

## Market Benchmarking

| Jurisdiction            | Oregon   | Washington   | California  | Minnesota  | Wisconsin   | Quebec   | Ontario  |
|-------------------------|--|--|---|--|---|--|--|
| <b>Policy Framework</b> | <p>Policy objective :<br/>Ensure Oregon has an adequate supply of reliable and affordable energy, and is safe from nuclear contamination, by helping Oregonians save energy, develop clean energy resources, promote renewable energy and clean up nuclear waste</p> <p>ODOE strategic goals to achieve our mission are:<br/>Meet a significant portion of Oregon's incremental energy needs with conservation and renewable resources<br/>Reduce carbon dioxide emissions from burning fossil fuels<br/>Prepare the state and counties within 50 miles of an operating commercial nuclear power plant for nuclear emergencies<br/>Reach key cleanup milestones at the Hanford Nuclear Reservation</p> | <p>Washington's energy strategy aims to development of policy for sustainable electricity supply. The policy goals are:<br/>Low electricity prices<br/>Adequate supply of electricity<br/>Reliable adequate transmission<br/>Mitigate environmental consequences of electricity generation</p> <p>The specific actions include following:<br/>Continued predominance of load-serving utilities as the state's electricity service model;<br/>Focus on balanced resource portfolio of conservation, renewable, and least cost conventional resources<br/>Protect the benefits to Washington consumers from the Federal Columbia River Power and Transmission System (FCRPS)<br/>Preserve and promote Washington's cost-based energy system to benefit the end use consumer at the same time promote wholesale energy market to reduce costs<br/>Lead by example with clean energy, energy efficiency, and sustainable practices in state and local government operations.</p> | <p>California Energy Commission has suggested following policy actions for electricity sector:<br/>Ramp up public funding for cost-effective energy efficiency programs above current levels to achieve at least an additional 1,700 MW of peak electricity demand reduction and 6,000 GWh of electricity savings by 2008<br/>Mandatory Renewables Portfolio Standard's goal of 20 percent of retail electricity sales and accelerate the target date for reaching the goal from 2017 to 2010<br/>Create a transparent electricity distribution system planning process that addresses the benefits of distributed generation, including co-generation.<br/>Consolidate the permitting process for all new bulk electricity transmission lines within the Energy Commission, using the Energy Commission's power plant siting process at the Energy Commission as the model</p> | <p>Renewable energy objective evolved from Radioactive Waste Management facility Authorization Law, 1994<br/>Focus on development of Wind and Biomass power generation and renewable energy portfolio standards applicable to Xcel Energy, for other utilities it is a non binding obligation<br/>Fixed fiscal incentives available from State for supporting renewable energy projects<br/>Focus on distributed energy generation facilities<br/>Sales tax incentive on renewable equipment supply is available from state government</p> | <p>Policy recommendations<br/>Proposed RPS : State wide renewable energy supply of 10% by 2015<br/>PSCW monitoring of energy efficiency investment programs</p> | <p>The salient features of Québec Energy Policy are:<br/>Hydro-Québec will remain the exclusive property of the Québec government<br/>Hydro-Québec will be the key component of an industrial strategy focused on making Québec an energy hub.<br/>Hydro-Québec will maintain its innovative efforts, with R&amp;D focused on core businesses. It will also enhance the commercial potential of its projects, form partnerships with the private sector and increase the industrial and economic spin-offs of its operations</p> | <p>The policy objective of Ontario are:<br/>To ensure a reliable and efficient energy supply in a competitive market;<br/>To provide necessary capital for infrastructure improvements to the transmission and distribution system in Ontario; and<br/>To bring market discipline to Hydro One</p> |

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|--|--|--|--|---|---|---|--|
| <b>Regulatory Environment</b>          | <p>Oregon Public Utilities Commission regulates major utilities</p> <p>Un-bundling:<br/>Generation, transmission, and distribution</p> <p>Retail Access:<br/>Law enacted but the implementation delayed<br/>Offers direct access to any of its retail electricity consumers in this state<br/>Offers to sell electricity services available under direct access to more than one retail electricity consumer of another electric company in this state</p> | <p>Washington Utilities and Transportation Commission (WTUC) regulates the major investor owned utilities</p> <p>Un-bundling :<br/>Generation, Transmission, &amp; distribution are un-bundled services</p> <p>Retail Access :<br/>No legislation as yet<br/>Retail access to larger customer on pilot basis provided by three major utilities</p> | <p>The PUC-regulated electricity market in California serves 10.2 million customers with 33,347 miles of transmission lines and 162,768 miles of distribution lines for a total economic value of \$17.8 billion</p> <p>Direct access suspended in Sept 2001</p> | <p>Regulated business environment<br/>PUC approvals required for Setting rates and service quality<br/>Resource plan and environment<br/>Financial incentives for energy conservation<br/>Encourage Co-generation and small power generation<br/>Environmental compliance</p> | <p>Regulated utilities<br/>Go-slow approach on deregulation of utilities<br/>PSCW (Public Service Commission of Wisconsin) report on retail competition in Wisconsin says it is beneficiary to public<br/>Transmission is operated by ISO, transmission utilities sold its interest to ISO pursuant to law AB 940</p> | <p>Market re-structuring<br/>Transmission is separated from generation and distribution<br/>Open wholesale market, distributors may purchase electricity in Québec or elsewhere.<br/>Similarly, independent power producers may sell electricity outside Québec, as does Hydro-Québec Production.</p> | <p>Ontario Energy Board (OEB) regulates utilities, and sets up the transmission and distribution rates.<br/>The OEB also sets the rate for the Standard Supply Service fixed reference price option for distribution utilities that supply electricity (commodity) directly to consumers<br/>The OEB licenses all market participants including the IMO, generators, transmitters, distributors, wholesalers and retailers</p> |
| <b>Acquisition Related Regulations</b> | <p>Power acquisition from QF is governed by Legislation (860-029-0001): Electric utility interconnection with electric co-generation and small power production facilities</p> <p>The PUC reviews all RFPs for resource acquisition, as per the provisions of Competitive Bid Order 91-1383, for ensuring the compliance of RFP for least cost resource acquisition</p>  | <p>Resource acquisition is regulated as per provisions of Chapter 480-107 WAC, applicable to Electricity companies purchase of electricity from QFs and IPPS and purchase of electrical savings from conservation suppliers</p>  | <p>As a part of cost recovery mechanism for Generation Procurement and Renewable Resource Development, utilities are required to file their PPAs with CPUC</p>   | <p>RFP is conducted in consultation with MPUC. An independent third party oversees process pursuant to MPUC Order Docket No E002/M-98-646</p> <p>The proposals for RDF funding should also conform to Minnesota Statute 116C.779</p>  | <p>PSCW plays a role in approving resource plans for large electric utilities, including consideration of environmental affects of energy use.</p> <p>There is no information available on role of PSCW in utility resource procurement process</p>   | <p>Call for Tender and Contract procedure is approved by the Regie de l'énergie</p>   | <p>As per the provisions of Electricity Restructuring Act, 2004, Ontario Power Authority (OPA), a new statutory non profit corporation that will not be a Crown Agent, will be responsible for securing new supply for Ontario</p>   |

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|---|---|---|--|---|--|--|--|
| <b>Utilities Market – Major Players</b> | <p>Regulated : Investor owned utilities<br/>Pacific Power &amp; Light, 29% market share<br/>Portland General Electric, 41% market share</p> <p>Unregulated utilities<br/>City of Eugene<br/>Ventral Lincoln People’s utility<br/>Umatilla Electric Co-operative</p> <p>Renewable energy and energy efficiency:<br/>- Energy Trust of Oregon, a non-governmental, non-profit organization manages the energy conservation and renewable resource public purpose funds<br/>Provides funding for renewable and energy efficiency projects/programs<br/>Facilitates development of renewable energy projects between developers and utilities</p> | <p>Fragmented utilities (63 utilities are operational)</p> <p>Regulated Utilities (all are investor owned and account of 33% of retail sale of energy)<br/>Puget Sound Energy, 25% market share<br/>Avista Corp. (Formerly Washington Water Power Company), 6% market share<br/>Pacific Power and Light Company</p> <p>Unregulated utilities owned by consumers, government, municipals etc only major ones are<br/>Seattle City Light<br/>Snohomish County PUD<br/>Tacoma Power<br/>Washington Public Utilities</p> <p>Federal regulated<br/>Bonneville power administration</p> | <p>18 Energy Service Providers (only serving the customers contracted before Sept 2001)<br/>3 major investor owned regulated utilities<br/>Pacific Gas &amp; Electric, 21% market share<br/>Southern California Edison, 23% market share</p> | <p>Xcel Energy (is the largest utility in Minnesota), 48% market share<br/>Minnesota Power, 14% market share<br/>Otter Trail Power, 3% market share</p> | <p>Wisconsin Electric Power Company (We Energies), 37% market share<br/>Wisconsin Public Service Corp, 15% market share<br/>Wisconsin Power &amp; Light Co, 8% market share<br/>Northern States Power Company, 5% market share<br/>Madison Gas &amp; Electric Company, 5% market share</p> | <p>Québec’s wholesale electricity market now consists of 11 distributors namely, Hydro-Québec Distribution, nine operators of municipal systems and one regional cooperative</p> | <p>Utilities major market players there are nearly 100 licensed distributors more than 150 licensed suppliers<br/><br/>(information could not be traced on number of active players)</p> |

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|---------------------------|---|---|--|--|--|---|---|
| <b>Market Environment</b> | Oregon state energy department is focusing on development of small distributed generation plants spread over the state. | BPA is major supplier of energy and 50% of energy sold by BPA goes to Washington State<br>Consumer of owned utilities have 55% market share of retail sales and influenced by BPA | State has \$43 billion worth of long-term electricity supply contracts that were signed during peak on 2001 crisis. These contracts provide very little flexibility of direct retail access to industrial, commercial, and residential customers | Xcel Energy is major utility is Minnesota supplying more than 50% power to state. The nuclear waste management issue mainly drives the renewable energy program. The state has 3 <sup>rd</sup> highest potential of wind energy.<br><br>Rural Minnesota has a role to play is state politics and hence most of the distributed energy generation policy is being developed to benefit the farmers. | Most of the energy is currently produced from Coal, Petroleum, Natural Gas, and Nuclear resources<br><br>The annual growth rate of IPP is 4.7% and their market share is 12.1%. The IPPs are mainly involved in developing renewable energy based power plants | Hydro Quebec is monopoly supplier is Quebec | The former Ontario Hydro was broken into five separate, independent companies.<br>Ontario Power Generation (OPG) generates electricity and competes with other generating companies<br>Hydro One Inc. transmits and distributes electricity through its subsidiary, Hydro One Networks Inc<br>Independent Electricity Market Operator (IMO), a not-for-profit crown corporation that runs the electricity exchange for the sale and purchasing of power and arranges for the dispatch of electricity to regulated distribution companies<br>Electrical Safety Authority, is responsible for setting the safety standards for wiring installations and equipment and appliance certification.<br>Ontario Electricity Financial Corporation, is responsible for determining how electricity consumers will pay down Ontario Hydro's debt. |

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| <b>Major Generations</b> | <p><b>Generation Profile</b><br/> Hydro : 73%, , 9090 MW<br/> Coal : 4.5%, 567 MW<br/> Dual Fuel : 6%, 733 MW<br/> NG : 14%, 1740 MW<br/> Other : 3%, 357 MW</p> <p>Major power plants:<br/> PGE : 1074 MW (Gas)<br/> Idaho Power : 376 MW (Hydro)<br/> USCE : 6784 MW (Hydro)<br/> Others : balance</p> | <p><b>Generation Profile</b><br/> Hydro : 21,778 MW, 80%<br/> Coal : 1,407 MW, 5%<br/> Natural Gas : 1,240 MW, 4.6%<br/> Nuclear : 1,108 MW, 4%<br/> Renewables : 520 MW, 2%<br/> Others : 1060 MW, 5%</p> <p>Major power plants<br/> US Bureau of Reclamation : 7080 MW<br/> USCE : 5133 MW<br/> Transalta : 1660 MW<br/> PUD No1 Chelan County: 1280 MW<br/> PUD No2 Grant County: 970 MW<br/> Seattle City : 1050 MW<br/> Energy Northwest : 1180 MW</p> <p>IPP Gen Cap : 2,971 MW, 11%<br/> Utility Gen Cap : 24,141 MW, 89%</p> | <p><b>Generation Profile</b><br/> Coal : 352 MW, 0.6%<br/> Petroleum : 636 MW, 1%<br/> Natural Gas : 21668 MW, 45%<br/> Other Gases : 226 MW, 0.4%<br/> Dual Fuel : 6527 MW, 11.5%<br/> Nuclear : 4324 MW, 8%<br/> Hydro : 14094 MW, 25%<br/> Other renewable energy : 5119 MW, 9%</p> <p>Expected capacity addition by 2012: 21,719 MW</p> <p>Major power plants<br/> Duke Energy : 2680 MW (Gas)<br/> PG &amp; E : 3386 MW (Nuclear, Hydro)<br/> SCE : 2150 MW (Nuclear)<br/> AES : 3393 MW (Gas)<br/> Others : 8553 MW (Gas, Hydro)</p> | <p><b>Generation Profile</b><br/> Coal : 5885 MW, 52%<br/> Petroleum : 973 MW, 8%<br/> Natural Gas : 427 MW, 4%<br/> Dual Fired : 1592 MW, 14%<br/> Nuclear : 1646 MW, 15%<br/> Hydro : 176 MW, 2%<br/> Other Renewables : 589 MW, 5%</p> <p>Major power plants:<br/> Northern States Power (Xcel Energy) : 5792 MW (Petroleum, Nuclear, Coal Gas)<br/> Minnesota Power : 914 MW (Coal, Petroleum)<br/> Great River Energy : 908 MW (Petroleum, Gas)</p> | <p><b>Generation Profile</b><br/> Coal : 7500 MW, 53%<br/> Petroleum : 990 MW, 7%<br/> Natural Gas : 525 MW, 4%<br/> Dual Fired : 2950 MW, 21%<br/> Nuclear : 1510 MW, 11%<br/> Hydro : 494 MW, 3%<br/> Other Renewables : 271 MW, 2%</p> <p>Major power plants:<br/> We Energies : 4900 MW (Petroleum, Gas, Coal, Nuclear)<br/> Wisconsin Public Services Company : 2270 MW (Petroleum, Gas, Coal)</p> | <p>Hydro Quebec<br/> Total generation and contractual supplies : 188 TWh</p> | <p>Nuclear, 41.3 %<br/> Coal, 25.3 %<br/> Hydro, 24.3 %<br/> Natural Gas, 7.6 %<br/> Other, 0.9 %<br/> Oil, 0.6 %</p> <p>Ontario Power generation<br/> Bruce Power</p> |

**RFP Benchmarking - A**

|                                   | <b>Portland General Electrical</b>   | <b>PacifiCorp – 2003A (Supply Side)</b>   | <b>PacifiCorp – 2003B (Supply Side)</b>  | <b>PacifiCorp – 2003B (Demand Side)</b>   | <b>Puget Sound (All generation sources)</b>   | <b>Puget Sound (Wind Power Resources)</b>  | <b>Puget Sound ( Energy Efficiency Proposal)</b>   |
|-----------------------------------|--|---|--|---|---|--|--|
| <b>Jurisdiction</b>               | Oregon   | Nevada / Multi-state  | Oregon   | Multi state   | Washington  | Washington   | Washington   |
| <b>RFP/CFT Objective</b>          | Follow-up on IRP resource action plan  | Fulfills supply side action plan of PacifiCorp IRP<br>Add generation to a particular region on particular transmission lines  | Follow-up on IRP recommended action plan as a part of overall resource procurement plan  | Reduce dependence on supply side resources and maximize effective use of Company’s system<br>Follow up on IRP resource action plan<br>Fits with PacifiCorp’s commitment to be a sustainable energy company  | Target is set in Least Cost Plan Winter energy commencing in 2005 through winter of 2007/08 period  | Goal to meet up to 10% of its resource need through RE sources<br>Wind power identified as a potential source of RE in Least Cost Plan                                 | Achieve targets specified in Conservation Agreement (PSE vs WUTC)<br>Encourage supplier participation in the energy efficiency marketplace<br>Create broader customer adoption of energy efficiency measures<br>EE is a resource identified as a part of LCP |
| <b>Unique Features of CFT/RFP</b> | Stakeholder participation in RFP design<br>OPUC Filing is mandatory<br>Provision for proposals with PGE ownership position<br>Resource alternatives (250 to 300 MW CCGT) are defined and PGE may opt for them at any time (it will not be used for benchmarking proposals) | RFP for supply and Load Displacement resources<br>All options for power supplies are considered   | RFP is a continuous, every year there are 2 RFPs for supply side and similarly there are RFPs for Demand Side<br>EPA : bidders responsibility for emission and costs for current and future laws<br>ETO has advised PacifiCorp that it may provide \$ 2 to 4 million for renewable energy projects                       | Purchase load reduction, turnkey design implementation projects   | Ownership interest or purchase through Long Term (20 Years +) PPA   | Two stage evaluation criteria<br>Stage 1: Standalone proposal evaluated against cost, location etc,<br>Stage 2: Selected proposal evaluated as a part of PSE portfolio | Evaluation of process of EE proposal and Supply side resource is based on same principles  |
| <b>Product</b>                    | Capacity (available by Oct 2006, latest by Dec 2005)<br>Peak tolling<br>Daily physical capacity<br>Daily financial capacity<br>Daily exchange<br>Short term exchange<br>Seasonal exchange<br><br>Energy (available by Oct 2006, latest by Jan, 2008))                      | Supply & Demand side<br><br>Physical energy and capacity<br>Physical or tolling<br>Exchanges<br>Call or Put Options<br>Construction or lease of asset<br>Sale of existing asset to PacifiCorp | Supply side : Wind / Renewable<br>100 MW West by 2005<br>200 MW East by 2006<br>200 MW West by 2007<br>200 MW East by 2008<br>200 MW West by 2009<br>200 MW East by 2010<br><br>Conditions<br>Must provide > 70 GWh/year<br>Must still have ownership of green tags associated with the output<br>Power proposals should | Solutions should be Measurable, reliable and sustainable<br>Provide high degree of customer satisfaction<br>Should accompany an aggressive implementation plan<br>Competitively priced<br><br>Specific solutions may include<br>Class 1: Fully dispatchable<br>Class 2: Non dispatchable long term resource | Energy and capacity purchase<br>Power purchase agreement (20 Years +) backed by generation assets<br>Ownership arrangement (including co-ownership arrangement in which PSE retains adequate Dispatchability and rights or control)<br>Contracts for shaping with stable pricing (not tied to market price index), term should be 3 or more years | Power Purchase Agreement<br>PSE Ownership arrangement<br>Combination of above two options<br><br>Energy delivery as produced as integrated (shaped)                    | Energy efficiency resources from retail electric customers sites throughout PSE service territory<br>Energy efficiency pilot projects<br><br>Delivery : 01 Jan 06 to 31 Dec 07<br><br>Fuel conversion or fuel switch projects are excluded                   |

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|----------------------|---|---|--|---|---|---|---|
|                      | Base load, tolling service<br>Firm physical energy<br>Firm financial energy<br>Firm shaped energy<br>Ownership position in generating facility  |   | include associated environmental attributed (Green Tags)   | (technology change)   |   |   |   |
| <b>Energy Source</b> | Not specified   | Not specified   | Wind, Geothermal, Solar, Biomass, Digester gas, Landfill Gas, and Hydro  | Any customer, electrical savings  | Natural Gas, Coal, Biomass, or others   | Wind  | Electrical Energy Efficiency, No fuel conversion projects   |
| <b>Size</b>          | Energy 600 MWh<br>Capacity 400 MW<br><br># Min quantity<br>25 MW/hr<br>Conventional energy,<br>5 MW/hr<br>Renewable energy,<br>25 MW/hr Capacity products   | Super peak : 225 MW by Jun, 2004<br>Peakers : 200 MW by Apr, 2005<br>Base load : 570 MW by Apr 2007<br><br>Min requirements<br>Supply side > 1MWh/hr at prescribed time<br>Existing end use customer > 25 MWh/hr at prescribed time *<br><br>* Customer can curtail load and must be in excess of what they would do anyway | Minimum size : 70 GWhr/yr  | Total : 100 MWa or more<br><br>Class 1: Minimum size 10 MW controllable load within 2 years, load factor < 10%<br>Class 2: Minimum size 1 MWa, load factor > 10%  | Total : 355 aMW   | Total : 150 MW<br>Minimum size : 25 MW  | Total : 256 GWh/yr<br>Cost : \$34 million<br>Minimum size: 2.5 GWh/yr (or 0.57 aMW)<br><br>Pilot Project<br>Total : 6 GWh/yr<br>Cost : \$2.5 million  |
| <b>Term</b>          | Min bid terms:<br>Energy : 5 yrs,<br>Capacity : 2 yrs   | Super peak : 4 years<br>Peakers : Up to 20 years<br>Base load : Up to 20 years  | No information   | 5 to 10 years   | Preferred term 20 years for long term PPA<br>Shaping products – minimum 3 years   | No fixed term provided in the RFP (preferred long term)   | Proposed measures must have min 5 year life   |
| <b>RFP Timeline</b>  | 25 Apr 03 : RFP filed with OPUC (Bidder workshop & public hearing)<br>22 May 03 : Revised RFP filed with OPUC<br>05 Jun 03 : OPUC recommendation<br>12 Jun 03 : OPUC RFP Approval<br>18 Jun 03 : RFP Issued<br>23 Jul 03 : RFP responses<br>Aug 03 : Short list & negotiation<br>Oct 03 : EPA & PGE | 06 Jun 03: RFP Issue<br>20 Jun 03: Pre-bid conference<br>27 Jun 03: Intent to bid<br>22 Jul 03: Responses due<br>06 Aug 03: Evaluation complete<br>13 Aug 03: Short listing<br>07 Oct 03: Agreement   | 05 Feb 04 : Issue date<br>11 Feb 04 : Pre-bid conference<br>09 Mar 04 : Proposals due<br>09 Apr 04 : Evaluation complete<br>12 Apr 04 : Short list announced<br>12 Jun 04 Definitive agreement | 30-May-03 : RFQ Issued<br>13-Jun-03 : RFQ Due<br>30-Jun-03 :DSM RFP Issued<br>09-Jul-03 : Deadline for Q&A<br>21-Jul-03 : Pre-bid conference<br>18-Aug-03 : RFP responses due<br>30-Sep-03 : Evaluation complete<br>01-Oct-03 : Begin contracts & approvals process<br>2004 Q1/Q2 Launch projects | 25-Nov-03: Issue draft RFP<br>28-Jan-04: UC Approval<br>12-Mar-04: Proposal due date<br>23-Apr-04: Short list<br>04-Jun-04: Letter of Intent<br>06-Sep-04: Definitive Agreement<br>01-May-05: Execute contracts | 09-Sep-03: Issue draft RFP<br>12-Nov-03: UC approval<br>13-Nov-03: Issue RFP<br>03-Dec-03: Pre-bid conference<br>16-Jan-04: Proposal due date<br>02-Feb-04: Short list<br>19-Mar-04: Letter of Intent | 12-Dec-03: Issue draft RFP<br>05-Jan-04: Public PSE meeting<br>28-Jan-04: UC approval<br>04-Feb-04: Issue final RFP<br>25-Feb-04: Pre-bid conference<br>28-Apr-04: Proposal due date<br>30-Jun-04: Short list<br>31-Aug-04: Letter of Intent<br>Fall 05: Contract final<br>Dec 05: Contract award |

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|------------------------------------|---|---|---|---|---|---|--|
|                                    | announces resource action<br>21 Oct 03 : OPUC acknowledge IRP inclusion of final action plan  |   |   |   |   |   |  |
| <b>Length of Process</b>           | 6 months  | 4 months  | 4 months  | 5 months                                | 10 Months   | -   | 22 Months  |
| <b>Non-Arms Length Competition</b> | Projects or products proposed by bidders that are directly or in-directly affiliated with Enron Corp or its affiliates must be approved by the OPUC<br><br>(Note : Enron merged PGC in 1997 and in 2004 as a part of bankruptcy proceedings, Enron sold all of its PGE shares to Oregon Electric) | Affiliate companies are not eligible to respond to this solicitation  | Bids from PacifiCorp affiliate or for power from generating facilities owned in part or in whole by PacifiCorp or a PacifiCorp will be accepted | No information                          | Affiliated generating companies of PSE are not eligible to participate, however, other utilities and their subsidiaries can participate   | Affiliated generating companies of PSE are not eligible to participate, however, other utilities and their subsidiaries can participate   | PSE and its subsidiaries are excluded from bidding on this RFP   |
| <b>Third Party Evaluator</b>       | Independent reviewer<br>Reviews score criteria<br>Overseas negotiations (to avoid bias against the project involving equity participation from PGE)<br>IR reports its finding to OPUC<br><br>Bids with ETO subsidy are additionally reviewed by ETO (Energy Trust of Oregon)                      | Hired consultant (Navigant Consulting)<br>To serve as clearing house for pre-blinded responses received from bidders.<br>To validate the consistent application of evaluation criteria. | No  | No                                      | Limited role :<br>“Fatal Flaw” analysis and due diligence of selected projects  | No  | CRAG – Conservation Resource Advisory Group overlooks the RFP process including proposal evaluation<br><br>(CRAG was formed as part of settlement of PSE general rate case with WUTC, CRAG includes rate payer’s and EE policy organization’s representatives) |
| <b>Role of Regulator</b>           | Competitive Bid Order 91-1383, Oregon Public Utilities Commission   | Avoided cost filing is required after signing of Power Purchase Agreement   | Competitive Bid Order 91-1383, Oregon Public Utilities Commission   | No information                          | The solicitation process of utilities is governed by WUTC regulation WAC 480-107-060 that stipulates the approval of RFP by WUTC.<br><br>Other relevant regulations are WAC 480-107-70<br>Project ranking procedure WAC 480-107-80, 90, and 100 | The solicitation process of utilities is governed by WUTC regulation WAC 480-107-060 that stipulates the approval of RFP by WUTC.<br><br>Other relevant regulations are WAC 480-107-70<br>Project ranking procedure WAC 480-107-80, 90, and 100 | WUTC allows tariff rider (Schedule 120) for generating funds from ratepayers for financing energy efficiency programs.   |

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|---|--|--|---|--|---|--|---|
|   |  |  |   |  | : Pricing and contracting procedures, security requirement, and contract finalization   | : Pricing and contracting procedures, security requirement, and contract finalization  |   |
| <b>RFP/CFT Process Description</b>                  | Two stage process for bidders ie Bid Submission & Negotiation.<br><br>For PSE it is a three stage process<br>Stage 1: Pre-qualification<br>Stage 2: Short listing<br>Stage 3: Negotiation & contract award | Two stage process<br><br>Stage 1: Short listing<br>Stage 2: Negotiation & contract   | Two stage process<br><br>Stage 1: Short listing<br>Stage 2: Negotiation & contract  | Three stage process<br><br>RFQ<br>RFP<br>Negotiation and contracting   | Two stage process with negotiation<br><br>Stage 1 : Screening of proposals based on their standalone strength<br><br>Stage 2 : Selection of proposal based on their performance as a part of overall PSE portfolio  | Two stage process with negotiation<br><br>Stage 1 : Screening of proposals based on their standalone strength<br><br>Stage 2 : Selection of proposal based on their performance as a part of overall PSE portfolio   | Two stage process with negotiation<br><br>Stage 1 : Screening of proposals based on their standalone strength<br><br>Stage 2 : Selection of proposal based on their performance as a part of overall PSE portfolio            |
| <b>Pre-Qualification</b>                            | Pre-qualification<br>Minimum quantity and term<br>Quality of credit (S&P BBB- or higher , Moody's Baa3 or higher or any other equivalent ratings)  | No requirements  | No requirements   | Required   | No separate process, it is part of RFP proposal evaluation and will be done in stage 1 evaluation   | No separate process, it is part of RFP proposal evaluation and will be done in stage 1 evaluation  | No separate process, it is part of RFP proposal evaluation and will be done in stage 1 evaluation   |
| <b>Legal Protection / Liabilities / Exit Clause</b> | Reservation right (unconditional right for modification and withdrawal of RFP and associated documents)  | Not mentioned  | RFP is only an invitation to make proposals to PacifiCorp.<br>No proposal is itself a binding contract and PacifiCorp may in its sole an absolute discretion may change terms of RFP, withdraw from process, issue more RFPs, and Reject any or all proposals | Sole discretionary rights to Reject any or all proposals in whole or in part<br>Withdraw any invitation to submit a response   | This RFP does not prevent PSE from entering into any agreement that it deems appropriate at any time before, during or after this RFP process is complete.<br><br>PSE reserves the right to negotiate only with those respondent and other parties who propose transactions that PSE believes, in its sole opinion, to have reasonable likelihood of being executed substantially as proposed | No commitments by PSE to enter into negotiations for or to ultimately acquire by contract or other means, any resource proposal received as part of this RFP process.  | PSE reserves the right to negotiate only with those respondents and other parties who propose transactions that PSE believes in its sole opinion, to have a reasonable likelihood of being executed substantially as proposed |
| <b>Proposal Evaluation</b>                          | 2 stage process<br>Pre-qualification<br>Minimum quantity and term<br>Quality of credit (S&P BBB- or higher , Moody's Baa3 or higher)<br><br>Price factors (60%)  | Basic principles<br>Look at price an non-price factors and score<br>Highest scoring projects given further consideration<br>Short list<br>Post-bid negotiation of price and non-price factors<br>Forward curves will be used for evaluation (not to be shared with | Basic principles<br>Environmental effects<br>PoD and network resource requirement<br>Cost / risk balance<br>Credit risk factors<br>Resource characteristics<br>Deviation from generic EPA   | Basic factors for proposal evaluation<br>Environmental effects<br>Cost effectiveness<br>Ability to finance project<br>Technical expertise<br>Implementation plan and schedule<br>Experience of similar successful projects | Basic principles : Compatibility, Cost minimization, Risk management, Public Benefits, Strategic & Financial<br><br>Stage 1 Evaluation :<br>Timing of supply CoD, monthly profile (will not consider proposals tied to an energy price index)   | Stage 1 Evaluation<br>Resource price ranking as compared to PSE's estimate of avoided cost<br>Preference for new resources<br>Proximity and availability of transmission<br>Project schedule and proposed CoD (preference to projects with CoD before 31-Dec-04) | Stage 1 Evaluation<br>Saving estimates will be evaluated based on RTF (regional Technical Forum) deemed annual savings and measure liver for RTF specified projects, other project's savings will be evaluated                |

|  | <b>Portland General Electrical</b>   | <b>PacifiCorp – 2003A (Supply Side)</b>   | <b>PacifiCorp – 2003B (Supply Side)</b>  | <b>PacifiCorp – 2003B (Demand Side)</b>   | <b>Puget Sound (All generation sources)</b>  | <b>Puget Sound (Wind Power Resources)</b>   | <b>Puget Sound ( Energy Efficiency Proposal)</b>   |
|--|--|---|--|---|--|---|--|
|  | <p>PoD, ToD<br/>Ancillary services<br/>Quality &amp; firmness of energy and capacity<br/>Performance assurances (LoC or other instruments)<br/>Fuel price risk</p> <p>Non-price factors (40%)<br/>10% : Credit factors<br/>10% : Environment factors<br/>9% : Product characteristics<br/>Guaranteed availability factor<br/>Deviation from capacity<br/>Amount MW/hr,<br/>Contract term (Yrs)<br/>5% : Project development<br/>PoD, NG delivery point<br/>Resource supply diversity &amp; adequacy<br/>5% : Project development<br/>Project financing<br/>Permitting status<br/>Site control<br/>Developer experience</p> <p>Bids with ETO subsidy will also be evaluated by ETO<br/>ETO will provide subsidy based on regulator’s forward curve, average price</p> | <p>any body outside PacifiCorp)</p> <p>Price factors (up to 70% weight)<br/>Resource &amp; price characteristics evaluated separately and recombined to determine bundled evaluated cost<br/>Best cost/risk balance<br/>Resource characteristics<br/>Evaluated resource cost<br/>Credit risk factors<br/>The total evaluated cost of the proposal is compared to PacifiCorp’s Next Best Alternative (NBA) with similar characteristics. The NBA is estimated based on the purchase in the energy market place, and/or Cost to build own operated similar resource. (Less than or equal to 80% of adjusted price curves get 70% weight, thereafter it is linear weight up to 100%)</p> <p>Non – Price factors (up to 30% weight)<br/>Dispatchability<br/>Hourly , 20%<br/>Day, 15%<br/>Month, 10%<br/>Quarter, 5%<br/>No dispatch option, 5%<br/>Bidders to identify any limitations<br/>Environmental non-price weightage (up to 10%)</p> | <p>Price factors (up to 60%)<br/>Cost to integrate resource<br/>Cost of delivery to the system<br/>Dispatchability<br/>Level of firmness<br/>Value of green tags<br/>Compared to other bids and forward price curves and adjusted for foregoing factors (Less than or equal to 80% of adjusted price curves get 60% weight, thereafter it is linear weight up to 125%)</p> <p>Non price factors (up to 40%)<br/>Bidder credit worthiness<br/>Firmness of deliveries<br/>Level of dispatch</p> <p>30% weight to<br/>15% : Conformance to RFP/EPA<br/>10% : Performance guarantees ( operational flexibility, reliability, fuel type and supply, ability of bidder to provide adequate credit assurances, inter-connection or wheeling issue and environmental issues)<br/>5% : Resource firmness</p> <p>10% weight to environmental factor based on renewable energy technology</p> <p>If generic PPA is altered or not used, it affects evaluation</p> | <p>Additional considerations<br/>Size and hourly shape of load reduction<br/>Firmness/persistence of savings<br/>Turnkey services<br/>Performance guarantees<br/>Marketing capabilities<br/>Innovation<br/>Customer value and benefits<br/>Addressing market barriers</p> | <p>Operational flexibility (dispatchability)<br/>Resource price (lowest life cycle cost)<br/>Transmission – firm delivery to PSE service areas)<br/>Status &amp; schedule, price volatility, resource flexibility and stability, technology, project risks<br/>Environmental impacts, resource location, community impacts<br/>Capital structure impacts, future exposure to environmental regulations and/or taxes</p> <p>Stage 2 Evaluation<br/>Performance within existing PSE generation portfolio<br/>Timing, resource mix /diversity<br/>Cost impact, impact on PSE’s overall risk position<br/>Ability to deliver as proposed, transmission rights, environmental impacts<br/>Guarantees &amp; security</p> | <p>PPA (up to or more than 20 years)<br/>Project location : should be in Pacific North West<br/>Developer’s experience<br/>Financial resources</p> <p>Stage 2 Evaluation<br/>Portfolio Analysis using PSE’s “Portfolio Screening Model” for 20 year NPV of costs for overall portfolio and impact on portfolio risk<br/>Overall cost to customers Risk analysis for power prices and hydro<br/>Evaluate combinations of proposals<br/>Imputed Debt<br/>Integration Costs<br/>Transmission</p> | <p>based on commonly accepted engineering methodologies and tools<br/>Cost effectiveness<sup>1</sup> of proposals will be evaluated using utility cost test (utility’s electrical savings benefits) and the total resource cost test (net value of EE to the society as a whole)</p> <p>Stage 2 Evaluation<br/>Compatibility with PSE Energy Efficiency portfolio<br/>Comparison of customer segments, end uses etc with similar parameters identified in LCP<br/>Comparison of proposals with PSE’s existing EE programs<br/>Proposer’s financial risk, and credit requirements<br/>Cost effectiveness analysis that reflect current avoided costs or other LCP assumptions</p> |

<sup>1</sup> Calculation Methodology: Puget Sound Energy’s determination that an energy efficiency project is cost-effective is a two-step process.

Step 1: The Total Resource Cost test determines that the value of all benefits of doing the project (energy savings plus other benefits like maintenance savings, improved productivity, etc.) is greater than the total projects costs. (Note: If the value of the energy benefits alone exceed the total cost, the equation is satisfied without need of quantifying further benefits.) ie Total benefits (\$) > Total costs (\$)

Step 2: IF Step 1 is satisfied, OR IF: Total costs < 150% of value of energy benefits, AND there are documented additional benefits which cannot easily be quantified (e.g. improved indoor air quality), then the utility funding is limited by the Utility Cost Test; Utility benefits (\$) > Utility costs (\$), also expressed as: Value of kWh Savings (for measure life) > Utility funding (customer incentives + PSE administrative costs + Respondent costs)

|                           | <b>Portland General Electrical</b>   | <b>PacifiCorp – 2003A (Supply Side)</b>  | <b>PacifiCorp – 2003B (Supply Side)</b>  | <b>PacifiCorp – 2003B (Demand Side)</b>   | <b>Puget Sound (All generation sources)</b>  | <b>Puget Sound (Wind Power Resources)</b>  | <b>Puget Sound ( Energy Efficiency Proposal)</b>  |
|---------------------------|--|--|--|---|--|--|---|
|                           | of bids, or utilities published avoided costs<br>ETO will have ownership of green tags of the projects funded by it and these green tags will be transferred to utilities for their customer benefits  |  |  |   |  |  |   |
| <b>Selection</b>          | The bidders will be short listed based on first prices and then negotiation will be conducted on price and non-price elements, which will lead to final selection of bidder<br>Post bid negotiation will have following parameters<br>Concentration of risk and contract terms<br>Firmness of delivery<br>Fuel risk exposure<br>Leverage effects | The bidders will be short listed based on first price and then negotiation will be conducted on price and non-price parameters | The bidders will be short listed based on above given criteria and then negotiations will be carried for price and non-price elements, which will lead to final selection of bidder<br><br>Post bid negotiations will be based PacifiCorp’s cost assessment. | PacifiCorp may interview shortlisted companies or may ask companies to make presentation                            | The short listing will be based on stage 2 proposal evaluation and will be followed by negotiations  | The short listing will be based on stage 2 proposal evaluation and will be followed by negotiations  | The short listing will be based on stage 2 proposal evaluation and will be followed by negotiations   |
| <b>Process Fees</b>       | Nil  | Nil  | Nil  | Nil   | There is no processing fee however the participant are expected to fund the third party selected by PSE to perform “Fatal Flaw” analysis and due diligence of selected proposals                                     | There is no processing fee however the participant are expected to pay the third party, not exceeding \$20,000 per short listed respondent, toward the review and verification of wind resource and energy estimates | Nil   |
| <b>Bid Deposit</b>        | Nil  | Nil  | Nil  | Nil   | Nil  | Nil  | Nil   |
| <b>Documents Provided</b> | Environmental damage factors<br>Contract templates available for Firm physical wholesale energy purchase & sale agreement  | Forms  | Retention time of submission stated<br>Not sharing forward energy curves   | Forms<br>Letters : Response letter, proposal letter<br>Price schedule<br>Load reduction schedule<br>Sample contract | Evaluation criteria details<br>Prototype PPA<br>Prototype ownership term sheet<br>Avoided cost schedule<br>PSE monthly resource need<br>Confidentiality agreement<br>Templates: Financial Pro Forma, Energy Delivery | Prototype PPA<br>Prototype Ownership term sheet<br>Avoided cost schedule<br>PSE monthly resource need<br>Templates – Financial Pro forma, energy delivery schedule   | Prototype EE Agreement<br>Measure lives<br>Proposal cost detail and calculation of Conservation Cost Effectiveness<br>Confidentiality Agreement |

|                                 | <b>Portland General Electrical</b>   | <b>PacifiCorp – 2003A (Supply Side)</b>   | <b>PacifiCorp – 2003B (Supply Side)</b>  | <b>PacifiCorp – 2003B (Demand Side)</b>   | <b>Puget Sound (All generation sources)</b>  | <b>Puget Sound (Wind Power Resources)</b>  | <b>Puget Sound ( Energy Efficiency Proposal)</b>  |
|---------------------------------|--|---|--|---|--|--|---|
|                                 | Physical capacity purchase and sale agreement<br>Capacity exchange agreement<br>Firm financial energy and capacity purchase and sale agreement   |   |  |   | Schedule<br>Summary data   | Confidentiality agreement  | Templates – Financial Pro forma, energy efficiency payment schedule   |
| <b>Key Information Required</b> | Product supply term sheets<br>Pro forma for ETO support for renewable energy projects<br>Credit support documents<br>Point of Delivery<br>Fuel or energy source & technology<br>Resource output – quantity of firm energy and peak capacity (monthly & yearly profile)<br>Dispatchability<br>Project description<br>Emissions disclosure | Intent to bid form<br>Responses / birds<br>Security<br><br>In bids<br>Impact of temp on output<br>Impact of other factors on output<br>Fuel transportation route information<br>Ownership Purchase option bids should have following<br>Costs (Fixed, Variable, O&M)<br>Operating limits<br>Estimate of emissions<br>Guaranteed availability information<br>Efficiency<br>Terms of warranties/guarantees on major equipment<br>Proposal format<br>Executive summary of proposal<br>Resource description<br>Bidders qualification<br>Financial information<br>Pricing Proposal<br>Transmission<br>Environmental<br>Contract Term | Intent to bid form<br>Responses / birds<br>Security<br><br>In bids<br>Impact of temp on output<br>Impact of other factors on output<br>Fuel transportation route information<br><br>Proposal format<br>Executive summary of proposal<br>Resource description<br>Bidders qualification<br>Financial information<br>Pricing Proposal<br>Transmission<br>Environmental<br>Contract Term | All forms<br>Executive summary : 5 pages<br>Work scope : 25 pages<br><br>Proposals should have<br>Executive summary<br>Proposal Forms<br>Pricing Schedule<br>Implementation Plan<br>Exceptions<br>Work Scope<br>Program description<br>Personnel (resumes and experience)<br>Marketing plan<br>Experience and qualification<br>Parent / subsidiary relationship<br>Financial<br>Sub contractors | Project description<br>Resource description<br>Fuel supply<br>Legal and financial information<br>Price<br>Transmission information<br>Experience & Qualification statement<br>Current status & project plan<br>Pro Forma | Project description<br>Energy projects (Wind Data, Energy Calculations)<br>Legal and financial information about entity as per Pro forma<br>Interconnection details<br>Project plans & status of permits | Project description and data as per pro forma<br>Proposal description<br>Project & savings verification plan<br>Marketing & customer service plan<br>Financial capability |

|                         | <b>Portland General Electrical</b>   | <b>PacifiCorp – 2003A (Supply Side)</b>  | <b>PacifiCorp – 2003B (Supply Side)</b>  | <b>PacifiCorp – 2003B (Demand Side)</b>   | <b>Puget Sound (All generation sources)</b>   | <b>Puget Sound (Wind Power Resources)</b>  | <b>Puget Sound ( Energy Efficiency Proposal)</b>   |
|-------------------------|--|--|--|---|---|--|--|
| <b>Pricing Proposal</b> | <p>As per the Term Sheets for individual products</p> <p>Product<br/>Product seller<br/>Product Purchaser<br/>Purchase Hours or available hours<br/>Term (Bidder to provide)<br/>Contract Quantity<br/>Delivery point<br/>Quality – Firm or Non Firm<br/>Energy payments</p> <p>Bidders are allowed to provide price information in alternate formats<br/><i>(Note: this was one of the reasons why the process got delayed)</i></p> | <p>Pricing basis taken from IRP</p> <p>Costs associated with air quality standards to be borne by bidders (Bidders will not be able to flow through future cost for maintaining air quality as per any future change in standards)</p> | <p>Unit contingent generation as generated by the facility interconnected to PacifiCorp</p> <p>Firm scheduled generation</p> <p>Generation from other systems telemeter into PacifiCorp’s system</p> | <p>Must include following</p> <p>Industry standard fee, charges<br/>Rate schedule for services<br/>All costs for turnkey support and required technical assistance<br/>Travel expenses<br/>Administrative expenses (office &amp; system)<br/>Marketing expenses</p> | <p>Flexible pricing<br/>PPA Projects<br/>Fixed price per kWh for energy and environmental attributes<br/>Fixed monthly or annual payment to project to offset O&amp;M and ownership costs<br/>Fixed plus variable cost payments<br/>Combination of above<br/>Schedule of year wise<br/>Termination amount</p> <p>If applicable, should also include any escalation rate</p> <p>PSE Ownership proposal may also include following<br/>Joint development &amp; ownership<br/>Development rights &amp; EPC responsibility<br/>Build own, operate and transfer<br/>Turnkey</p> <p>Any other or combination of above</p> | <p>Flexible pricing<br/>PPA Projects<br/>Fixed price per kWh for energy and environmental attributes<br/>Fixed monthly or annual payment to project to offset O&amp;M and ownership costs<br/>Fixed plus variable cost payments<br/>Combination of above<br/>Schedule of year wise<br/>Termination amount</p> <p>If applicable, should also include any escalation rate</p> <p>PSE Ownership proposal may also include following<br/>Joint development &amp; ownership<br/>Development rights &amp; EPC responsibility<br/>Build own, operate and transfer<br/>Turnkey<br/>Any other or combination of above</p> | <p>Price &amp; payment proposal with break-out<br/>Schedule of payment and link to performance<br/>Estimate of fees, shared savings arrangements or any other payments made to third party</p> |
| <b>Final Outcome</b>    | <p>Received 104 proposals from 43 bidders, totaling 14000 MWs</p> <p>Contract terms proposed from 5 to 20 years</p> <p>Products<br/>Capacity 13 bids<br/>Energy 39 bids<br/>Energy Tolling 27 bids<br/>Ownership 26 bids<br/>Finally selected 100 MW proposal from Transalta, other shortlisted proposals are being negotiated (Jun 2004)</p>  | <p>Received 53 proposals</p> <p>Finally selected Summit Vineyard LLC proposal for 534 MW CCGT based power plant</p> <p>Total estimated cost of plant will be \$ 330 million</p>  | <p>Received 54 proposals worth 5600 MW from 42 bidders</p> <p>Shortlisted 7 proposals for over 1000 MW</p> <p>Proposals shortlisted are mainly based on wind or geothermal.</p>                      | <p>No information</p>   | <p>Received 50 proposals</p> <p>Shortlisted 7 proposals for supply of 990 MW energy</p> <p>Proposals shortlisted includes : peak hydropower, coal based generation, wind based generation, and heat recovery based generation from new or existing plants</p>   |  |  |

**RFP Benchmarking - B**

|                                   | <b>NERA, Economic Consulting, Ministry of Energy</b>   | <b>NERA, Economic Consulting, Ministry of Energy</b>  | <b>We Energies</b>   | <b>Pacific Gas &amp; Electric</b>  | <b>Xcel Energy (Renewable Development Funds)</b>  | <b>Hydro Quebec</b>  | <b>Avista</b>   |
|-----------------------------------|--|---|--|--|---|--|---|
| <b>Jurisdiction</b>               | Ontario  | Ontario   | Wisconsin  | California   | Minnesota   | Quebec   | Washington  |
| <b>RFP/CFT Objective</b>          | Government of Ontario has set target for having 1350 MW of renewable generating capacity to be in service by 2007 and 2700 MW to be in service by 2010   | Information in this section is based on RFQ/RFI issued by NERA Economic Consulting on behalf of Government of Ontario for 2500 MW of new clean generation and demand side projects.<br><br>Note : RFP will be available by end of August 2004 | Successful proposals will be cost effective and will minimize transmission and/or distribution system impacts.   | Implementation of California state energy policy which has set up RPS and is targeting 20% retail renewable supply by 2017 (revised to 2010) | To facilitate introduction of new renewable technologies into NSPP service territory. To provide funding to make energy cost more competitive. Assist in bringing technologies to the point where they be commercialized. | CFT is for the purchase of firm capacity and associated energy to meet the long term needs of Quebec Customers as outlined in the Hydro Quebec Distribution supply plan CoD: Mandatory by March 01, 2007           | Long –term resource portfolio for meeting retail customer needs<br>Operation flexibility<br>Control over project output<br>Timing of supply (seasonal and daily basis)<br>Least cost objectives<br>Cost<br>Risk<br>Operating flexibility and<br>Diversity of supply |
| <b>Unique Features of CFT/RFP</b> | The RFP is formulated by NERA Economic Consulting on behalf of Government of Ontario for selecting proposals for proposed Ontario Power Authority (OPA) or Ontario Electricity Financial Corporation (OFECC).<br>OPA is being created pursuant to Electricity Restructuring Act, 2004 as a new statutory non profit corporation that will not be a Crown Agent. The responsibilities of OPA will include securing new supply for Ontario.<br><br>Note: OPA is now in existence and Moody has given it P (Provisional) Aa3 rating | RFP is for Clean Energy (including Co-generation and distributed generation), Demand Response, and Demand Side Management proposals   | We Energies issued 2 RFPs in last 3 years for acquiring renewable energy from IPPs<br><br>Welcomes bidder’s creativity in proposal and agreement terms | Structured and legally strong RFP process with CFT<br>Process features<br>Incorporates of payments from California Energy Commission         | RFP is for grant of funds to Research & Development projects and Renewable energy projects that require subsidies for becoming competitive. The total value of fund is \$25 million                                       | Final selection based upon portfolio optimization. The lowest priced bid will not necessarily win<br>Significant role of third party<br>Upper cap on amount payable to TransEnergie for interconnection is defined | All sources integrated RFP – includes DSM and Supply Side resources   |

|                      | NERA, Economic Consulting, Ministry of Energy   | NERA, Economic Consulting, Ministry of Energy  | We Energies  | Pacific Gas & Electric   | Xcel Energy (Renewable Development Funds)   | Hydro Quebec   | Avista   |
|----------------------|---|--|--|--|---|--|--|
| <b>Product</b>       | Renewable Energy Supply (RES) contract capacity (name plate capacity) from 0.5 MW to 100.0 MW,<br>Cap on the output is 125% of the expected annual energy output calculated based on the contract capacity,<br>RES contract includes capacity products, ancillary services, transmission rights, and environmental attributes, Supply at delivery point, and Commercial operation by Dec 31, 2007 | New Generating Facilities<br>Minimum capacity 5MW<br>Fuel : Other than coal or oil<br>Located in Ontario<br>Commercial operation by Jan 1, 2009<br><br>Demand Side Projects<br>Demand Response<br>Projects<br>Located in Ontario<br>Have a min specified load of 5 MW<br>Verifiable curtailment of electricity demand<br>Commercial operation by Dec 31, 2007<br><br>Energy Efficiency<br>Located in Ontario<br>Verifiable savings that are equivalent to 5MW of capacity<br>Commercial operation by Dec 31, 2007<br>Remain in commercial operation for at least 5 years | Wind renewable energy<br>Total : 200 MW<br>20 year contract period<br>minimum 20 MW size<br>Projects operational by Dec 31, 2004<br>Right to all energy produced | As available : >=1MW, Solar, Wind, Run of River, any other, intermittent energy deliveries<br>Base load : >=1MW, firm power 7X24, min annual capacity factor 80%<br>Peaking : >=1MW, peak hours, min capacity factor 95%<br>Dispatchable : >=20 MW, day ahead or intra day, min capacity factor 95%, min run of 8 hrs<br><br>Combination of products is also allowed | Renewable energy projects under following categories<br><br>Research Projects<br>Advanced / Early stage technologies (with expected commercialization in 5-25 years)<br><br>Renewable Energy Projects<br>Wind < 2MW<br>Solar PV<br>Hydro, run of river ( 20 mt head & <12 MW capacity)<br>Biomass <12 MW<br>Biogas <12 MW<br><br>Projects should be located with in Xcel Energy's Minnesota territory for self generation or Xcel Energy Wisconsin, Michigan, North Dakota, or South Dakota for energy production | Firm capacity and associated energy<br>Power plant should be located in Quebec (if outside Quebec, the transmission should not be through TransEnergie system) | Capacity and energy purchase<br>QFs may also apply though they have other options (sell under short term agreement at avoided cost)<br>Renewable power supplies<br>Conventional power plant (CCGT & SCGT)<br><br>Power supply resources<br>Firm delivery from a unit in North West region<br>Price capped<br>Curtailment capability<br><br>Quick ramp-up time<br><br>Energy Efficiency Resources<br>Retail customer (> 250 kW)<br>Energy saving measure (3 to 5 years)<br><br>Avista gets an emission reduction benefits |
| <b>Energy Source</b> | Bio-fuel, Bio-gas, Biomass, Wind Power, Hydro, Landfill Gas, Solar  |  | Wind   | Solar, Wind, Run-of-river, Geothermal, Biomass, Digester Gas, Landfill Gas, Ocean Wave, Fuel Cell etc  | Wind, Solar PV, Hydro, Biomass, Biofuels  | All types of commercial generation technologies  | Electrical Energy Efficiency, Fuel Conversion, All generation sources (Avista's preferred resources as per IRP)  |
| <b>Size</b>          | Total : 300 MW<br>Size: 0.5 MW to 100.0 MW  |  | Total requirement : 200 MW   | Total requirement : 711 GWh per year or 81 MW at 100% Capacity Factor, or 406 MW at 20% Capacity Factor  | Small project < 12 MW<br>Total Fund Size : \$ 25 million<br><br>Fund Allocation<br>Production Projects : 60%<br>R & D Projects : 40%  | Total : 600 MW<br>Base load: 400 MW (delivery performance factor: 80% to 90%)<br>Hourly dispatchable deliveries: 200 MW (delivery performance facts > 80%)     | 0 MW Resource Block  |

|                                    | NERA, Economic Consulting, Ministry of Energy  | NERA, Economic Consulting, Ministry of Energy | We Energies   | Pacific Gas & Electric  | Xcel Energy (Renewable Development Funds)  | Hydro Quebec  | Avista   |
|------------------------------------|--|---|---|---|--|---|--|
| <b>Term</b>                        | 20 years   |   | Minimum size : 20 MW<br>Contract Length: Up to 20 years | Delivery term of 10 to 20 years beginning 2005 or beyond  |  | Contract term : 15 to 20 years<br>Contract term is available for 25 years for the plants who have estimated useful life of 30 years or more   | Energy Efficiency Projects > 5 years   |
| <b>RFP Timeline</b>                | 20-Jan-04: Announcement of renewable RFP<br>28-Apr-04: Release of RFQ<br>11-May-04: Release of draft RES Contract<br>24-Jun-04: Release of renewable RFP and RES contract<br>21-Jul-04: Deadline for questions<br>04-Aug-04: Deadline for issuing addenda to Renewables RFP<br>25-Aug-04: Proposal submission deadline<br>31-Jan-05: Evaluation of Proposals and Finalization of RES Contracts |   | Proposal receipt date : 28-Feb-03                       | 15-Jul-04: Issue of RFO<br>26-Jul-04: Notice of intent to bid<br>23-Aug-04: Submission due date<br>29-Sep-04: Short list proposals and PRG consultations<br>29-Nov-04: Conclude negotiations<br>06-Dec-04: PPA signing<br>17-Dec-04: Submit PPA for regulatory approval | 30 Dec 03: RFP issue<br>02 Feb 04: Notice of intent to bid<br>02 Feb 04: Pre-bid conference<br>16 Mar 04: Proposal due date<br>TBD: Inform report to commission<br>28-Jun-04: Proposals shortlisted and sent to commission<br>31 Aug 04: Commission declare final selection<br>02 Nov 04 : Contract negotiation complete | 27 Mar 02: Pre bid conference<br>15 Apr 02: CFT Issued<br>30 Apr 02: Registration deadline<br>13 Jun 02: Bid submission deadline<br>14 Jun 02: Bid opening<br>Sept 02: Announcement<br>Dec 02: Contract execution | 01 Dec 03 : RFP Issue<br>12 Jan 04 : RFP Submissions<br>23 Jan 04 : Initial review completed<br>30 Jan 04 : Shot list announced<br>13 Feb 04 : Complete meetings<br>20 Feb 04 : Selection of negotiation list<br>15 Mar 04 : Final selection |
| <b>Length of Process</b>           | 12 Months  |   | No information  | 5 months  | 11 Months  | 8 Months  | 4 Months   |
| <b>Non-Arms Length Competition</b> | - OPA is a new corporation   |   | No information  | No information  | Xcel energy or its affiliates may propose projects for funding under any of the funding priority categories. The proposals from Xcel Energy or its affiliates will be evaluated separately (Commission requirement)  | Hydro Quebec Generation can participate   | No information   |
| <b>Third Party Evaluator</b>       | NERA Economic Consulting is conducting the RFP process from design stage to contracting stage.   |   | No  | PG&E has internal group (PRG) who evaluate the selected proposals separately  | Xcel Energy evaluates the bids and a Board overlooks the process. Board has five members – 2 Xcel Energy, 2 Environment (ME3), 1 Community representative<br><br>R&D: Princeton energy resources international (PERI) does evaluation and presents to Board  | Deloitte & Touche overlooked the evaluation process   | No   |

|                                    | NERA, Economic Consulting, Ministry of Energy   | NERA, Economic Consulting, Ministry of Energy | We Energies  | Pacific Gas & Electric   | Xcel Energy (Renewable Development Funds)  | Hydro Quebec  | Avista   |
|------------------------------------|---|---|--|--|--|---|--|
| <b>Role of Regulator</b>           | As per to Electricity Restructuring Act, 2004, Ontario Energy Board will approve assessment of electricity resource, IRP, and acquisition processes.  |   | No information<br>There are no requirements of PSCW                            | Market Price Referents issued by CPUC is used to calculate how much of Participant's price will be paid directly by PG&E under the PPA and how much will be paid as Supplemental Energy payments by Utilities' Public Goods Charge Account, administered by California Energy Commission<br><br>PPA requires Regulatory Approval |  | Because of possibility of Hydro Quebec Generation's participation it has to follow Code of Conduct as per Tenders and Contract Award procedure approved by the Regie de l energie in July 2001.<br><br>The CFT process and contracting procedures are approved by Regie de l energie  | The solicitation process of utilities is governed by WUTC regulation WAC 480-107-060 that stipulates the approval of RFP by WUTC.<br><br>Other relevant regulations are WAC 480-107-70 |
| <b>RFP/CFT Process Description</b> | There are two stages for final selection of suppliers. The final selection is based on the price merit order.<br>The terms of Renewable Energy Contract is not open for negotiation<br><br>Stage 1: Pre-qualification<br>Stage 2: Short listing, and contract award |   | Two stage process<br>Stage 1: Short listing<br>Stage 2: Negotiation & contract | Single stage process with terms similar to Call for Tender Process   | 2 Stage evaluation process<br>preliminary eligibility process<br>quantitative proposal scoring process | CFT procedure is prescribed by the provincial government, under the direct responsibility of the Regie de l energie. It follows standard three step process with an assessment and then ranking.<br><br>Step 1: Evaluation of bids per the minimum requirements<br>Step 2: Evaluation of bids by categories<br>Step 3: Simulation of bid combinations | Preliminary screen (completeness)<br>Preliminary evaluation<br>Detailed evaluation<br>Negotiation<br>Award   |
| <b>Pre-Qualification</b>           | Documents not available on web site   |   | No requirements  | No requirements  | No separate process, it is part of RFP proposal evaluation   | Minimum requirement prescribed in bid include, location, financial security, bidder's experience, technological maturity and power plant interconnection time frame   | No separate process, it is part of RFP proposal evaluation   |

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|---|--|--|---|--|--|--|---|
| <b>Legal Protection / Liabilities / Exit Clause</b> | The Ministry reserves right to Cancel this Renewables RFP process at any stage and/or issue a new RFP with same deliverables<br>Reject any or all Proposals in its absolute discretion |  | Discretionary rights for Waivers & modification of criteria or proposals<br>Rejections<br>Alternative outside solicitations<br>No recourse to WE Energies for rejection or failure to execute PPA | Sole discretionary rights for judgment in<br>Rejection of proposal due to non conformance and non beneficial to ratepayer<br>Formulate criteria for evaluation and implementation of RFO<br>Negotiate to the benefit of ratepayers<br>Modify to comply with CEC and any other applicable law | Decision by the Board does not impose obligation on Xcel Energy to purchase electricity from funded projects beyond what is required as per Minnesota Rules for Co-generation and Small Power Production (Rule 7835.0100 to 7835.9910) | Hydro Quebec reserves the right to cancel the CFT at any time, notably if the needs expressed have changed to significant degree. It reserves the right not to award any contract for a given type of product or to decrease the quantity requested should the conditions and prices of the bids for that type of product be deemed inappropriate or not competitive | Limitations:<br>There is no binding contract until Avista and the project developer have executed a final written purchase and sale agreement.<br><br>Avista retains a right in its sole discretion to reject and all project proposals at any time before execution of final written purchase and sale agreement |

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| <b>Proposal Evaluation</b> | <p>Three stage evaluation process<br/> Stage 1: Evaluation for Completeness<br/> Stage 2: Technical and financial evaluation<br/> Stage 3: Proposal Price Evaluation</p> <p>Evaluation of Completeness<br/> Complete all questionnaires, statement and forms as provided in RFP documents<br/> All required documentation</p> <p>Documentation check may lead to disqualification or Ministry may ask for clarifications, only proposals with completed documentation and clarifications will go to next stage of evaluation</p> <p>Technical and Financial Evaluation<br/> Minimum mandatory technical requirements<br/> Renewable generating facilities located in province of Ontario<br/> Not obtained commercial operation before Jan 20, 2004<br/> Distance between proposed facility sites must be more than 1 KM<br/> Project must belong to categories stated in "Guide to Environmental Assessment Requirements for Electricity Projects" Dated Mar 2001 published by Ontario Ministry of the Environment.<br/> Other features are standard</p> <p>Minimum mandatory financial requirements<br/> For projects &lt;4.0 MW, at least 35% of the total project equity must be provided by equity providers having tangible net worth of at least \$2 million.<br/> For projects &gt; 4.0 MW, at least 35% of the total project equity must be provided by equity providers having tangible net worth of at least \$500,000/MW of RES contracted capacity<br/> For Debt financing, commitment letter from Schedule I or II bank or financial institution with minimum credit rating of A- (S&amp;P), A3 (Moody), A low (DBRS), or A (Fitch IBCA)</p> <p>Proposal Price Evaluation<br/> Price is quoted in \$/MWh without GST or PST<br/> 15% of the proposed price shall be indexed to the percentage increase or decrease in Consumer Price Index and also incentive payments based on time of delivery (refer Appendix A of RFP for 300 MW of Renewable Energy Supply, Jun 24, 2004 Ministry of Energy, Ontario)</p> |   | <p>Location advantage (order of priority)<br/> With in We Energies Territory<br/> With in ATC Service Territory<br/> With in Wisconsin<br/> With in MISO</p> <p>Any change in Contract Terms would mean Alternate Proposal</p> <p>No evaluation criteria provided in bid documents. The bidders shortlisted should be able to demonstrate the site control and local community acceptance</p> | <p>Market Valuation (60% Score)<br/> Initial energy delivery date<br/> Delivery term of transaction<br/> Price<br/> Time of Delivery profile</p> <p>Base loads and peaking products are considered as forward products hence will be compared with PG&amp;E's forward market price curve<br/> Dispatchable products are viewed as options with energy price as the option strike price and the capacity price as the option premium, the option will be evaluated using an option pricing model</p> <p>Portfolio Fit (10% Score)<br/> Fit with PG&amp;E's generation profile and online date in conformance to portfolio needs<br/> Contract price and PG&amp;E's forward market price curve<br/> Capacity reliability</p> <p>Non-price Factors (30% Score)<br/> Credit (20%)<br/> Based on amount and form of performance assurance available during contract period<br/> Status of Project (5%)<br/> Projects in operations or advanced stage of development will get higher score<br/> Technology Viability (5%)<br/> Viability based on historical commercial data of technology &amp; participant's experience</p> <p>Adjustments will be made for transmission adders and integration costs</p> <p>Other non price factors'<br/> Social, reliability, environmental, resource diversity, transmission network benefits<br/> Modifications to RFO and Form PPA provisions</p> | <p>Proposal scoring approach<br/> Three step process<br/> initial criteria scoring<br/> core criteria scoring<br/> Sub total score</p> <p>Bonus preferences to following<br/> Biomass technology<br/> Minnesota R&amp;D institution<br/> Paires Island Indian Community</p> <p>Bid selection in based on score and bid judgment<br/> Initial criteria<br/> Barriers to market deployment<br/> Soundness of technical basis, assumption and approach<br/> Environmental, fuel resources, utility integration constraints, building/installation constraints, public safety and socio-economic constraints</p> <p>Core criteria<br/> Project approach and work plan<br/> Project team<br/> Technology Advancement<br/> Economic development benefit<br/> Emission level<br/> Efficient use of project funds<br/> Financing plan status<br/> Total Resource cost per kWh (Levellised tariff)</p> <p>Other Criteria<br/> All proposal requirement provided<br/> Clearly describe the focus of the project goals/objectives, products<br/> Can it produce energy proposed<br/> Budget: total fund requested, total cost of project, how funds will be spent<br/> Description of how project will advance renewable energy<br/> Project team, responsibilities and expertise<br/> Describes communication project tracking &amp; budget management techniques<br/> Proposal consistent with legislation<br/> Appropriate RDF role vis a vis technical mkt duplication<br/> Technology advancement</p> | <p>Step 1: Minimum requirement<br/> Siting<br/> Financial security<br/> Relevant experience<br/> Technological maturity<br/> Power plant interconnection<br/> timeframe</p> <p>Step 2: Sorting bids by category<br/> Cost of electricity: 60% (Capacity and energy price, interconnection &amp; transmission costs)<br/> Financial strength: 10% (Credit rating of firm and/or guarantor)<br/> Relevant experience: 10% ((experience of development of similar intensity projects, organizational structure, qualification of key staff)<br/> Project feasibility: 10% (interconnection, supply plan for fuel, environmental permitting)<br/> Flexibility: 10% (Commercial operation date, schedule of deliveries)</p> <p>Step 3: Simulation of bids<br/> The performance of combination of various short listed bids is analyzed for total cost under various forecasting scenarios based on parameters like information rate, discount rate, exchange rate, price of fuels etc.</p> | <p>DSM &amp; SS compared in streams<br/> All bids compared with Avista's own potential or existing resource acquisition programs for DSM or SS<br/> All bids compared with each other</p> <p>Evaluation Parameters<br/> Price<br/> Dispatchability<br/> Transmission impacts<br/> Other bids<br/> Company sponsored options<br/> Business &amp; operating history of developers<br/> Financial and rate impacts</p> <p>Ranking Categories for EE projects<br/> Description of proposals<br/> Price &amp; payment structure<br/> Savings verification plan<br/> Financial capability<br/> General qualification and references</p> <p>Ranking categories for supply proposals<br/> Electric power characteristics<br/> Financial and price characteristics<br/> Social/environmental characteristics</p> <p>Renewable energy projects get 10% credit on price for reduced air quality impacts and other environment impacts</p> <p>Evaluation matrix<br/> Financial/Price – 65%<br/> Electric Power and Social/Environmental Factors – 35%<br/> Environmental Factors – 10%</p> |

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|---------------------------|---|--|--|--|--|--|---|
| <b>Selection</b>          | The bidders will be selected in merit order of Price subject to being successful in Stage 1 and Stage 2 evaluations   |  | The bidders will be short listed based on the bid information and then negotiations will be conducted.   | The bidders will be short listed based on the bid information and then negotiations will be conducted. There will be ongoing consultation with PRG (Procurement Resource Group)  | The merit order is prepared by Xcel Energy Staff and the parties are shortlisted by Board. |  |   |
| <b>Process Fees</b>       | Nil   |  | Nil  | Nil  | Nil  | \$10,000 bid evaluation fee (for 150 MW or less Proposals)<br>\$15,000 bid evaluation fee (For >150 MW proposals)<br>\$10,000 credit evaluation fee.   |   |
| <b>Bid Deposit</b>        | \$25,000 per MW of RES Capacity<br>Minimum - \$25,000 and a maximum - \$1 million   |  | Nil  | Bid deposit of \$5/kW (cash or letter of credit)   | Nil  |  |   |
| <b>Documents Provided</b> | Forms<br>Technical and Financial questionnaire<br>Proposal Price Statement<br>Proposal Security format<br>Statutory Declaration<br>Conflict of Interest Declaration<br>Tax Compliance Declaration<br><br>Renewable Energy Supply Contract |  | Forms for<br>Project technical description<br>Project qualifications<br>Financial Information<br>Yearly Energy Delivery and Pricing<br>Compliance : regulatory and environmental | Forms for<br>Letter of credit<br>Notice of Intent to Bid<br>Offer<br>Credit related Information<br>Forms of Unit Firm, As-available, and dispatchable confirmation<br>Revenue Calculator<br>Master Power Purchase & Sale Agreement | Application forms<br>Grant Contract Terms and Conditions                                   | Standard EPA<br>Forms<br>Interconnection technical standards<br>Weighting grid for non price criteria<br>Grid of values attributed to credit ratings<br>Transmission system costs (Evaluation methodology) | Prototype Energy<br>Efficiency Agreement<br>Prototype Power Supply Contract<br>Avoided Cost Rates for PURPA (QF) Projects<br>Power supply evaluation matrix |

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| <b>Key Information Required</b> | Description of entities involved in development, construction, financing, and operation of facility<br>Description of key personnel involved in preparation of the Proposal and in the delivery and operation of the project<br>Organization chart<br>System Impact Assessment (by the IMO)<br>Customer Impact Assessment (by the Transmitter)<br>Connection Impact Assessment (by the Distributor) |   | Standardized proposal format<br>Executive summary<br>Project Description<br>Proposer's qualification<br>Financial consideration<br>Power supply contract duration, timing and price<br>Transmission plans<br>Regulatory and environmental compliance<br>Other information<br>Exhibits | All the forms<br>RPS Solicitation Protocol Agreement<br>Credit relation information<br>Offer<br>Project description :<br>Technology, Process etc<br>Point of Interconnection<br>Interconnection studies<br>Status of approvals required<br>Project plan<br>Description of social, reliability, environmental or resource diversity benefits | Grant Application Forms<br>Project approach & work plan<br>Technical aspects of project<br>Project objectives<br>Project detailed description<br>Project economics<br>Project development costs<br>Energy Pricing |              | Proposal (to follow exact format)<br>Energy efficiency requirements:<br>Description of proposal<br>Price & payment structure<br>Savings verification plan<br>Marketing & customer service plan<br>Financial capability<br>General qualification<br>Specify PoD<br>Power supply resources:<br>Capacity and energy<br>QF > 1 MW; QF <1 MW<br>Renewable power supplies<br>Convention<br>CCGT/SCGT<br>General qualification |

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| <b>Pricing Proposal</b> | <p>The price proposal should include total costs for connection of the facility to the relevant transmission or distribution system, including without limitation the costs of any improvements or modifications to the existing facilities or the relevant transmitter or distributor and the costs of new radial facilities extending beyond the existing transmission and distribution systems and dedicated to the facility.</p> <p>Price is quoted in \$/MWh without GST or PST<br/>15% of the proposed price shall be indexed to the percentage increase or decrease in Consumer Price Index and also incentive payments based on time of delivery (refer Appendix A of RFP for 300 MW of Renewable Energy Supply, Jun 24, 2004 Ministry of Energy, Ontario)</p> |   | <p>Energy delivery and pricing information required<br/>Monthly energy delivery (projected and guaranteed)<br/>Capacity and annual energy delivery<br/>Yearly pricing</p> | <p>Fixed price for the delivery term of the contract, the year to year price may be different</p> <p>No indexed prices</p> | <p>Must include “green attributes”<br/>Must include a pricing proposal<br/>Price reflective of variability of firmness of product, amount of energy available during “on-peak” hours<br/>Up to 15 years contract<br/>Wind standing tariff : 0.033 \$/kWh<br/>Others : up to 0.045 \$/kWh</p> | <p>Two part pricing formula can be used<br/>Capacity price with or without index<br/>Energy price with index</p> <p>Energy Delivery<br/>Energy supplied above 90% delivery performance factor will be paid at the price equal to the lesser of the bidder’s energy price or \$26.75 per MWh</p> |  |
| <b>Final Outcome</b>    | In progress  |   | In progress   | In progress  | Received 204 proposals requiring \$ 176 million funding<br>17 Shortlisted for final funding  |   | Last “all resources RFP” was implemented in year 2000 which resulted in 3 DSM contracts and 1 supply side contract |