

Rocky Mountain Power  
Exhibit RMP\_\_(ARL-3)  
Docket No. 07-  
Witness: A. Robert Lasich

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF UTAH

ROCKY MOUNTAIN POWER

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Exhibit Accompanying Direct Testimony of A. Robert Lasich  
Navigant Consulting's Final Report on Pacifiorp RFP 2003-A

December 2007

PUBLIC VERSION

**NAVIGANT CONSULTING'S  
FINAL REPORT ON  
PACIFICORP'S RFP 2003-A**



September 8, 2004



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## Executive Summary

This is the public report regarding PacifiCorp's ("PacifiCorp" or "the Company") 2003-A RFP ("RFP"). The purpose of this report is to provide a summary of the entire RFP process beginning with the review of PacifiCorp's next best alternatives ("NBA") and concluding with the review of negotiations with bidders. Navigant Consulting, Inc. ("NCI") was retained by PacifiCorp as the outside evaluator of the RFP process and was tasked with preparing this public report based on its involvement with the PacifiCorp RFP. The report provides the general public with an understanding of what went into the development of each NBA, how the screening of competitive offers was implemented, how the offer clarification and negotiation sessions with bidders were conducted, and what went into the ultimate selection of resource alternatives by PacifiCorp. The report is segmented into five primary sections that walk the reader through the following:

- I. Background of the 2003-A RFP** – highlighting the rationale and structure of the RFP, the attributes sought by bid category, the timeline of the RFP, and NCI's role as the outside evaluator;
- II. The NBA Review and Validation Process** – highlights what went into reviewing and validating the NBA's developed by PacifiCorp and the timing for completing our validation prior to PacifiCorp reviewing competitive bid information;
- III. The Bid Review and Screening Process** – describes what types of offers were received, what types of companies responded to the RFP, what took place during the course of reviewing the competitive offers submitted by bidders, and how the screening criteria were applied to identify the preliminary bidder short list;
- IV. The Offer Clarification and Negotiation Process** – explains what occurred during the course of clarifying offers with bidders, how the final short list of bidders was identified, and the duration and substance of the bidder negotiations that took place; and
- V. Conclusions and Recommendations** – observations regarding RFP specific activities, conclusions, and proposed recommendations for continuing to improve the Company's formal supply acquisition activities.

Throughout the RFP process, NCI was given unfettered access to information, models, and personnel that would facilitate the review and validation of the approach used by PacifiCorp to implement the RFP and the tools used to evaluate offers. NCI found the process used by PacifiCorp to be fair and reasonable. The first step in NCI's review was evaluating and validating the estimated costs and operating assumptions for each of the NBAs. Following this review, NCI was responsible for administering the distribution of blinded bid information to PacifiCorp and conducting a parallel review of the proposals. Once complete, PacifiCorp prepared a financial assessment of every offer that was submitted for consideration. NCI then reviewed each of the models to validate that the inputs related to each offer were properly reflected in the valuation and that the models fairly represented the value of the offers. Relying on the indicative information in the proposals, PacifiCorp identified the top bidders in each bid category with whom it was interested in holding clarifying discussions (i.e., the preliminary short list). Only these bidder's identities were released to PacifiCorp. Upon concluding clarifying discussions with bidders, the top candidates from the

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preliminary short list were selected for detailed negotiations. These negotiations extended over a nine-month period and concluded with the selection of a preferred resource in two of the three bid categories.

Each alternative considered by the Company was given an equal opportunity to be the resource option of choice for PacifiCorp to meet its projected supply needs. Bidders were also provided ample opportunity to put forth the best offers that they wanted PacifiCorp to consider. The analysis of the offers resulted in no super peak offers being more economic than the market-based benchmark, no peaker offers being superior to the Company's cost-based alternative, and one offer in the Baseload bid category being selected as the resource option of choice for meeting the Company's 2007 resource need.

In the course of describing the basis of the RFP process and the manner in which it was implemented, it is NCI's intent to provide its objective assessment of the process both among the specific components and for the process in its entirety. From an operational and design perspective, the RFP process developed and implemented by PacifiCorp functioned as expected. It resulted in over 100 offers from the market, a few of which were economically competitive with the Company's own internal benchmark options. It satisfied the primary criteria NCI looked for in the process: equal opportunity, analytical objectivity, reasonableness and consistency. Having met these, NCI supports the RFP process as having been managed in an effective manner with results that are readily supportable.

Although the process as a whole was sound there are some lessons learned that NCI offers to improve future solicitations, which build on the success of this current solicitation. These are offered in the form of observations and recommendations by subject matter along with a brief explanation of the basis for NCI's determination. The broad areas that NCI thought it was most important to provide its thoughts on were (1) the formulation and use of the NBAs, (2) the manner in which the RFP was developed and implemented, and (3) the economic modeling of offers and the screening and short listing process. These represent the three core dimensions of the whole RFP process beginning with the NBA and culminating with the selection of the best alternatives for meeting the Company's resource needs.

### a. Next Best Alternatives (NBAs)

**Recommendation #1:** Encourage PacifiCorp to continue using NBAs, consisting of both cost-based and forward-market based benchmark (for the appropriate products and terms).

**Rationale:** The use of an NBA was an effective means of gauging the cost competitiveness of offers received from the market. Without the NBAs, PacifiCorp clearly would have been a price taker in the negotiation sessions with bidders. The NBAs were acutely necessary because of the transmission constrained and marginally liquid nature of PACE.

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**Recommendation #2:** PacifiCorp should consider developing a component based PVRR spreadsheet for the NBA.

Rationale: This would provide a ready side-by-side benchmarking of the NBA by cost category relative to the offers received from the market and would facilitate a more efficient review process as the evaluative process evolves from beginning to end. Using a basic and simple summary page that is linked to the larger integrated model would make it much easier for PacifiCorp (and the Outside Evaluator, if they are involved) to track the impact of material changes that inevitably occur during the course of benchmarking and offer valuation. For this RFP, the absence of this information at the outset made the process of evaluating and validating the NBAs more time consuming than it needed to be, but it did not materially delay the process.

**Recommendation #3:** A more detailed description of the Company's self-build option should be provided to bidders during the bid development period or as a separate section of the RFP.

Rationale: comments were made in the Currant Creek proceeding and during discussions with the Baseload bid category bidders that it would have been helpful to have a more detailed description of the NBAs than what was provided. Whether this includes detailed cost information on the self-build or not is something to consider while taking into account local and regional market dynamics. The argument that bidders will only submit offers just under the perceived value of the Company's self-build is specious when they have to compete against other reputable and capable bidders. Knowing that there is an array of competitors that will be submitting offers should be incentive enough for bidders to put forth their best offer, not one that comes in just under the perceived cost or value of the self-build. Notwithstanding this recommendation, the fact that more detailed information was not provided early on in the process did not compromise the ability of bidders to submit competitive proposals in this bid category as evidenced by the vast number of bidders submitting like equipment configurations and pricing components to the NBA.

**b. RFP Development and Implementation**

**Recommendation #4:** Develop two offer summary templates to include in future RFPs – one for PPAs and one for asset sale/turnkey offers. Consider using bracketed examples of the information being sought, as a guide for respondents.

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Rationale: The format of information submitted by bidders in response to the 2003-A RFP was not at all consistent, which made the process of pulling out the relevant information for preparing the valuations time consuming for PacifiCorp and NCI. Standardized templates, while not eliminating the likelihood of non-conforming responses, would still provide further information to bidders as to the exact information being sought and might result in a more efficient process.

**Recommendation #5:** PacifiCorp should continue to use the same channels as used before to distribute the RFP in addition to publicizing its availability on the Company's website and various media resources.

Rationale: The solicitation was sent to a broad enough audience to result in a significant response from the market with nearly 100 different offers for the resources being sought by the Company. Furthermore, a sufficient enough response was secured from the market to allow PacifiCorp to effectively evaluate supply options for meeting its forecasted load growth.

**Recommendation #6:** In future RFPs where future environmental risk and other risks present a material issue that PacifiCorp wants bidders to clearly state an assumption or rejection of in their proposals, include separate sections in the RFP dedicated to such topics. This would be in addition to the time devoted by PacifiCorp in the bidders workshops that PacifiCorp relied upon.

Rationale: Although clearly stated in the RFP and in the Pre-Bid Workshop materials, more than 75% of bidders chose to either ignore this issue in their proposals or did not communicate that they understood what it meant until clarifying discussions were held with bidders subsequent to the review of their proposals. Given the materiality of this issue from a risk and economics basis, it is important to raise the profile of this and other similar issues in the future RFPs.

**Recommendation #7:** PacifiCorp should consider developing a proposal checklist for bidders to use as a guide in completing their offers, which they include with their submittal. This checklist should be a mandatory submittal along with the proposal itself. (To be done in conjunction with Recommendation #5)

Rationale: Including a checklist would help to ensure that bidders have addressed each of the issues that PacifiCorp deems as material to their offer. This would include issues that were material to the current RFP such as the bearing of future environmental risk, the handling of operating reserves, and delivery to one of PacifiCorp's preferred points.



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**Recommendation #8:** Whatever criteria are used in future RFPs, it should involve some scenario analysis to ensure that the scoring criteria are effective at allowing PacifiCorp to rank offers.

Rationale: The scoring criteria used in the RFP led to a situation in which the pricing criterion was rendered meaningless in the initial ranking of offers in one of the bid categories. This situation could have been avoided had the Company done some scenario testing on the criteria before the RFP was issued.

**Recommendation #9:** In future formal solicitations like this RFP, PacifiCorp should include credit as one of the explicit criteria used for scoring and ranking offers.

Rationale: This is a common element of solicitations issued by many other investor owned utilities across the United States. It is unusual to avoid the issue of credit in the review and ranking of offers when a Company, such as PacifiCorp, will be expected to enter into a contractual relationship that does not unduly expose it or its ratepayers to construction and development risk. It is not clear what benefit, if any, bidders with questionable credit quality or no access to credit would gain in the early stages of a bid ranking process only to be eliminated at a later stage because of inadequate credit assurances. PacifiCorp, like other companies with load obligations, are not prone to excessive risk taking. It would appear that PacifiCorp and its ratepayers cannot afford to ignore this issue in its consideration of resource options.

**Recommendation #10:** If credit is deemed inappropriate in the screening stage by PacifiCorp and its stakeholders, consider holding off on the formal request of credit and financial information, but provide bidders with a list of the information that they will need to have ready to submit to PacifiCorp within five days of being notified of making the Company's shortlist (ignore this recommendation if recommendation #9 is implemented).

Rationale: Since financial and credit information was not formally taken into account in the decision process of identifying the short list candidates, it seems unnecessarily burdensome to impose this information request until and unless it is necessary information to PacifiCorp in its decision to move forward with a particular bidder. In addition to recommending that credit be considered earlier in the RFP process as noted in the Final Report, the issue of credit should not only be used as a component in the screening criteria, but it should also be an important variable that bidders should be required to think through and outline in their proposals. Toward this end, additional time should be

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spent with bidders in pre-bid workshops to explain what PacifiCorp expects and what the bidder should be prepared to put in place in terms of credit and security to support its proposal.

**Recommendation #11:** In any pre-bid workshops held for future RFPs, dedicate a portion of the session(s) to explicitly directing bidders as to what PacifiCorp will be expecting from bidders in the responses with respect to their credit and financing arrangements in support of a transaction with the Company.

Rationale: Although this was requested clearly in a thorough format, PacifiCorp did not receive adequate information from the majority of bidders in the initial proposals. Spending some additional time on this topic up front may help to temper such occurrences.

**Recommendation #12:** In future RFPs, PacifiCorp should request all bidder information to be submitted on CD-Rom (a now-standard industry practice) in a PDF format in order to facilitate the rapid dissemination of information to the personnel within PacifiCorp responsible for reviewing it.

Rationale: This is a fairly ubiquitous technology and medium for distributing information in the industry. It would seem to make the bid review process more efficient and eliminate excessive paper waste. It also eliminates the need to make additional copies of material for other internal PacifiCorp personnel when an electronic version can be e-mailed readily.

**Recommendation #13:** PacifiCorp should include a section in future RFPs that addresses issues such as the cost of direct or inferred debt.

Rationale: A section in future solicitations should be dedicated to addressing some of the less obvious costs associated with different types of proposals. Here, we are referring to the issue of debt and its impact on the Company's balance sheet. This has become an increasingly common issue that has become a part of competitive bidding processes, but is not well understood by the majority of market participants. Furthermore, utilities have latitude in how they interpret the guidance that has been provided by Standard and Poors ("S&P"). If it is going to be a part of the economic valuation prepared by PacifiCorp, bidders should be made aware of how this calculation is made and what it means to the competitiveness of their offer.

**Recommendation #14:** For future RFPs, there should be explicit language that states who will be responsible for securing the necessary transmission to support a proposed transaction, the bidder or PacifiCorp.

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Rationale: The language in the RFP left it open to either PacifiCorp or the bidder being responsible for securing the necessary transmission in support of transactions for certain delivery points. It was PacifiCorp's intention that the Company would not be responsible for securing transmission on behalf of a counterparty transaction unless it was deemed to be in the best interest of the Company. Changing this language would ensure clarity on this point with bidders.

**c. Economic Modeling and Short Listing**

**Recommendation #15:** Retain the existing analytical team, or comparable personnel, to complete future analyses for later RFPs.

Rationale: The internal PacifiCorp team used to develop the individual bidder models demonstrated a strong capability in pulling together a sophisticated tool that was an effective means of valuing a large volume of offers. Even by the end of the process, streamlined enhancements to the analytical tools were already being made by this team to ensure that the review process remains efficient in future resource solicitation reviews. Key to this will be continuation of this teams involvement or effective knowledge transfer to other personnel.

**Recommendation #16:** Consider using a component based PVRR (See Recommendation #2) that allows PacifiCorp to readily identify the magnitude and relative impact of modeling and assumption changes on a specific bid's valuation.

Rationale: While NCI was able to effectively review and validate the results of the economic modeling at each round of the offer review process, much time could have been saved had this been created at the beginning of the process rather than in the second round. Use of a component based PVRR analysis that compared how changes in inputs and assumptions resulted in a change in relative valuations would have made the review and validation process much quicker and efficient. As the Company moved through different rounds of offer model review (Rounds 1-4), NCI was not able to immediately identify how and why a valuation changed beyond just looking at the aggregate valuation. This simply necessitated more one-on-one sessions with the analytical team that prepared the economic models.

**Recommendation #17:** When using an outside evaluator (e.g., NCI), consider using economic models that do not include extraneous information, formulas, and calculations that are not relevant for the screening or economic modeling of offers in the course of the RFP.

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Rationale: Notwithstanding the fact that NCI was able to complete a thorough review of the modeling tools being used by PacifiCorp to value the offers presented, the presence of irrelevant material made the process of evaluating the reasonableness of the calculations more time consuming than it needed to be in the early stages of the model validation process. Simple clean up of the models of legacy material that is not pertinent to the screening and valuation process would take care of this.

**Recommendation #18:** Consider adding a few weeks into the schedule for future RFPs that involve the modeling of multiple types of offers.

Rationale: The modeling and review phase was highly compressed given the volume of responses received from the market and the quick turn around that was indicated to bidders. While early indications from the "Intent to Bid" submittals suggested that a large response should be expected, it was difficult for PacifiCorp to turn them around in the original timeframe identified in the RFP due to the wide range of structures put forth. Additional flexibility in the schedule to accommodate this uncertainty in the modeling and review period would give more breathing room to the analytical team. In spite of this compressed timeframe, however, PacifiCorp and NCI were able to complete in an adequate manner their respective tasks of modeling and reviewing.

**Recommendation #19:** PacifiCorp should eliminate the use of two separate economic models.

Rationale: Even though NCI was able to validate the symmetry of results from the two models during our review, the process of validation was cumbersome due to the need to go back and forth and the presence of unnecessary information and calculations. NCI has used single model structures to evaluate PPAs and turnkey offers alike in other engagements and it should be the standard approach used by PacifiCorp in future resource procurement processes.

In light of these recommendations, PacifiCorp implemented an RFP that was consistent and unbiased in its treatment of each of the alternatives that it was presented with. The overall process was fair in its handling of offers and was reasonable in its dealings with bidders. The following lessons learned are provided as guides that should be taken into account in future RFPs that are issued by PacifiCorp:

- » ***Include Schedule Flexibility*** – The process of reviewing, clarifying, and negotiating offers resulting from a solicitation always take longer than one thinks they will; ensure that chosen schedules have sufficient flexibility;

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- » ***Physical System Constraints Play a Big Role*** – The solicitation of resources in a physically constrained market creates unique circumstances that must be taken into account by both bidders and PacifiCorp due to the infrastructure requirements that are embedded in such deals;
- » ***Bidders Will Ignore RFP Details*** – No matter how much standardization PacifiCorp tries to impose on the structure of responses to a solicitation, bidders will choose to submit proposals in their own preferred format and will ignore explicitly requested material information;
- » ***Credit Issues are Critical*** – When PacifiCorp gets to the point of working toward a definitive agreement with a counterparty, the adequacy of credit and the collateralization of risk run paramount; as such these factors should be used within the early stages of a screening process;
- » ***Use Separate Solicitations for Different Products*** – Creating separate solicitations for different product/resource types would help bidders to focus on the core components that the Company is most interested in with respect to each offer type;
- » ***Use of Market and Cost-Based NBAs is Effective*** – Having a benchmark on which to fall back will continue to serve as an effective hedge against non-economic offers resulting from future solicitations and will prevent the Company from being a price taker;
- » ***Internal Documentation of Analytics is Invaluable*** – Analytical documentation and consistency are perhaps the most important components of an entire RFP process for ensuring the ability of the Company to track the evolution of offer evaluation from beginning to end; and
- » ***Open Communication is Vital to the Integrity of the Process*** – Open and continuous dialogue with an outside evaluator (if they are involved in future RFPs) ensures that real-time enhancements can be made in the process without waiting until issues turn into problems in later stages of an RFP process.

## I. Background of the 2003-A RFP

The 2003-A RFP (“RFP”) was issued on June 6, 2003 seeking resources to meet a portion of PacifiCorp’s supply-side resource need as identified in the Company’s 2003 Integrated Resource Plan (“IRP”). The focus of the RFP was on supply-side resources that would meet the Company’s Eastern system resource need. In the IRP, there were a series of 28 separate action items, 3 of which were addressed by this RFP – baseload, peaker, and super peak resources needed to meet projected load growth in PacifiCorp’s East control area (“PACE”). Each of these bid categories had specific attributes that PacifiCorp was looking for that was communicated to bidders in the Pre-RFP and Pre-Bid Workshops held with prospective bidders prior to the submittal date for proposals of July 22, 2003. Through the RFP, PacifiCorp was looking for resources that could meet certain operational and performance criteria consistent with its IRP identified need. At the outset of the process, PacifiCorp identified for bidders that their offers would be compared against a cost-based alternative, otherwise known as the next best alternative (“NBA”).

To ensure a fair and reasonable process was used in the RFP, PacifiCorp retained NCI to validate, audit and review the NBAs, to facilitate the flow of information between bidders and PacifiCorp, and to review all of the economic modeling prepared in support of the RFP. To that end, NCI was involved in every aspect of the RFP process beginning with the Pre-Bid Workshop and the NBA review all the way through the period of negotiations with short listed bidders.

### a. Rationale Behind the RFP

PacifiCorp initiated the first of its RFPs as a means of implementing the Company’s Action Plan as articulated in its 2003 IRP. Over the past two years, PacifiCorp has worked with external stakeholders on developing, and then beginning the implementation of, the IRP. Throughout this process, PacifiCorp has emphasized the need to focus on several complementary goals that would meet not only the Company’s own internal financial goals, but also the goals of the various stakeholders that it serves including customers, regulatory bodies, and interest groups. In initiating this process, the Company has remained focused on achieving three key outcomes: (1) a clear plan that satisfies the needs and objectives of each State; (2) a long-term, durable and balanced solution; and, (3) a more interactive, supportive, and efficient process.

Throughout the RFP, PacifiCorp has demonstrated a commitment to ensuring that the resource planning process followed a path that created a balance between projected loads and committed resources, facilitated timely decision-making regarding major resource options, enabled financial comparability of competing resource alternatives, and most importantly demonstrated reasonableness and fairness throughout the decision making process. At the center of the plan was a deliberate focus on balancing costs with risk to ensure that the optimal mix of resources would be in place for serving PacifiCorp’s customers. Keeping these principles in mind, PacifiCorp successfully began the execution of its resource acquisition plans by issuing the first of its four projected RFPs. The use of an RFP was deemed as the most efficient means of identifying the depth and breadth of alternatives that could be considered for meeting the Company’s growing demand. As explicitly

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laid out in the RFP, a series of resource portfolios were identified as the optimal mix for meeting future growth. The original sequence of RFPs was designed to move toward the development of each of these optimized portfolios. It was expected that the RFPs would yield a diversity of solutions for satisfying the Company’s resource needs. Based on the volume and breadth of proposals received from the market in response to the RFP, NCI believes this goal was achieved.

**b. Characteristics of the Bid Categories**

In its RFP, PacifiCorp solicited proposals in three different bid categories from prospective bidders: Baseload, Peaker, and Super Peak. The minimum characteristics that PacifiCorp sought varied by bid category. In the super peak bid category, the minimum characteristics that PacifiCorp wanted to have in the resources included a start date by June 2004, a summer shaped product, and firm delivery in or to PACE. The offers in the peaking bid category were expected to offer commercial operation dates no later than June 2005, must be flexible in order to be dispatched daily, and delivered in or to PACE. Similarly, the Baseload bid category minimum characteristics called for commercial operation by June 2007 and delivery in or to PACE. (See Table A).<sup>1</sup>

<b>Table A. Description of PacifiCorp's Bid Categories</b>			
	<i>Bid Categories</i>		
	<b>Baseload</b>	<b>Peaker</b>	<b>Super Peak</b>
Start of Delivery (COD)	Jun-07	Jun-05	Jun-04
Contract Duration	Up to 20 years	Up to 20 years	Up to 4 years
Size (MWs)	Up to 570	Up to 200	Up to 225
Preferred Delivery Profile	7 x 24 delivery	Daily call option	June-Sept. ('04-'07); Delivery during HE 1300- HE 2000 or daily call option
Dispatchability	Flexible	Daily Dispatch	Daily Dispatch
Point of Delivery (POD)	In or to PacifiCorp Eastern system (PACE)	In or to PacifiCorp Eastern system (PACE)	In or to PacifiCorp Eastern system (PACE)
Requested Transaction Structures	Negotiated (PPA, toll, lease, turnkey sale, equity participation, etc.)	Negotiated (PPA, toll, lease, turnkey sale, equity participation, etc.)	Negotiated (PPA, toll, lease, etc.)

**i. Super Peak Bid Category**

Super Peak bid category responses were those offers that were intended to meet PacifiCorp’s needs during the HE 1300 - HE 2000 PPT period on either a 7X8, 6X8, or 5X8 basis for the summer months of June through September from 2004 through 2007. The resource could also be available as a daily

<sup>1</sup> These minimum bid characteristics are detailed in the materials presented to bidders by PacifiCorp at the June 20, 2003 RFP 2003-A Pre-Bid Conference.

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call option. In this bid category, PacifiCorp was looking for a variety of attributes in addition to the months and hours of need outlined. Super peak offers preferably were to exhibit such attributes as deliverability at PacifiCorp's option, the ability to pre-schedule, delivery to PACE, and structuring under a negotiated arrangement based on a PPA, tolling agreement, or lease. In aggregate, PacifiCorp was looking for approximately 225 MW of capacity in this category, or larger if economies of scale could be demonstrated.

### ii. Peaker Bid Category

Offers in this bid category were expected to meet PacifiCorp's minimum requirements of a daily dispatch and commercial operation by June 2005. Offers put in this category typically provided some form of call option structure, either hourly, intra-day, daily, day-ahead, or some other basis. Heavy load and super peak load hours were the target for this bid category. Peaker offers could be built upon a variety of physical and financial structures depending upon which party would be interested in assuming the various responsibilities and risks. In its RFP, PacifiCorp expressed an interest in considering alternatives using either one of the structures. The Company also indicated that offers of a term up to 20 years would be of interest. Proposals modeled in this category by PacifiCorp consisted of PPAs, asset purchases, and turnkey construction projects. In aggregate, PacifiCorp was looking for approximately 200 MW of capacity in this category, but advised bidders that they would entertain offers for commitments well in excess of this amount on account of its revised load forecast, which indicated an additional need for peaking resources than had originally been identified in the Company's IRP filing.<sup>2</sup> Furthermore, bidders proposing asset sales were encouraged to bid into the RFP.

### iii. Baseload Bid Category

Baseload bid category offers solicited by PacifiCorp were expected to meet the minimum requirement outlined in the RFP (i.e., commercial operation date no later than June 2007). All of the responses modeled in this category were 7x24 offers, with some including 7x8 offers (duct-firing) embedded in their response in addition to the 7x24. With this bid category, PacifiCorp was looking for resources that could meet around the clock capacity and energy needs by June 2007 for a period of up to 20 years. PacifiCorp also requested the ability to negotiate displacement rights. Like the peaker offers received, the baseload offers in this category consisted of PPAs, asset purchases, and turnkey construction projects. In aggregate, PacifiCorp was looking for approximately 570 MW of capacity in this category, but indicated to bidders that offers in excess of this amount would be considered if economies of scope and scale could be demonstrated.

<sup>2</sup> See PacifiCorp's Quarterly IRP Public Input Meeting, May 19, 2003.

















































































