

Western Area Power Administration
Request for Interest
For the Purchase of Long-Term Firm Electrical Energy with Capacity or Non-
Firm Electrical Energy
July 2009

1. **PURPOSE:** The Western Area Power Administration (Western), an agency of the U.S. Department of Energy, is requesting interest from electrical energy suppliers for the long-term purchase of firm electrical energy with capacity or non-firm electrical energy or a combination of the two products to be delivered to Western's Rocky Mountain Customer Service Region (RMR). The purchase would be for a contractual term exceeding five years with a termination date no later than September 30, 2024.

This Request for Interest (RFI) is issued solely for information and planning purposes. Western is not seeking proposals at this time, but rather expressions of interest in providing long-term electrical energy. This RFI is not binding, does not constitute a Request for Proposal (RFP) or a promise to issue an RFP, nor does it commit Western to contract for an electrical energy supply or service. Responses will be used for planning purposes to determine the cost and availability of resources to meet Western's Loveland Area Projects (LAP) long-term firm electric service contracts. Failure to respond to this RFI does not preclude a response to future RFPs for the purchase of long-term firm electrical energy with capacity or non-firm electrical energy.

This RFI is not subject to the Federal Acquisition Regulation. Costs associated with responding to this RFI will be solely at the responding party's expense.

2. **BACKGROUND:** Western markets and delivers reliable, cost-based hydroelectric power and related services within a 15-state region of the central and western United States. Western is one of four power marketing administrations within the U.S. Department of Energy whose role is to market and transmit electrical energy from Federal multi-use water projects. RMR markets power generated from LAP. LAP includes 20 Bureau of Reclamation owned and operated hydroelectric power plants of the Pick-Sloan Missouri Basin Program (Western Division) and the Fryingpan-Arkansas Project that combined have an installed capacity of 830 megawatts. LAP generation is delivered to 41 preference power customers in Colorado, Wyoming, Nebraska, and Kansas over 3,383 miles of transmission lines owned and operated by RMR. Fixed amounts of monthly firm electrical energy with capacity are committed to LAP customers by the terms of firm electric service contracts. LAP firm electric service contracts remain in effect through September 30, 2024.

Due to an extended drought and changes to river operations, RMR has been purchasing short-term electrical energy (i.e., no longer than 3 years in duration)

when LAP generation is less than the electrical energy RMR is obligated to provide under its firm electric service contracts. Through this RFI, RMR is investigating the purchase of long-term firm electrical energy with capacity and/or long-term non-firm electrical energy as a means to manage its purchase power expenses. A purchase of long-term non-firm electrical energy in support of firm load obligations would require RMR to acquire an accompanying firming dispatchable generation resource that will be factored into the cost analysis used to evaluate the responses to this RFI.

3. DEFINITIONS: The definitions of certain terms used in this RFI are as follows:

3.1 Firm Electrical Energy: Electrical energy backed by capacity, interruptible only on conditions as agreed upon by contract, system reliability constraints, or emergency conditions, and where the supporting reserve is supplied by the seller.

3.2 Non-firm Electrical Energy: Electrical energy that may be interrupted by either the energy provider or the energy receiver by giving advance notice to the other party.

3.3 On-peak Hours: Hours 0700 - 2300 Mountain Time, Monday through Saturday, not including NERC holidays.

3.4 Off-peak Hours: Hours 2300 - 0700 Mountain Time, Monday through Saturday, including all hours on Sunday and NERC holidays.

4. DESCRIPTION: Western is requesting interest from electrical energy suppliers regarding the long-term purchase of firm electrical energy with capacity or long-term non-firm electrical energy to supplement its LAP resources within the Western Area Colorado Missouri (WACM) balancing authority. LAP transmission lies within the WACM balancing authority and spans an area including Colorado, Wyoming, and Nebraska. Western will consider long-term firm electrical energy with capacity or long-term non-firm electrical energy from both renewable and non-renewable electrical resources. The points of delivery and the desired amounts of long-term firm electrical energy with capacity or long-term non-firm electrical energy are listed in subsections 4.1 and 4.2. The amount of long-term firm electrical energy with capacity or long-term non-firm electrical energy desired is subject to change and should not discourage potential electrical energy suppliers from responding to this RFI.

4.1 Points of Delivery Within the WACM Balancing Authority:

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Dave Johnston

Stegall West

4.2 Monthly Firm Electrical Energy with Capacity or Non-firm Electrical

Energy Requested: Electrical energy suppliers may deliver firm electrical energy with capacity or non-firm electrical energy or a combination of the two products at one or more of the points of delivery listed in subsection 4.1. Suppliers may choose to deliver different amounts of on-peak and off-peak electrical energy in different months. Delivered electrical energy is not required for all months, but firm electrical energy with capacity must be delivered at all times during a month for which it is supplied (i.e., during all on-peak and off-peak hours) and in the same amount within the month. RMR is requesting up to 100 megawatts in on-peak hours and up to 20 megawatts in off-peak hours.

5. RFI SUBMISSION REQUIREMENTS: Western requests that electrical energy suppliers interested in the sale of long-term firm electrical energy with capacity or long-term non-firm electrical energy provide a written response identifying the following:

- Name and description of company/organization including designated point of contact and contact information
- Amounts of on-peak firm electrical energy with capacity available by month
- Amounts of off-peak firm electrical energy with capacity available by month
- Price estimates for on-peak firm electrical energy with capacity by month
- Price estimates for off-peak firm electrical energy with capacity by month
- Amounts of on-peak non-firm electrical energy available by month
- Amounts of off-peak non-firm electrical energy available by month
- Price estimates for on-peak non-firm electrical energy by month
- Price estimates for off-peak non-firm electrical energy by month
- Proposed contract terms
- Proposed point(s) of delivery
- Generation source(s) of electrical energy
- Estimated capacity factor of non-firm electrical energy for each month it is delivered
- Proposed transmission arrangement(s) for delivery from generation source to point(s) of delivery
- Estimated date the electric energy resource will be available
- Other considerations

6. PROCESS AND TIMING:

6.1 Timing: Interest submitted in response to this RFI must be received by RMR on or before September 10, 2009, at 4:00 p.m. MDT to be considered.

- 6.2 Submission of Interest:** Western will accept letters of interest that are submitted by mail via the U.S. Postal Service or an equivalent private mail carrier such as UPS or FedEx. If using a private mail carrier, list RMR's main phone number ((970) 461-7200) on the shipping document. The address for submission of interest via the U.S. Postal Service is:

Regional Manager
Rocky Mountain Customer Service Region
Western Area Power Administration
P.O. Box 3700
Loveland, CO 80539-3003

The address for submission of interest via private mail carrier is:

Regional Manager
Rocky Mountain Customer Service Region
Western Area Power Administration
5555 E. Crossroads Blvd.
Loveland, CO 80538-8986

Western will accept letters of interest via e-mail to:
LAPlongtermRFI@wapa.gov.

Letters of interest may also be faxed to Western at (970) 461-7204, ATTN: John Gierard.

- 6.3 Questions:** Send questions regarding this RFI to:
LAPlongtermRFI@wapa.gov.

- 6.4 Notification of Receipt:** An acknowledgement of receipt will not be provided. Those interested are strongly encouraged to ensure that adequate tracking measures are taken with respect to their mailed, e-mailed, or faxed letter of interest.

- 7. CONFIDENTIALITY:** Electrical energy suppliers who request that all or a portion(s) of their letter of interest not be made available to the public should mark the applicable portion(s) "confidential." Western will evaluate such requests in accordance with applicable Federal law.

- 8. CONTACT INFORMATION:**
John Gierard, J6203
Federal Power Programs
Rocky Mountain Customer Service Region
Western Area Power Administration
P.O. Box 3700

Loveland, CO 80539-3003
(970) 461-7445