PacifiCorp
Utah All Source Request for Proposal
2016 Resource

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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 2008 Integrated Resource Plan, as updated ("IRP") and the 2011 IRP which is currently pending acknowledgement before the Oregon Public Utility Commission ("Oregon Commission") and Utah Public Service Commission ("Utah Commission"). The scope of this All Source Request for Proposals ("RFP"), subject to the limitations described herein, is focused on system-wide, east and west balancing authority area ("BAA"), energy and capacity[1] generation which is capable of delivering energy and capacity in or to the Company's Network Transmission system[2] (www.oasis.pacificorp.com). This RFP is seeking capacity and energy resources to serve PacifiCorp's entire system. All bids from new or existing coal resources will be considered and evaluated by the Company.
Bidders may propose any of eight (8) different Resource Alternative structures in three (3) separate Bid Categories. Proposals must identify the Resource Alternative and the Bid Category. The Bid Categories are separated into Base Load, Intermediate Load and Summer Peak resources as set forth below.[3] Each Bid Category will be screened to determine the initial shortlist and the top bids will then be input into the IRP models to determine the Final Shortlist.

Bid Category	Capacity Factor
1) Base Load	> 60%
2) Intermediate Load	20-60%
3) Summer Peak Q3 purchases	July-September HE 07 through HE 22 PPT

All energy and capacity resources must provide unit contingent or firm resource capacity and associated energy that are incremental to the Company's existing capacity and energy resources and the resource must be available and ready to be dispatched or scheduled by June 1, 2016 (the "Eligible Online Date") by the Company.[4] To the extent Bidders propose resources that will be available to the Company for dispatch or scheduling prior to June 1, 2016, Bidders must request alternative online dates. Bidders must submit request for alternative eligible dates via the Independent Evaluators' ("IEs") website at

[1] Generating resources may include renewable resources only if the resource can be dispatched or scheduled by PacifiCorp ("Eligible Renewable Resources").
[2] Company's East Balancing Authority Area ("PACE") and/or the Company's West Balancing Authority Area ("PACW").
[3] Section II of this RFP outlines guidelines offered by the Company to assist Bidders in identifying the Bid Category for each proposal.
[4] 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, 2016.

least 30 calendar days prior to the bid due date.

The Company and IEs will review the request for each Bidder proposal and make a determination as to whether or not the alternative online date will be classified as an approved eligible date. Bidders must specify the online date for each resource proposed.

The Company will not submit a benchmark resource proposal for any category. The Company will develop an initial shortlist comprised of top-performing bids in each of the three (3) Bid Categories by fuel type. All assumptions and inputs that the Company will use in the evaluation of Bidder proposals will be provided and locked down with the IEs prior to receipt of proposals. The Company will then request best and final pricing from the Bidders whose proposals were selected to the initial shortlist. Twenty (20) days prior to the date best and final pricing is due, the Company may update assumptions used to evaluate proposals and provide them to the IEs. The IEs will review and provide feedback to the Company within ten (10) working days after any assumption updates are delivered and the Company will lock down the assumptions and inputs prior to the receipt of best and final pricing from Bidders. Any assumption updates will be made using the same methodology used to lock down assumptions prior to issuance of the RFP. To the extent any updated modeling assumptions shift the timing and size of the resource requirement, the Company will rerun the system optimizer using the updated resource portfolio as the Baseline Portfolio. In coordination with the IEs, the appropriate resources will be removed from this updated resource portfolio to create a need that can be filled by Bidder proposals with costs that are consistent with best and final pricing.

The following table sets forth the Company's 2011 Integrated Resource Plan preferred portfolio indicating the generic combined-cycle combustion turbine (CCCT) resource selected for 2016.

	Capacity (MW)									
Resource	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CCCT F Class	-	-	-	625	-	597	-	-	-	-
CCCT H Class	-	-	-	-	-	-	-	-	475	-
Coal Plant Turbine Upgrades	12	19	6	-	-	18	-	8	-	-
Wind, Wyoming	-	-	-	-	-	-	-	300	300	200
CHP - Biomass	5	5	5	5	5	5	5	5	5	5
DSM, Class 1	6	70	57	20	97	-	-	-	-	-
DSM, Class 2	108	114	110	118	122	124	126	120	122	125
Oregon Solar Programs	4	4	4	3	3	-	-	-	-	-
Micro Solar - Water Heating	-	4	4	4	4	4	4	4	-	-
Front Office Transactions	350	1,240	1,429	1,190	1,149	775	822	967	695	995

Note: Front office transaction (firm market purchases) reflect one-year transaction periods, and are not additive.

Calendar Year	2016
East	
East Existing Resources	7,949
East Obligation	8,946
East Reserves*	1,117
East Obligation + Reserves*	10,063
East Position	(2,114)
East Reserve Margin	(11%)
West	
West Existing Resources	3,447
West Obligation	3,649
West Reserves*	452
West Obligation + Reserves*	4,100
West Position	(653)
West Reserve Margin	(5%)
System	
Total Resources	11,397
System Obligation	12,595
System Reserves*	1,569
Obligation + 13% Planning Reserves*	14,164
System Position	(2,767)
Reserve Margin	(9%)

Bidders should note that although from a planning basis the IRP identifies specific types of resources 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 2011 IRP assumes a 13% planning margin. Planned renewable targets, distributed generation, conservation and demand side management[5] resources are not included for purposes of calculating resource needs for this RFP. For the period up to the identified major resource need, which is 2016 in the 2011 IRP, renewable targets, distributed generation and conservation and demand side management resources will be included as fixed resources for System Optimizer (SO) modeling (which is discussed in more detail in Section 6). However, these resources will not be fixed thereafter. The Company may opt to contract for more or less capacity and energy depending upon, among other things, bids received in response to the RFP, purchases apart from this RFP, 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 wholesale market conditions.

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

In order to provide for a transparent and fair process, the RFP will be conducted under the oversight of IEs. An IE hired by the Utah Commission and an IE retained by the Company on behalf of the Oregon 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 18**. Contact information for the IEs is as follows:

Utah Independent Evaluators: Merrimack Energy Group, Inc.
http://www.merrimackenergy.com/PacifiCorp2011RFP/index.asp
Oregon Independent Evaluators: Boston Pacific Company, Inc.
fmossburg@bostonpacific.com

Upon conclusion of the RFP process, PacifiCorp will request the Utah Commission to approve the selected resource(s). The Company will seek 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, 2016. Section 2 addresses the Resource Alternatives, proposal characteristics and proposal options. Section 3 addresses logistics including where and when proposals must be submitted, bid fees and minimum requirements, as well as important conditions 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

The Company is seeking approximately 600 MW of cost-effective resource(s) consisting of Base Load, Intermediate Load and Summer Peak Q3 resources to meet the Company's System Position beginning June, 2016. See **Attachment 1** for a description of the technology, configurations, fuel type, location, projected life, transmission requirements and operation and dispatch characteristics for the EPC Resource Alternative. Unless exceptions apply as identified in the summary of Resource Alternatives later in this section, a Bidder's proposal must exceed or equal 100 MW and have a fixed term of at least five (5) years. Resource(s) bid(s) proposed by Bidders must provide unit contingent or firm capacity and associated energy incremental to the Company's existing capacity and further be available for dispatch or scheduling by the Eligible Online Date.

The Company will consider each Resource Alternative proposed by the Bidders in one of three Bid Categories by fuel type: Base Load, Intermediate Load or Summer Peak Q3. Bidders are required to identify one of the three Bid Categories for each Resource Alternative proposed.[6] To help Bidders identify a Bid Category, the Company offers the following guidelines:

- Base Load Bid Category: a Resource Alternative likely to exhibit a capacity factor at or above 60% over the proposed term.
- Intermediate Load Bid Category: a Resource Alternative likely to exhibit a capacity factor between 20% and 60% over the proposed term.
- Summer Peak Q3: a Resource Alternative that will be purchased by the Company in the months of July through September in hours ending 07 through 22 Pacific Prevailing time that either includes or excludes NERC holidays and Sundays over the proposed term.

In addition to identifying the Bid Category, Bidders are required to propose one of the following Resource Alternatives: (1) Power Purchase Agreement (PPA); (2) Tolling Service Agreement (TSA); (3) Engineering Procurement Contract (EPC) on Company defined site built to Company's specifications or Asset Purchase and Sale Agreement (APSA) on Company defined site built to Company's specifications; (4) Asset Purchase and Sale Agreement (APSA on Bidder's 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 PPA or Exchange Agreement and /or buyback of an existing sales agreement; or (8) Exceptions which include (a) Load Curtailment, (b) Qualified Facility (QF) or (c) Eligible Renewable Resources. Descriptions of each of these Resource Alternatives are set forth below.

CHART 1

Resource Alternatives	Term	Location	Requirements
1) PPAs	Fixed term specified in the bid up to the life of the asset from a single resource located in or delivering to PACE or PACW	Bidders can bid on their sites, however, PacifiCorp is not required to operate the facilities	**Attachment 3, 19 and Appendix C-1, D, F.**

[6] Bidders can propose the same Resource Alternative into more than one Bid Category: however, for purposes of this RFP, proposals bid into more than one Bid Category will be required to submit a bid fee for each Bid Category proposed. The Initial Shortlist will be developed for each of the three Bid Categories identified in this RFP.

Resource Alternatives	Term	Location	Requirements
	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[7] of less than 5 years, and a minimum of 100 MW.		
2) TSAs	Same as #1	Same as #1	**Attachment 5, 19 and Appendix C-1, D, F.**
3) EPC /APSA on PacifiCorp defined site	Life of the asset will be evaluated consistent with 2011 IRP Tables 6.1-6.4. [8]	Currant Creek site	Bids pursuant to the APSA, or Bids that result in an engineering, procurement, construction, commissioning, and turnover of a facility that complies with the EPC specifications in **Attachment 17**; and contractual privities between PacifiCorp and the EPC contractor. Bidder must complete **Appendix C-2 and Attachment 19.**

[7] Maximum Term of less than five (5) years means a term of greater than one (1) year but less than five (5) years.
[8] Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.

Resource Alternatives	Term	Location	Requirements
4) APSAs on Bidder's Site	Life of the asset will be evaluated consistent with 2011 IRP Tables 6.1-6-4. [9]	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 **F and Attachment 19**. Contractual privities between PacifiCorp and the EPC contractor. Company will perform due diligence of Bidder technical specification or Bidder may be required to apply Company technical specifications in **Attachment 17.**
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 2011 IRP Tables 6.1-6.4. [10]	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 13**). Bidder must complete **Appendix C-3 and Attachment 19.**

[9] Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.
[10] Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.

Resource Alternatives	Term	Location	Requirements
			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 PPA 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. Bidders must complete **Attachment 19.**
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 25 MW 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, regulation or order. Bidders must complete **Attachment 19.**
8 (b) Qualifying Facility (QF)	Fixed term must be a minimum of 5 years and 10 MW.	Same as #5	QFs are as defined under the regulations implementing the Public Utility Regulatory Policy Act of 1978 ("PURPA"). Bidder must complete **Attachment 2, 19** and **Appendices C-1** and **F.**
8 (c) Eligible Renewable Resource	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	Company must be able to dispatch or schedule renewable resource. Bidder must complete Bidders must complete **Attachment 19 and Appendices C-1, D, and F.**

1. PPA

Power purchase bids must be for a fixed term at a stated price which may be indexed to CPI, GDP, or a fixed annual rate specified by the Bidder. PPAs can be from a single resource or resources, as applicable, must be located in or into PACE or PACW and must be in the form of a PPA. A PPA Pro Forma 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, or (b) from the Bidder's electrical system. The fuel source type must be specified in the proposal. Bids, including those from new or existing coal resources will be considered by the Company and, during the evaluation process, will be given appropriate weight based on carbon ("CO_2") risks and other environmental compliance costs and risks associated therewith.

In the event a Bidder proposes a PPA not backed by assets, the term accepted will be limited to a Maximum Term[11] of less than five (5) years.

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[12] that is BBB-/Baa3 or greater from S&P/Moody's or, if not publicly rated, an equivalent Credit Rating as determined by PacifiCorp. (See Appendix B)

2. TSA

Tolling Service Agreement bids must be for a fixed term at a stated price which may be indexed to CPI, GDP, or a fixed annual rate specified by the Bidder. TSAs can be from a single resource which is located in or delivering to PACE or PACW, and must be in the form of a TSA. The fuel source type must be specified in the proposal. A Pro Forma TSA is attached as **Attachment 5**. The facility from which the TSA is bid can be located on (a) a Bidder-supplied site, or (b) from the Bidder's electrical system. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.

In the event a Bidder proposes a TSA not backed by assets, the term accepted will be limited to a maximum of less than five (5) years.

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. If the TSA is (1) a financially settled physical tolling arrangement, the Bidder will be responsible for the fuel,

[11] Maximum Term of five (5) years means a term of greater than one (1) year but no more than five (5) years.

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

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.

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 (See Appendix B).

3. EPC/APSA on PacifiCorp Defined Site

Bids for construction on a PacifiCorp defined site must take the form of the EPC Pro Forma Agreement to which the Company and the entity with overall EPC responsibility for the project must be parties. The EPC Pro Forma Agreement and the APSA Agreement are attached as **Attachment 4 and Attachment 6, respectively** and **Attachment 17** which sets forth the PacifiCorp site specifications. The fuel source type must be specified in the proposal. Any EPC and/or APSA proposal for the facility at the Currant Creek site must be bid in compliance with the specifications in **Attachment 17**. All Bidders in this category must complete the information requested in **Appendix C-2** and all submission documents identified in **Attachments 4 and 17**.

If the Bidder is submitting an EPC, the Bidder shall be responsible for the engineering, procurement and construction of the facility, including, but not limited to, construction permitting, engineering, procurement, 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. If a bidder builds a project at the Currant Creek site the project must be built to meet the specifications provided in **Attachment 17**. Design evaluation criteria that the Company will use for bid screening and evaluation purposes can be located in Chapter 6: Resource Options (Tables 6.1-6.4) of the 2011 IRP. Attachment 1 further provides information regarding the EPC Resource Alternative. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process. If the Bidder is submitting an APSA the Bidder shall be responsible for all of the EPC requirements described above as well as the development of the project.

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 EPC and or 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 EPC and or 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 (See Appendix B).

The aggregate of the "all-in" capital cost for the EPC and or APSA resource will include all payments to be made to the Bidder under the EPC and or APSA structures. These costs will include all Owners' Costs Under and EPC Owner's Development costs, which will be locked down prior to the receipt of the proposals and are outlined in **Attachments 7 & 8,** respectively. A listing of those categories and costs are in **Attachments 7 & 8.**

4. APSA 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 Pro Forma 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 **F**. Bidders should also submit a form operations and maintenance ("O&M") agreement based on the terms and conditions set forth in **Attachment 16**.

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 is acceptable to the Company.

This Resource Alternative is only for facilities that have not reached commercial operation as of the Bid Due 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. Design evaluation criteria that the Company will use for bid screening and evaluation purposes are located in Chapter 6: Resource Options (Tables 6.1-6.4) of the 2011 IRP. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process. As part of the Bidder's proposal under this Resource Alternative, the Bidder shall provide a comprehensive design basis and technical specification for the proposed facility.

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. (See Appendix B)

The Company will own and the Bidder may be required to 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.

5. Purchase of an Existing Facility

In the event a 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 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. Design evaluation criteria that the Company will use for bid screening and evaluation purposes are located in Chapter 6: Resource Options (Tables 6.1-6.4) of the 2011 IRP. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.

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

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, 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 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 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. Design evaluation criteria that the Company will use for bid screening and evaluation purpose is located in Chapter 6:

Resource Options (Tables 6.1-6.4) of the 2011 IRP. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process.

The Company would own and operate the prospective facility following closing on the sale. Existing fuel commodity or power commodity 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 PPA or an Exchange Agreement and/or Buyback of an Existing Sales Agreement

The Company will accept proposals under this Resource Alternative for one or more of the following: (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.

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

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

a. Load Curtailment

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 PPA (**Attachment 3**) as the underlying agreement.

b. Qualified Facility

QFs, as defined under the regulations implementing 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. Design evaluation criteria that the Company will use for bid screening and evaluation purposes are located in Chapter 6: Resource Options (Tables 6.1-6.4) of the 2011 IRP. Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process. 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 F. Each QF Bidder must also submit the required information in **Attachment 2**[13] 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 PPA (**Attachment 3**) as the underlying agreement.

c. Eligible Renewable Resources

If the Bidder proposes an Eligible Renewable 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. Design evaluation criteria that the Company will use for bid screening and evaluation purposes is located in

[13] 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/es/cg/cqfp.html

Chapter 6: Resource Options (Tables 6.1-6.4) of the 2011 IRP Bidders may propose adjustments to the Design Plant Life based on existing or planned plant improvements which will be considered by the Company in consultation with the IEs during the bid evaluation process. 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 **F.** 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. Geothermal resources are encouraged to bid.

BID FEES/PROPOSAL OPTIONS

To help defray the cost of the IEs, 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 Eligible Renewable Resources) 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 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 and Bid Category. In addition, bidders will have the option of submitting up to five additional alternatives as follows: (i) the fourth through sixth additional alternatives at a fee of $1,000 each, (ii) the seventh additional alternative at a fee of $2,000 and (iii) the eighth additional alternative at a fee of $3,000. A proposal for a different Resource Alternative, a different Bid Category, at a different site or using a different technology will be considered a separate proposal and will be subject to a separate bid fee. All bid fee(s) must be submitted with the proposals that are sent to Boston Pacific. 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 IEs, 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. or Boston Pacific.

PacifiCorp is interested in creative proposal options that add value for customers; however, if a proposal is contingent on another proposal the Bidder must clearly state any contingencies so that the Company can evaluate them accordingly. 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, for the same bid fee. Bidders will also be allowed to offer additional alternatives as follows: (i) the fourth through sixth additional alternatives at a fee of $1,000 each, (ii) the seventh additional alternative at a fee of $2,000 and (iii) the eighth additional alternative at a fee of $3,000. Alternatives will be limited to different bid capacities, contract terms, cooling technologies, in-service dates,[14] and/or pricing/security structures. A Bidder may submit more than one proposal. If a Bidder submits the same proposal but with three different bid capacities, the proposal must be considered one proposal with two alternatives and the Bidder will 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 capacities, terms and in-service dates.

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. The Company will only allow Bidders to defer or accelerate in-service dates as an option that can be exercised by the Company. Proposals for firm online dates beyond June 1, 2016 are not allowed; however, Bidders can request approval with the IE to submit proposals having firm online dates prior to June 1, 2016. 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 **Form 2**. Bidders should provide a schedule that offers a one (1) 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

[14] Alternate in-service dates must comply with the guidelines set out in this RFP.

price. For each resource and alternative proposed, **Forms 1** and **2** should be completed, if applicable.

UNACCEPTABLE PROPOSAL CHARACTERISTICS

The Company will not accept renewable resources that cannot be dispatched or scheduled by PacifiCorp. All bids from new or existing coal resources will be considered by the Company and, during the evaluation process, will be given appropriate weight based on CO2 risks associated therewith.

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 per the North American Electric Reliability Corporation ("NERC") during the months of June through September or December through February in any year.

SECTION 3. LOGISTICS

A. SCHEDULE OF RFP ACTIONS

Table 2 sets forth the anticipated schedule:

Table 2

Event	Anticipated Date
RFP issued	January 6, 2012
RFP bid conference	January 17, 2012
Intent to Bid Forms due	February 14, 2012
Bidders submit proposals (Bid Due Date)	May 9, 2012
Evaluation of Initial Shortlist completed	July 8, 2012
Only Initial Shortlist submits best and final updated proposals (Best and Final Bid Due Date)	August 8, 2012
Final evaluation of Best and Final Bids completed Final Shortlist	September 10, 2012
Oregon Commission acknowledgement of Final Shortlist[1]	October 2012
Negotiation of bids on Final Shortlist completed	December 22, 2012
PacifiCorp decision	January 7, 2013
File application in Utah Commission approval proceeding (120 days)	January 16, 2013
Utah Commission approval (120 days) from filing	May 16, 2013
Avoided cost filing[2]	
[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:	9:30 -10:30 a.m. Pacific Time / 10:30 -11:30am Mountain Time
Date:	January 17, 2012
Location:	Oregon - 825 NE Multnomah – Room 956 (9th floor) Utah - North Temple Office – 215 L (2nd Floor above Security desk)

Interested parties and Bidders may submit questions prior to the RFP bid conference. 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 materials on a website established by the IE. 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: Boston Pacific Company, Inc.
fmossburg@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. Two (2) 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 Time on February 14, 2012.

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
Boston Pacific Company, Inc.
c/o Pacific Power Legal Department
Attention: Mary Wiencke
825 NE Multnomah, Suite 1800
Portland, Oregon 97232

D. SUBMISSION OF BIDS

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

1. a signed original and two (2) 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.

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
Boston Pacific Company Inc.
c/o Pacific Power Legal Department
Attention: Mary Wiencke
825 NE Multnomah, Suite 1800
Portland, Oregon 97232

Bids will be accepted until 5:00 p.m. Pacific Time on May 9 , 2012 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.

Only Bidders on the Initial Shortlist will be required to submit updated Best and Final proposals to the addresses above by 5:00 pm Pacific Time on **August 8, 2012** . 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

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 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
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 18** for Role of the IEs.
Evaluation Team: Origination, Generation, 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, Integrated Resource Planning Team, Generation 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, Generation, Legal and Credit	Origination, Generation, Legal and Credit will work with the IEs to ensure that Appendices A and B are complete.

F. EFFECTIVENESS OF BIDS

Each bid proposal must remain open for acceptance by the Company from the date of submittal through **June 15, 2013** unless earlier released in writing by the Company or if the Bidder's proposal does not make the Final Shortlist. 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 will be entitled to update their assumptions.

G. PROCEDURAL ITEMS

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

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 its 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 14**. The forms of commitment letters are in **Attachment 15.**

Attachment 14 explains how the Credit Matrix in **Appendix B** will be used to determine the amount of credit assurances required if a Bidder makes the Final Shortlist. 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 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 14**. It is important that Bidders realize that more than one commitment letter from the entity(ies) providing credit assurances on behalf of the Bidder may be required and if the Bidder is selected further credit requirements will be required as it pertains to the specific credit requirements in each of Agreements in **Attachment 1, 3, 4, 5,** and **6**. 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.

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 if they are selected on the Final Shortlist. 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 it is selected for the final short list. The forms of commitment letters are in **Attachment 15**.

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 14.** 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) is then to be posted twenty (20) business days after the Bidder is selected for the Final Shortlist. Forms of credit commitment letters are provided in **Attachment 15**. 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. Please note that a financial institution providing credit assurances on behalf of the Bidder must have a Credit rating of a least 'A' and 'A2' from Standard &

Poor's Rating Group (S&P) and Moody's Investors Services, (Moody's), respectively, and have assets (net of reserves) of at least $10,000,000,000. QF Bidders and Eligible Renewable Resource Bidders are subject to the credit requirements contained in this RFP.

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 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. If option (x) and (y) are 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 addition to any credit security requirements as shown in the Credit Matrix, the Bidder may be required to post other credit security, depending on the Resource Alternative that is bid. The bidder should refer to the respective proforma agreement for that Resource Alternative for any additional credit security requirements.

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 9.** The timing of when credit assurances must be posted is detailed in **Attachment 14.**

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 <u>all</u> 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 Pro Forma Agreements, selected as part of the Resource Alternatives submitted by Bidder, are acceptable to the Bidder **or** identify any significant exceptions to the Pro Forma 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. 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 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) QF or Eligible Renewable Resources 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 clearly define 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, other utilities interconnection costs, start-up consumables, or any other costs (including fuel) the bidder expects the Company to incur to accomplish synchronization and/or project turnover.

e) All bid proposals must indicate a present ability and commitment to abide by environmental, health, and 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

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. The Company will work with the IE to determine if the Bidder should be excluded from the RFP in the event the Bidder is threatening or in litigation with the Company.

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 to PacifiCorp's satisfaction 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.

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 Pro Forma 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) Failure to demonstrate to PacifiCorp's satisfaction the ability to abide by the applicable environmental, health, and safety standards for the project.

p) Failure to submit a contract structure acceptable to PacifiCorp.

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

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 and the IE, 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

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[15] pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 840 (formerly 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[16] (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.

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[15] "Capital Lease" and "Operating Lease" - shall have the meaning as set forth in the FASB ASC Topic 840 as issued and amended from time to time by the Financial Accounting Standards Board.
[16] "Variable Interest Entity" or "VIE" - shall have the meaning as set forth in the FASBASC Topic 810 (formerly FIN 46) as issued and amended from time to time by the FASB.

6. Cost Associated with Direct or Inferred Debt

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

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

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. Utah law requires the participation of an independent evaluator, appointed by the Utah 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[17] and will seek acknowledgement of resources pursuant to Oregon Order No. 06-446.[18]

9. Subsequent Regulatory Action

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

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

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

the bid to be accepted. Bidders must provide the appropriate bid fee(s) for the number of Resource Alternatives and Bid Categories 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 Table 4.

TABLE 4

Proposal Type	Required Information
All Bidders 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 19 – Term Sheet of Proposal Form 1 - Pricing Input Sheet Form 2 - Permitting and Construction Milestones depending on the Resource Alternative

1) PPA:	Attachment 3 - Power Purchase Agreement (PPA) Appendix F - Bidder Site Control Form Appendix C-1 - PPA and TSA Information Request
2) TSA:	Attachment 5 – Tolling Service Agreement Appendix C-1 - PPA and TSA Information Request Appendix F - Bidder Site Control Form
3) EPC/APSA Bids at PacifiCorp Defined Site:	Attachment 4 – Engineer Procure and Construct (EPC) with Appendix – Currant Creek specifications Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices

	Attachment 17 – Specification for Currant Creek Site Appendix C-2 - Technical Information Summary
4) APSA Bids at Bidder Sites:	Attachment 6 - Asset Purchase and Sale Agreement (APSA) with Appendices Attachment 16 – O&M Term Sheet Appendix C-2 - APSA Information Request Appendix F - Bidder Site Control Form Bidder's form of O&M Agreement
5) Sale of Existing Facilities Bids :	Attachment 13– Due Diligence Items for the Acquisition of an Existing Facility Appendix C-3 – Existing Asset Purchase Information Request
6) Sale of Portion of Jointly Owned or Operated Bids:	Attachment 13 - Due Diligence Items for the Acquisition of an Existing Facility Appendix C-3 - Existing Asset Purchase Information Request
7) Restructuring Bids of an Existing PPA or an Exchange Agreement and/or Buyback of an Existing Sales Agreement:	Existing PPA or Exchange Agreement and Any other form deemed to be required to evaluate the restructuring proposal.
8) Exceptions: **a) Load Curtailment:**	Attachment 3 - Power Purchase Agreement
b) QFs:	Attachment 3 - Power Purchase Agreement Appendix C-1 - PPA Information Request Appendix F - Bidder Site Control Form Attachment 2 - QFs Bidder Information
c) Eligible Renewable Resources:	Attachment 3 - Power Purchase Agreement Appendix C-1 - PPA Information Request Appendix F - Bidder Site Control Form

SECTION 5. RESOURCE INFORMATION

A. PRICE AND NON-PRICE INFORMATION

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 are located in the 2011 IRP in Chapter 7, Modeling and Portfolio Evaluation Approach. This represents the best information available at the time the 2011 IRP was filed in March 2011. The base case will be updated through the RFP process and shared with the IEs.

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 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 <u>must</u> 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 2011 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. The foregoing notwithstanding, a bidder desiring to offer a bid in which it proposes to absorb some or all of any liability associated with CO_2 costs, may do so and will be reflected in the evaluation accordingly.

As such, if the bid does not provide for the passing through of such costs absent a pledge to absorb this liability, the bid evaluation process will incorporate the assumption that Bidders <u>will pass through to PacifiCorp any costs</u> associated with meeting future air quality requirements relating to specified facilities.

B. PRICE INFORMATION

1. Fixed & Variable Cost for Capacity and Energy

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-supplied fixed rate.**

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-supplied fixed rate.**

a) Fixed Costs

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

- The Bidder - specified capacity cost payment ($/kw-mo)
- The Bidder – specified fixed O&M payment ($/kw-mo)
- 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 transmission integration. The integration costs associated with the possible Points of Delivery in **Attachment 20** 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 cannot determine if the Point of Delivery corresponds to one of the Points of Delivery in **Attachment 20** then the Bidder must request clarification with the Utah IE who will seek the determination from PacifiCorp's Transmission department.

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 can be fixed or indexed to the Consumer Price index, the Gross Domestic Product, or a bidder-supplied fixed rate.
- Variable O&M ($/MWh).
    - This value can be a fixed value with a fixed escalation and escalated using an index as described above.
- 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 synchronization, minimum sustainable load that the plant is in compliance or to full load. Start costs, operating hour costs and variable O&M cost must be clearly separated and defined. Cost presentation format provided by the Bidder should be in $/MWh terms and operating assumptions clearly defined.

C. NON-PRICE INFORMATION

1. Point(s) of Delivery

This RFP is requesting approximately 600 MW of cost-effective resources that are capable for delivery into or in the Company's network transmission system[19] in PACE or PACW. All proposals will be contingent on the ability of PacifiCorp's commercial and trading function ability 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:

East system Points of Delivery (PACE)

- Salt Lake Valley
    - Connected to a major 138 kV or 345 kV substation in the Wasatch Front load area south of the Ben Lomond substation and north of the Camp Williams substation.

[19] Any costs required to upgrade PacifiCorp's electrical infrastructure (integration costs) will be considered in the overall economics of the resource. See **Attachment 20** for cost assumptions for Integration costs. If the Bidder is proposing another site that is not stated in **Attachment 20**, PacifiCorp will use the best available information at the time of evaluation to determine the integration costs for the analysis.

- PacifiCorp Sites
  - Currant Creek
- Mona 345 kV
- Glen Canyon 230 kV
- Nevada/Utah Border:
  - Gonder-Pavant 230 kV line known as “Gonder 230 kV”
  - Red Butte – Harry Allen 345 line known as “NUB” or Red Butte 345 kV
- Crystal 500 kV
- West of Naughton
  - Connected to a major 230 kV or 345 kV substation west of Naughton substation to the Utah border.

Although the Company will consider resources delivered to the following areas these areas have been identified as having potential transmission constraint implications 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.
- All points of receipt which require transmission line construction will require 4-7 years and in some scenarios even longer in order to allow time for environmental work, route selection, permitting, and construction. Resources located at one of these Point of Receipt (POR’s)’s may require cost adjustment for some period of time to accommodate re-dispatch of existing resources or other means of managing transmission congestion in the interim period between completion of plant construction and before new transmission is commissioned.
- Estimates provided in the document are conceptual (plus or minus 50%) un-scoped and provided for informational purposes. System impact studies completed for actual generation interconnection request may identify new constraints and impacts that significantly change the cost and schedule estimates provided here. Cost estimates and schedules provided in this document do not represent any firm offer of service.

PacifiCorp is willing to consider purchasing capacity and associated energy that is sourced from 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.

West System Points of Delivery (PACW)

- Mid Columbia – Yakima Area
  - Midway 230 kV
  - Wanapum 230 kV

- California Oregon Border
- Portland
  - Troutdale 230 kV
- Willamette Valley
  - Alvey 500 kV
  - Fry 230 kV
- Southern Oregon
  - Chiloquin230 kV
  - Dixonville 230 kV
  - Meridian 230 kV
  - Reston 230 kV
- Central Oregon
  - Bend 69 kV
  - Pilot Butte 69/230 kV
  - Ponderosa 230 kV
  - Redmond 69 kV
- Oregon Coast
  - Astoria to Tillamook 115 kV
  - Boyer (Lincoln City) 115 kV

- Within the Western Control Area – The point of interconnection is the point 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 resource is located within the Bonneville control area the Bidder must show they have control area service from the resource to the delivery point.
- All points of receipt that require transmission line construction will require 4-7 years and in some scenarios even longer in order to allow time for environmental work, route selection, permitting, and construction. Resources located at one of these POR's may require cost adjustment for some period of time to accommodate re-dispatch (if possible) of existing resources or other means of managing transmission congestion in the interim period between completion of plant construction and before new transmission is commissioned.

2. Proposals Requiring Third-Party Interconnection and Transmission Service

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 or the Bidder will need to explain and provide the agreement they have where a specific balancing authority is in fact providing reserves within the hour.

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 or the Bidder will need to explain and provide the agreement they have where a specific balancing authority is in fact providing reserves within the hour.

3. Standards of Conduct

Each Bidder responding to this RFP must conduct its communications; implementation and operations in compliance with the Federal Energy Regulatory Commission's ("FERC") 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 marketing function, the Commercial and Trading department; rather it is with PacifiCorp's transmission function, the Transmission Services department, or other third-party transmission providers.

4. PacifiCorp Transmission Interconnection & 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 ("OATT"). Bidders must advise PacifiCorp Transmission Services if its service is being requested as part of this RFP. Bidders requiring interconnection service from PacifiCorp Transmission should request Energy Resources (ER) 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 Services 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 Service department (at www.oasis.pacificorp.com) for information related to a system interconnection requests.

Once the Bidder is selected, funding of the interconnection upgrades, if any, will be allocated in accordance with existing FERC policy and in accordance with PacifiCorp's OATT. The Bidder may be required 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

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 high level potential costs to integrate resources from the bid-specified Points of Delivery to the PacifiCorp system. These costs are reflected in **Attachment 20**. These costs do not include interconnection costs which the Bidder is responsible to include in their bid. The Points of Delivery and the costs identified in **Attachment 20** 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.

In the event that a Bidder proposes a facility, PPA or TSA that is not at one of the locations identified in **Attachment 20**, the Bidder will seek clarification from the IEs, who will seek clarification from PacifiCorp Transmission Services as to the appropriate cost to use from **Attachment 20** for integration of the resources proposed to PacifiCorp's system.

6. Change of Law

In the event there is a change of law which increases the costs associated with this RFP, the Company will negotiate the allocation of such risks after identification of the bidders on the Final Shortlist.

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 that will be updated with those final best and final proposals from the Initial Shortlist (described in Step 1 below) and only the bids in the initial best and Final Shortlist 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. All Bidders must submit **Attachment 19; Term Sheet**. The Company will provide the Bidder with a PDF of **Attachment 19** with any clarifying questions or edits. The Bidder will have two (2) working days to update the PDF and return it to the Company in both a PDF and word document via email to the RFP email box. **Attachment 19** will summarize the Bidders terms and pricing inputs for each bids submitted. Within 2 business days the Bidder will return the PDF and word document to the Company. This will be used to model the bidder inputs in the evaluation. 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 to establish the Initial Shortlist for each of the three Bid Categories by fuel type: a Base Load category, an Intermediate Load category and a Summer Peak category. In performing the price evaluation for the Initial Shortlist for each Bid Category by fuel type, the Company will use the RFP Base Model to calculate 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.

Bids which qualify in the Initial Shortlist from a screening basis will be asked to provide their Best and Final pricing. Those Bids will be updated using the RFP model, if required. Once the Best and Final Bids are selected in the Initial Shortlist those Bids will be run through production cost models to establish a preferred portfolio and subsequently a Final Shortlist. 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. 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 PVRR, adjusted for risk, and accounting for statutory public interest factors. The 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%.[20]

The Company will not ask for, or accept; updated pricing from Bidders during the evaluation period until the Best and Final pricing is requested of Bidders. Once the Company determines the Final Shortlist it is the Company's intent to negotiate 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. 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 balancing authority 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 20** or otherwise that is not disclosed in the Bidder's response will be added by PacifiCorp using information reasonably and readily available during the economic evaluation phase.

[20] 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.

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.

The Company will not make any of the evaluation models - the RFP Base Model, the System Optimizer model, and 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 for all proposals.

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 combined 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 for each Bid Category by fuel type.

a) Price Factor Evaluation (Up to 70%)

The Company will utilize the RFP Base Model to screen the proposals and to assign the price ranking for the eligible bids received in the three Bid Categories by fuel type: Base Load, Intermediate Load, and Summer Peak. The RFP Base Model will compare the cost of each proposal against the value of expected energy priced at the forward price curve.

<u>RFP Base Model Inputs (some inputs may not be applicable to all Resource Alternatives)</u>:

- Forward Prices
- Discount Rates
- Start and End Date
- Transmission Cost
    - Third-party wheeling
    - Integration
- CO_2 Emission Rates
- Rate Base Inputs

- Dispatch Restrictions (hours per day, hours per year, starts per day, etc.)
- Capacity and Heat Rate Degradation Curves
- Variable O&M ($/MWh)
- Operating Hour Costs ($ per operating hour)
- Start-up Costs ($/MWh)
- Fixed O&M ($/kW-mo)
- Daily Gas Capacity (MMBtu/day)
- Daily Gas Demand Charge ($/MMBtu-mo)
- Gas Transportation/Delivery Adder ($/MMBtu)
- Fuel Reimbursement/Gas Pipeline Losses (%)
- Energy Payment ($/MWh)
- Capacity Charge ($/kW-mo)
- Monthly Availability Rate
- Project cash flow Financial Inputs (Inflation, AFUDC rates, after-tax weighted average cost of capital, tax rates, etc.)

Calculation of the Price Score

The price score will be calculated for each proposal (and each alternative as applicable) using a market ratio metric. The market ratio will be expressed as a percentage and will be calculated by dividing the nominal levelized PVRR of expected energy value, expressed on a $/kW-mo basis, into the nominal levelized PVRR of proposal costs, expressed on a $/kW-mo basis. A market ratio less than 100% indicates that the PVRR of proposal costs are lower than the equivalent market alternative, and therefore favorable to customers. The market ratio will be used to assign a price score of between zero and 70% to each proposal (and each alternative as applicable) as set forth in the table below.[21]

Market Ratio	Price Factor Weighting
Less than or equal to 60%	70%
Greater than 60% but less than 140%	Linearly interpolated
Equal to or greater than 140%	0%

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

Non-price factors will be used to establish a non price score of up to 30%. The non-price analysis will gauge the relative development, construction and operational characteristics and associated risks of each proposal. A matrix will be established for each non-price factor and will be used to compare the bids with one another. For each non-price factor, proposals will be assigned one of three discrete scores: (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,

[21] To the extent a majority of the proposals yield a market ratio above 140%, the upper market ratio limit of 140% will be adjusted and reviewed with the IEs in order to ensure that the majority of proposals are not ranked only on non-price score factors.

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 receive higher scores. Table 5 lists the key non-price criteria and the basis for weighting for each criteria.

Table 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 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 ▪ Safety Compliance/Strategy 0-1.0% ▪ Environmental Compliance/Strategy 0-2.5% ▪ Environmental Impact 0-1.5% ▪ Experience/Qualifications 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.

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 include 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 cycle). 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.

Site Control and Permits

Bidders must be able to 1) document they have obtained site control and provide documentation on which necessary permits have been obtained (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.

Operational Viability/Risk Impacts

This category addresses key viability and risk factors associated with project operations. The five key factors of importance are the Bidder’s safety management and compliance plan, environmental management and compliance plan, the proposal’s environmental impacts, the Bidder’s experience/qualifications on similar work, and the Bidder’s O&M plan. The safety and environmental management and compliance criteria address the ability of the generation facilities supporting the project to anticipate and remain in compliance with existing and future safety and 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 mitigate safety risks and 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 is not able to address this issue fully in its initial bid submission, it should identify any 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 O&M 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.

c) Total Score (up to 100%)

The initial shortlist will be established using the combined price and non-price results, and will be established for each of three Bid Categories by fuel type: Base Load, Intermediate Load, and Summer Peak. For Bidder's that include proposal alternatives, only the top performing option will be considered the eligible proposals for evaluation purposes. Bidders will be asked to update to provide their Best and Final proposals which will be further updated using Step 1 for selection to the initial shortlist. The Company will quantify whether a proposal exceeds the 10% cost increase limit using the RFP Base model, which is the model used to establish the initial shortlist. The nominal levelized present value revenue requirement of both fixed and variable costs, quantified on a $/kW-mo basis, will be calculated consistent with the best and final pricing offered by the Bidder and divided by the same metric calculated consistent with the original pricing. The 10% cost increase limit will have been exceeded if the result of this calculation exceeds 1.10, which would reflect a cost increase in excess of 10% to the original proposal. If Bidders increase their overall pricing when they submit their best and final pricing by more than 10% from their original submission, they may be eliminated by the Company after the Company consults with the Independent Evaluators.

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

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

Based on the initial shortlist, Ventyx Energy LLC's System Optimizer model will be used to develop optimized portfolios under various assumptions for future emission expense levels and market prices. System Optimizer 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). These assumptions will be conceptually consistent with the 2011 IRP low, medium, and high 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.

The starting point for System Optimizer portfolio development is the set of preferred resources and input assumptions that will be consistent with PacifiCorp's 2011 IRP.[22] The resource in the year for which there is a capacity need as defined by the resource portfolio will be removed in order to create a capacity deficit that the model must fill with one or more bid resources. (The model will also be allowed to select a variable quantity of firm market purchases, or "front office transactions" to ensure that a specified annual planning reserve margin is maintained throughout the simulated period.) If assumption updates are made prior to the receipt of Bidders' best and final pricing for proposals selected to the initial shortlist which affect the timing and/or size of the resource need, the portfolio may be revised accordingly. For the period prior to the year for which there is a capacity need being addressed by this RFP, resources not removed to create a capacity deficit, except for front office transactions, will be fixed for all portfolios. Resources beyond the identified resource need year, which is 2016 in the 2011 IRP, will not be fixed.

The System Optimizer will produce an optimized portfolio for each combination of carbon dioxide (CO_2) and natural gas price assumptions input into the model ("price scenarios"). In addition to a base case price scenario, additional price scenarios will be modeled. The price scenarios will be locked down by the IEs prior to receipt of bids.

Each System Optimizer portfolio 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 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

Stochastic and deterministic risk analyses will be performed on each optimized portfolio advanced from Step 2 of the evaluation process. Consistent with the IRP, the Company will use the Planning and Risk model (PaR) to assess stochastic risks and the System Optimizer model to further quantify scenario risk.

a) Stochastic Analysis

The unique portfolios from Step 2 will be simulated using PaR in stochastic mode. The PaR simulation produces a dispatch solution that accounts for chronological unit commitment, dispatch, and transmission constraints.[23] Stochastic risk is captured in PaR results by using Monte Carlo random sampling of five variables: loads, commodity natural gas prices, wholesale electricity prices, hydro energy availability, and thermal unit availability for new resource options. The simulation is conducted for 100 model

[22] Certain assumptions may be updated to reflect more current inputs. All such assumption updates will be reviewed with the IEs.
[23] In contrast, the System Optimizer does not model unit commitment or the holding of reserves.

iterations using the sampled variable values.[24] To capture CO_2 emission costs and associated dispatch impacts, simulations will be conducted using the CO_2 tax values modeled for Step 2 above. This model set-up is consistent with the stochastic simulations conducted in the IRP.

Capital and fixed costs resulting from the System Optimizer portfolios developed in Step 2 of the evaluation process will be added to the net variable cost from the PaR simulation to derive a real-levelized PVRR. For each simulation, the stochastic cost and risk measures calculated include the following:

- Mean PVRR – Mean of the PVRR for the 100 simulation iterations
- Mean Upper-tail PVRR – This measure is derived by identifying the Monte Carlo iterations with the five highest production costs on a net present value basis. The portfolio's real levelized fixed costs are added to these five production costs, and the arithmetic average of the resulting PVRRs are computed.
- 95^{th} percentile PVRR – The PVRR of the iteration that represents the 95^{th} percentile for the 100 simulation iterations.
- Risk-adjusted PVRR – Calculated as the mean PVRR plus the expected value (EV) of the 95^{th} percentile PVRR, where EV = P $(PVRR)_{95}$ x 5%.
- Variable cost standard deviation – A measure of production cost variability risk, calculated as the standard deviation of annual variable costs for the 100 simulation iterations.
- Average annual Energy Not Served – Energy Not Served (ENS) is a condition where there is insufficient generation available to meet load because of physical constraints or market conditions. The stochastic ENS results are averaged across all 100 iterations and reported on an average annual GWh basis for the 20-year simulation period.
- CO_2 emissions footprint – The amount of CO_2, in tons, attributable to generation sources (direct emissions).

b) Deterministic Scenario Analysis

As an additional risk analysis step, the optimal portfolios will be subjected to a more in-depth deterministic dispatch model using the System Optimizer, 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 the other scenarios in order to assess the consequences of choosing a portfolio if other futures are realized. This step is intended to identify portfolios with

[24] Based on a sample size statistical analysis conducted for the 2004 IRP, PacifiCorp determined that 100 iterations exceeded the minimum number needed to be confident (at least at a 95% confidence level) that the sampled iteration mean is close to the true iteration mean. See Appendix G, pp. 98-99, of the 2004 IRP for details on the statistical analysis.

especially poor performance under certain future scenarios and used to inform the selection of final resource options.

Inputs used in System Optimizer and PaR

Operational Costs
For each portfolio, the operational information for each added proposal will be entered into the production cost simulation (System Optimizer or 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, plus any peaking capacity
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 rates (down and up)
16. Unit start-up O&M and fuel required for startup costs
17. Emission rates/costs

Bidders should ensure that they provide the information necessary to undertake the evaluation in their proposal. All the above items should be located in the Pricing Input sheet. The production-cost model simulations (System Optimizer 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. Expected on-going capital costs
4. Incremental Transmission Asset Life
5. Incremental Resource Asset Life

4. Step 4 – Final Selections; Other Factors

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 including, without limitation, compliance with the renewable portfolio standards consistent with the 2011 IRP, or Commission order will be considered, including any reasonable risk mitigation measures offered by a Bidder. The Company may consider creative means, proposed by Bidders, to absorb and securitize any CO_2 risk consistent with multi-state legal and regulatory requirements. The foregoing notwithstanding, a Bidder desiring to offer a bid in which it proposes to absorb some or all of any liability associated with CO_2 costs, may do so.

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.

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 Pro Forma Agreements however changes to the Pro Forma Agreements will not be viewed favorably by the Company.

C. CONFIDENTIALITY AGREEMENT

All parties will be required to sign Confidentiality Agreements if they qualify for the Final Shortlist **(Attachment 11)** prior to entering into negotiations with the Company.

D. NON-RELIANCE LETTER

All parties will be required to sign a non-reliance letter if they qualify for the Final Shortlist **(Attachment 12)** prior to entering into negotiations with the Company.