

Draft 2008R-1
Renewable Request for Proposals
Bidders and Stakeholders

June 9, 2008



Pacific Power | Rocky Mountain Power | PacifiCorp Energy

Agenda

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Overview

- Company filed the draft RFP 2008R-1 Renewable Request for Proposals in Washington and Oregon on April 28, 2008.
- Prior to releasing the Final RFP 2008R-1 to the market the Company will be seeking approval of the RFP in the following states
 - ▶ Washington – WAC- 480-107-001
 - ▶ Oregon - Order 06 – 446

Procedural Schedule

Event	Utah	Oregon – UM1368	Washington – WAC 480-107
Stakeholder and Bidder Conference	June 9, 2008	June 9, 2008	June 9, 2008
Opening Comments on Draft RFP 2008R-1		June 12, 2008	July 15, 2008
Filing date for IE Report		July 3, 2008	
Comments on Final Draft RFP Due		July 18, 2008	
Open Meeting		Special Meeting TBA	August 14, 2008

Tentative Schedule for RFP 2008R-1

- Draft RFP Filed in Oregon and Washington April 2008
- Selection of Oregon Independent Evaluator May 2008
- RFP bid conference Issued + 20 days
- Intent to Bid form due Issued + 30 days
- Benchmark Resources Due Issued + 60 days
- Responses due Issued + 75 days
- Evaluation complete Issued + 120 days
- Oregon Commission acknowledgement of final shortlist¹ Issued + 120 days
- Bidder negotiation Issued + 180 days
- PacifiCorp decision Issued + 180 days

¹The Oregon Commission may acknowledge the final shortlist. See Oregon Order No. 06-446 Guideline 13.

Resource Requirements

- Up to a total of 500 MW of Renewable Resources with a limit of 300 MW per resource/project
- Renewable Resources are defined as:

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

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

Resource Requirements (cont)

- (E) geothermal energy;
- (F) certified low-impact hydro-electric energy with a nameplate capacity less than fifty megawatts, without regard to the date upon which the facility becomes operational, if the facility is certified as a low-impact hydroelectric facility on or after January 1, 1995, by a national certification organization;
- (G) waste gas and waste heat capture or recovery;*
- (H) efficiency upgrades to a hydroelectric facility, without regard to the date upon which the facility became operational, if the upgrades become operational on or after January 1, 1995;
- (I) geothermal energy if located within the state of Utah, without regard to the date upon which the facility becomes operational; or
- (J) hydroelectric energy if located within the state of Utah, without regard to the date upon which the facility becomes operational.

* PacifiCorp reserves the right to reject waste gas and waste heat capture or recovery

Company Benchmark

– Benchmark Resource(s)

- ▶ The Company is planning on submitting the following renewable resource benchmark (s):
 - up to three wind projects,
 - located on up to three wind sites,
 - with a size of up to three hundred (300) megawatts per project.
 - Locations being considered include sites the Company is currently developing in Wyoming.

- ▶ In addition, project sites may be considered that the Company may acquire from developers prior to the time when the benchmark resource(s) are finalized.

- ▶ The benchmarks will be based on the expected cost to develop, construct, own, and operate the benchmark(s) using prudent industry practices, established vendors, and experienced constructors.

- ▶ The suitability of each site to result in a valid benchmark project will be based on the Company's then-current assessment of the site's ability to accommodate the timing requirements of RFP 2008R-1 with respect to permitting, interconnection timing and capability, availability of long lead time equipment, constructability, and regulatory cost recovery risk, and the size.

Overview of RFP 2008R-1

- ▶ Relationship to RFP 2008R
 - RFP 2008R was issued on January 31, 2008 and is now closed
 - PacifiCorp is in negotiations with short listed bidders
 - RFP 2008R solicited online dates prior to December 31, 2009
 - RFP 2008R-1 solicits online dates prior to December 31, 2011
 - The RFPs will only be duplicative to the extent the project online date is prior to December 31, 2009
 - RFP 2008R-1 will be evaluated independently of RFP 2008R
 - Bidders may submit bids under both RFPs

- ▶ Notice of Intent to Bid

- ▶ A resource in RFP 2008R-1 **must** be less than 300 MW but have an expected annual output of at least 70,000 MWhs per year.

- ▶ Proposed bidder fees
 - \$10,000 bid fee allows for one base proposal in addition to two alternatives
 - Bidders will have the option of submitting up to three additional alternatives for a fee of \$1,000 per alternative
 - The Company is looking into the addition of a success fee structure

Overview of RFP 2008R-1 (cont)

- Types of Transactions Structures
 - (1) Power Purchase Agreement with Purchase Option
 - (2) Build Own Transfer

- Delivery Points
 - ▶ Eastern Control Area (PACE)
 - Salt Lake Valley
 - Mona 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
 - Wyoming- delivery points will require further evaluation for integration
 - Borah, Brady or Kinport if such resource is interconnected to PacifiCorp’s Southwest Idaho electrical system near the Goshen 161 kV area.

Overview of RFP 2008R-1 (cont)

Western Control Area (PACW)

- Mid Columbia
- Paul 500 kV
- 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.
 - 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.

Overview of RFP 2008R-1 (cont)

- Proposals which require third party transmission
 - If a third party transmission wheel is required in order to deliver to PacifiCorp's transmission system, the third party transmission details, including costs and availability, **must** be included in the proposal
- The RFP 2008R-1 will have one Independent Evaluator (“IE”) and one Consultant:
 - ▶ The Oregon IE - Boston Pacific
 - ▶ The Utah Consultant - TBD
- At this point in time and subject to the Independent Evaluator, the Company will manage the Q&A process, the documentation, amendments and or announcements.
- All RFP 2008R-1 material and updates are currently located on PacifiCorp web site under: <http://www.pacificorp.com/Article/Article81264.html>
- Appendix K in the RFP 2008R-1 outlines the role and responsibility of the Independent Evaluator and the Consultant.
- Appendix L provides the Company self-imposed code of conduct.

Pricing Input Sheet

- The Form 1 Pricing Input Sheet is an interactive Excel spreadsheet.
 - ▶ Provides critical inputs that will be used for the financial evaluation of each bid.
 - ▶ It is critical to that bidders enter inputs by order of Field ID.
 - ▶ A Form 1 can be used for both the power purchase option and the build own transfer option.
 - ▶ A definitions sheet is included with the Pricing Input Sheet – definitions are cross-referenced by Field ID.
- An electronic version of the Pricing Input Sheet must be submitted for each bid or bid will be rejected and returned to the IE
 - ▶ To the extent that information does not conform to the Pricing Input Sheet, bidders are to supplement the additional information

Initial Shortlist Screening

– Step 1: Initial Shortlist Bid Evaluation - RFP Base Model

▶ PRICE FACTOR EVALUATION (UP TO 70%)

- PacifiCorp will utilize the RFP Base Model to screen the proposals and to evaluate and determine the price ranking for the initial shortlist.
- 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 percentage range of 80% to 140% may be adjusted based on the bids received.

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 140% of adjusted price curves	Linearly interpolated
Equal to or greater than 140% of the adjusted price projection	0%

Initial Shortlist Screening (cont)

▶ NON-PRICE FACTOR EVALUATION (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.
- 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.

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

Final Shortlist

– Step 2: Integrated Resource Plan – Final Shortlist

- ▶ The Company will use a production cost simulation system
- ▶ In determining the company's alternative, the Company first runs the production cost simulation system (the Planning and Risk, or PaR model) in stochastic mode using the then-current IRP preferred portfolio.
- ▶ The PaR model is then run a second time with the uncommitted future renewable resources removed from the preferred portfolio.
- ▶ The resulting production costs from this second model run reflect the market-based energy costs incurred as a result of no longer adding renewable resources to the IRP preferred portfolio.
- ▶ Next, other costs and benefits of the specific bid resource being considered are compared against the PaR model results. This comparison is in the form of a bid resource ACC value (“next highest Alternative Cost for Compliance”), which represents the resource cost, over the life of the project that yields a zero net PVRR difference with respect to the PaR model's market-based resource alternative.

Credit Requirements

- Credit Requirements will be determined by:
 - ▶ Credit quality of the Bidder or the entity providing credit assurances on behalf of the Bidder
 - ▶ Type of Resource Category and Transaction Type
 - Power Purchase Agreement or Build Own Transfer
 - Asset backed vs. Non-asset backed
 - Non-asset backed Power Purchase Agreements will be limited to five years
 - ▶ Size of Resource and the number of MW to be delivered (nameplate MW multiplied by the capacity factor)
 - ▶ Date the resource comes online

- The Credit Matrix included in Appendix D displays the maximum value of credit assurances required based on the factors above
 - ▶ Credit assurances may be provided in the form of a parental guaranty, a letter of credit, or cash escrow
 - ▶ Any required commitment letters to provide credit assurances on behalf of the Bidder will be required 20 business days after the Bidder has been selected for the final shortlist.

Questions/Comments & Information Sources

RFP Questions and Answers
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PacifiCorp Transmission

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