must have turbines and be able to demonstrate that they have turbines.

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**November 14, 2008**

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**Question 8:**

Will PacifiCorp publish the final version of the RFP and Appendices in Word format?

**Answer to Question 8:**

Everything will be posted in Word versions -- please check PacifiCorp's website at [Pacifcorp.com](http://Pacifcorp.com), then Suppliers & RFP's, then Request for Proposals. The few remaining documents not posted will be posted in the next couple of business days. No, they cannot fill the information out on line.

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**Question 9:**

A bidder asked a follow-up to Q&A 14 about when the Word versions of the documents will be posted. Has PacifiCorp posted them to your website? If not, when can we expect the documents to be posted.

**Answer to Question 9:**

The word documents are posted.

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**Question 10:**

We have several questions related to the timing of the bid evaluation, and how it relates to the timing estimates in Section 3A, Chart 2 of the Main Document. In the Main Document, Section 6, an "initial short list" and a "final short list" are described. Will Bidders selected for the initial short list be notified? If so, when? Please answer in the context of Main Document, Section 3A, Chart 2 (i.e. will the notification occur prior to event "Complete Evaluation: February 27, 2009"?)

**Answer to Question 10:**

Yes, Bidders who make the Initial shortlist will be notified. The time line will depend on how many proposals need to be analysed. We anticipate that it will occur prior to the Complete evaluation in the RFP.

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**Question 11:**

When will Bidders selected for the "final short list" be notified? Will this occur shortly following the estimated "Evaluation Complete" date? The estimated timing is important, due to the requirement to provide the guarantee commitment letter 20 days thereafter.

**Answer to Question 11:**

Bidders will be notified as to their inclusion on the final short list at the conclusion of the evaluation process. The date of February 27, 2009 and March 27, 2009 are tentative and is subject to movement. Credit commment letters will be due until 20 days thereafter the notification.

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**Question 12:**

We will bid from multiple sites. However, the resource alternative will be the same for all sites. Since the instructions for the NOI say a separate NOI is required for each Resource Alternative, we do not have to file an NOI for each site. Is that correct?

**Answer to Question 12:**

Our preference is that you file a separate NOI with each request.

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**Question 13:**

If we are short listed, we would have to post a pre-determined credit amount for performance as of the execution date? This would be done without negotiation of other credit terms? It seems like credit is a negotiated item that entails more than simply one party posting a pre-defined amount when other credit terms aren't addressed.

**Answer to Question 13:**

If you are on the final shortlist and are relying on another entity to provide credit assurances on your behalf, you are required to provide an acceptable form of commitment letter from that entity, stating the promise to provide credit assurances up to the maximum amount as set forth in the credit matrix in Appendix D. The form of commitment letter can also be found in Appendix D. This commitment letter is required 20 business days after being notified by PacifiCorp that you are on the final shortlist. Specific credit terms will be negotiated with a final short listed bidder. The timing of when credit assurances are to be posted can be found in Appendix D, in the section titled Posting of Credit Security.

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**Question 14:**

It seems like credit is a negotiated item that entails more than simply one party posting a pre-defined amount when other credit terms aren't addressed

**Answer to Question 14:**

All credit terms will be negotiated with the final short listed bidder as part of the final transaction.

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**Question 15:**

I was at the RFP presentation last week and was told that we needed one year's worth of onsite data in order to bid into the RFP. There was an idea posed by a coworker where he thought we could get around the one year onsite requirement--he said that we can put together a robust wind data model on one of our project sites based on a state tower nearby with two years of data and ridge data and correlate them to our onsite tower that we have collected onsite for eight months. He thinks that this is robust enough wind data model that it should be no problem bidding with only eight months of data. Would you agree with this? If so, if the same scenario holds true, but we only have two months worth of on-site data but that it correlates well to state and other towers in the vicinity, could we bid this site as well?

**Answer to Question 15:**

Wind proposals must include a minimum of one year of on-site meteorological tower data, converted to an estimate MWh of production on an hourly time scale. To the extent a portion of required tower data is missing, a Bidder can provide an estimate of such missing portion as long as a brief description of

estimation method is provided. The data will need to be robust for PacifiCorp to complete a meaningful analysis.

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**Question 16:**

The RFP has a minimum generation requirement, must this be at a single location with a single point of connection to the transmission facilities, or could multiple sites be aggregated to, at least, equal the minimum generating capacity?

**Answer to Question 16:**

All resources must 1) be connected directly to PacifiCorp's system (not a customer system) using interconnection agreements administered by PacifiCorp's transmission, 2) have revenue quality metering, and 3) be contracted via a single PPA or BOT contract. Each proposal must be analyzed as a single resource.

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**Question 17:**

The EPA has a program to establish renewable energy generating facilities on 'Brownfield' properties identified in Oregon ("Renewable Energy on Contaminated Land and Mining Sites", [http://www.epa.gov/renewableenergyland/basic\\_info.htm](http://www.epa.gov/renewableenergyland/basic_info.htm) ). Has PacifiCorp has analyzed this program and would they give consideration to help negotiate the establishment of qualifying projects on properties from this program?

**Answer to Question 17:**

PacifiCorp has not done this analysis to date.

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**Question 18:**

Page 28 of the RFP indicates that submissions of Intent to Bid Forms must be a physical copy, implying that October 31st email submissions are not accepted (with original to after October 31st). Is that correct? If so, this appears commercially unconventional.

**Answer to Question 18:**

The intent of the RFP is that bidders provide hard copies of the NOI, not email copies.

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**Question 19:**

I received a call and an email since we spoke earlier asking about the status of the attendees at the Bidders Conference. Do you intend to post the list?

**Answer to Question 19:**

Yes, it is posted.

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**Question 20:**

Also, I assume that we do not need to start the transmission service request process as if we sign a PPA with Pacorp, then they deal with this end of things.

**Answer to Question 20:**

Bidder will be responsible for interconnection of their resource to either the PacifiCorp system or a 3rd party transmission provider system and all communication with the transmission provider. If bid resource is interconnected to a 3rd party transmission system the bidder is responsible for all transmission service arrangements for all delivered energy under any PPA to PacifiCorp system. PacifiCorp will include costs of integration to their transmission system and will apply for these studies to be initiated. This will be discussed at the Transmission workshop on November 10th.

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**Question 21:**

Can PacifiCorp make a prepayment to the Project Company under the PPA scenario if the following conditions are met? (1) The bid proposal achieves a cost of energy that is low enough for the bid to be selected based on a cost of energy basis, (2) The proposal does not add incremental risk to PacifiCorp's customers (compared to a PacifiCorp ownership scenario), (3) The prepayment is structured with a fixed repayment schedule, and it does not change based on the project's output/performance, (4) The implied interest rate on the prepayment is equal to PacifiCorp's pre-tax equivalent Weighted Average Cost of Capital, and (5) The relevant PUC's allow PacifiCorp to consider the prepayment as a regulatory asset

and allow rate recovery based on the premise that the bid provides the least cost and the least risk to PacifiCorp's customers.

**Answer to Question 21:**

Yes, however, if this structure was selected we would require the regulators to review the structure and ensure that it would be recoverable.

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**Question 22:**

A bidder just e-mailed to say that they are having some difficulty getting all their credit documents together. Would it be permissible for them to submit the EOI today and supplement with the necessary documentation in the next day or so? I've encouraged them to at least get the EOI in, since that's officially what is due.

**Answer to Question 22:**

Yes.

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**Question 23:**

If an Intent to Bid was submitted for one Resource Alternative, can a proposal be submitted for that Resource Alternative and another one (one which did not have an Intent to Bid)?

**Answer to Question 23:**

If the proposal is for the same Resource Alternative than it is considered an Alternative but if the proposal is for a different Resource Alternative than it requires a separate Intent to Bid.

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**Question 24:**

Within the Appendices to the PacifiCorp RFP, under the Credit Matrix section, it states " .... if (a Moody's or S&P credit rating is) not available, the credit rating will be determined by the Company through an internal process ....". Please provide guidance on what credit rating we should use in determining the amount of credit assurances to be posted.

**Answer to Question 24:**

The RFP states 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 unavailable) from Standard & Poor's (S&P) or y) the most recently published senior, unsecured debt rating (or corporate rating if a debt rating is unavailable) 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 utilizing a proprietary credit scoring model developed in conjunction with a third party.

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**Question 25:**

From the Company's response to Question 4 in the Q&A posted on the RFP website, are these depreciation schedules governing designed plant life documented anywhere? If so, can they be provided?

**Answer to Question 25:**

No, the depreciation schedules are not however, the information for the designed plant life is in the IRP.

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**Question 26:**

When will Bidders receive acknowledgement that the Intent to Bids have been received and have been completed correctly?

**Answer to Question 26:**

All Bidders have been notified.

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**Question 27:**

How does the Company evaluate a proposal whose depreciation schedule (allowed by PacifiCorp regulators) related to the sale of an existing facility is shorter than the design plant life of that asset? Or does the approval valuation per this RFP just allow for the Design Plant Life to be equivalent to the Depreciation Schedule?

**Answer to Question 27:**

We first run an analysis using the approved book depreciation lives of the plant, from a regulatory perspective. If you can demonstrate and we agree that the economic life extends beyond the official book life, then we may extend the analysis period to match the best estimate of the extended life.

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**Question 28:**

When is the appropriate time to propose adjustments to the Design Plant Life based on existing or planned plant improvements? How will these adjustments be evaluated or validated?

**Answer to Question 28:**

It must be on existing adjustments. The evaluation must be completed on what is known and measurable at the time of the evaluation.

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**Question 29:**

Please provide a Point of Delivery costs (per Attachment 13 of RFP appendices) for both locations: (1) interconnecting to Casper North substation and (2) Platte substation.

**Answer to Question 29:**

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**Question 30:**

Are bidders required to supply emission offsets and/or credits within their bids?

**Answer to Question 30:**

Yes, if the proposal is for a new power plant to be located in either Oregon or Washington. If the bid is for a power purchase agreement, bidders are expected to include any current or reasonably expected future emissions-related compliance costs (including future greenhouse gas allowance costs), within their proposed pricing.

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**Question 31:**

Is this only applicable for certain states? If so, please identify those states.

**Answer to Question 31:**

Currently, Oregon requires new power plants to offset approximately 17 percent of anticipated CO2 emissions and Washington requires new power plants to offset approximately 20 percent of anticipated CO2 emissions. Bidders should consult each state's power plant siting regulations for the latest offset obligations."

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**Question 32:**

Appendix C - 1 suggests PacifiCorp will accept a PPA of 25 years in duration. Will PacifiCorp accept PPA's of greater or lesser term and if so how will this be taken into account in the terminal value methodology?

**Answer to Question 32:**

The PPA is designed for a PPA for a wind project. A PPA can only be for the life of the asset consistent with the IRP. In the event the Bidder provides an purchase option to the Company an additional terminal value will be applied.

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**Question 33:**

Can bidders participate in the Integration Cost Workshops?

**Answer to Question 33:**

Yes - It will be held in the first week of December.

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**Question 34:**

Will the terminal value methodology be open to public comment and participation?

**Answer to Question 34:**

No, this will be an internal evaluation by the Company , locked down by the IE.

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**Question 35:**

PacifiCorp originally indicated that resources delivered on the Gonder - Pavant line were acceptable. Will PacifiCorp accept delivery of a resource delivered on the Gonder - Pavant line? If not please explain why this has changed.

**Answer to Question 35:**

Acceptance of a resource at any point of delivery is dependant on the resource's ability to be interconnected and integrated. PacifiCorp transmission will determine after an application has been received.

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**Question 36:**

Is there a possibility that you would consider a late submission? We would be interested, if it's possible.

**Answer to Question 36:**

No. Additional NOI will not be accepted.

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**Question 37:**

Have you yet published the Attendee list from the October 22nd Pre-Bid meeting?

**Answer to Question 37:**

Yes, the list is published.

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**Question 38:**

Would a bid for multiple small 2-3MW DC systems totaling 12MW AC, meeting the required production minimum, be considered a conforming bid?

**Answer to Question 38:**

Yes given that fixed panel solar can have low capacity factors, 25,000 MWh translates into anywhere from 12-20 MW. They MUST be all connected directly to PacifiCorp's system (not a customer system) using interconnection agreements administered by PacifiCorp's transmission function,

- all have revenue quality metering
- all are contracted via a single PPA or BOT contract,
- all are expected to come online during the RFP window (< end of 2011), AND
- a single superimposed production profile can be submitted for analysis review, AND
- a single PPA price is paid for all output or a single BOT price for all assets.

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**Question 39:**

The 2008R-1 file (link on page 8) is not letting me chose any other option than "Build Own Transfer" in cell F12. Can you please verify that the spreadsheet is working correctly?

**Answer to Question 39:**

There are two options 1) the Build Own Transfer and 2) a separate tab for the Power Purchase Agreement.