



**WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION
REQUEST FOR PROPOSALS (RFP)**

Electric Power and Energy Delivery for the DOE Northern California Sites

Schedule (Subject to Change)

***Issue Basic RFP..... July 19, 2004
Teleconference July 27, 2004
Phase 1 Offers Due..... August 9, 2004
Qualified Offerors Notified August 18, 2004
Issuance of Phase 2 RFP September 2, 2004
Phase 2 Offers Due and Selected.... September 21, 2004
Confirm Agreements Executed September 28, 2004
Power Delivery Commences..... January 1, 2005***

1. Introduction

The Western Area Power Administration (Western) is an administration within the U.S. Department of Energy (DOE). Western's Sierra Nevada Region principally markets power from the Central Valley Project (CVP) located in northern and central California.

Western acts as an agent in the procurement of electric power supplies and services through an Intra-Agency Agreement with the DOE Office of Science, Berkeley Site Office on behalf of the Department of Energy's northern California sites. These sites are the DOE National Nuclear Security Administration's (NNSA) Lawrence Livermore National Laboratory (LLNL), (including the adjacent Sandia National Laboratory-Livermore (SNL-L) and LLNL's Site 300), the DOE Office of Science's Lawrence Berkeley National Laboratory (LBNL), and the Stanford Linear Accelerator Center (SLAC). Management of the DOE northern California Sites' electric power consortium resides with the DOE Office of Science's Berkeley Site Office (hereinafter referred to as "DOE")

Western is undertaking the procurement of power supplies for DOE with delivery to commence on January 1, 2005. As set forth in more detail below, this procurement process is structured in the following two phases:

- A. Phase 1 provides each offeror an opportunity to document its qualifications. It also identifies a number of line items (products) with differing characteristics, contract terms and delivery points. Phase 1 asks each offeror to submit offers for individual line items (products). Western will determine each offeror's qualification to supply each line item for which an offer has been submitted.
- B. Phase 2 presents Western's determination of a "preferred portfolio" of products (line items) based on consideration of all available information, including that received from offerors under Phase 1. Phase 2 will solicit offers from qualified suppliers.

Because Western reserves the right to accept any or all offers offered in Phase 1 without going through Phase 2, suppliers should provide offers in Phase 1 with the understanding that those offers are subject to acceptance by Western without further discussion.

2. Pre-bid Telephone Conference Call

All potential offerors will have an equal opportunity to ask questions, seek clarification, or make comments concerning this RFP by participating in a recorded telephone conference. To participate in this call, at **9:00 am Pacific Daylight Time (PDT) on July 27, 2004**, dial 888-396-9924 and enter pass-code 54977 when prompted. During this teleconference, Western and DOE staff will review the RFP, receive comments, and respond to questions. If Western, at its sole discretion, determines any amendment to the RFP is required, such amendment will be communicated in the same manner as the original solicitation.

3. Designated Representatives and Address for Submittal of Offers

Each offer, which must include a completed Attachment A (in Word) and Attachment B (in Excel), must be submitted via an email addressed to all three of the following email addresses:

mwhite@wapa.gov

ungvari@wapa.gov

mark.clark@bso.science.doe.gov

In addition, a fully executed original of Attachment A must be submitted to Western's designated representative at the address that immediately follows.

Western's designated representative for this solicitation is:

Mr. Mark White, N6421
Phone: (916) 353-4408
Email: mwhite@wapa.gov
Power Marketing Division
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4416
Fax: (916) 985-1931

Alternate:
Mr. Joe Ungvari, N6420
916-353-4686
Email: ungvari@wapa.gov
Power Marketing Division
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4416
Fax: (916) 985-1931

The designated representative for DOE is:

Mr. Mark Clark
Electric Power Services Manager
Office of Science, Berkeley Site Office
Lawrence Berkeley National Laboratory
1 Cyclotron Road; MS-1023
Berkeley, California 94720
Phone: (510) 486-4705
Fax: (510) 486-4704
Email: mark.clark@bso.science.doe.gov

4. Specifications for Supplies

A. Points of Delivery

The delivery points for power under this solicitation are the Captain Jack Substation at the California-Oregon Border (COB) for up to 80 megawatts (MW) of resources, and NP15 and/or any direct connection to Western's high voltage (230-kilovolt (kV) or above) transmission system for up to 130 MW of resources.

B. Potential Contract Line Item Products

Western, on behalf of DOE, will consider purchasing some combination of the following products to satisfy some or all of the electric power requirements of the DOE northern California sites. Such deliveries shall commence on January 1, 2005. Offerors shall insert, in the appropriate places in Attachment B to this RFP, their proposed unit prices for the Contract Line Items they would like to supply

1. Up to two awards for 25 MW of firm energy (7x24x365), each with a term of 15 months, 27 months, or five years, for delivery at either (1) COB, (2) NP15 or (3) the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for these products should consist of an energy-only rate, fixed either on an annual basis or for the term of the contract.
2. Up to three awards for 15 MW of firm energy (7x24x365), each with a term of 15 months or 39 months, for delivery at COB. The pricing for these products should consist of an energy-only rate, fixed either on an annual basis or for the term of the contract.
3. Up to four awards for 10 MW of firm energy (7x24x365), each with a term of 15 months or 39 months, for delivery at COB. The pricing for these products should consist of an energy-only rate, fixed either on an annual basis or for the term of the contract.
4. Up to two awards for 15 MW of firm energy during on-peak¹ hours, each with a term of 6 months, 27 months, or 39 months, for delivery at NP15 or the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for these products should consist of an energy-only rate, fixed either on an annual basis or for the term of the contract.
5. Up to three awards for 15 MW of firm energy during off-peak² hours, each with a term of 6 months, 27 months, or 39 months, for delivery at NP15 or the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for these products should consist of an energy-only rate, fixed either on an annual basis or for the term of the contract.
6. One award for 20 MW that can be scheduled on a day-ahead basis, varying by hour, between 0 and 20 MW, with a term of 15 months or 27 months, for delivery at either (1) COB, (2) NP15, or (3) the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for this product should be comprised of a capacity reservation charge for the entire period, payable every month regardless of the amount of energy taken, and a fixed energy rate. The energy rate may be an annual rate or a single rate for the entire period.

¹ On-peak hours include Hours Ending (HE) 0700 to HE 2200, Monday through Saturday, excluding holidays under the North American Electric Reliability Council (NERC) conventions.

² Off-peak hours include HE 0100 to HE 0600, plus HE 2300 and HE 2400, Monday through Saturday and HE 0100 to HE 2400 on Sundays and holidays, under NERC conventions.

7. One award for up to 20 MW, that can be scheduled on a day-ahead basis between 0 and 20 MW, varying between the peak and off-peak periods but flat within the on-peak period and the off-peak period, with put and call options up to the full 20 MW, with a term of 15 months or 27 months, for delivery at either (1) COB, (2) NP15, or (3) the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for this product should be comprised of a capacity reservation charge for the entire period, payable every month regardless of the amount of energy taken, and a fixed energy rate. The energy rate may be an annual rate or a single rate for the entire period. Energy sold to the supplier by Western would be at the same fixed rate that Western would pay for energy scheduled from the supplier.

8. One award for up to 15 MW delivered according to the 12 monthly load shapes that are provided in Attachment C, with a term of 15 or 27 months, for delivery at (1) COB, (2) NP15, or (3) the Western 230-kV system. The delivery point may not be changed during the term of the contract unless mutually agreed to by the parties. The pricing for this product should consist of an energy-only rate, fixed annually or for the entire term of the agreement.

C. Specifications

The capacity, energy, and associated energy products offered in response to this solicitation must be delivered “firm” to the stipulated delivery points. “Firm” is defined as CAISO firm for deliveries to NP15 or to a direct connection with the Western system, or WSPP Service Schedule C firm for deliveries to COB.

Line items 1 through 5 request offers for block products. Western requests the pricing for these items consist of an energy rate. The rate may be an annual rate or a single rate for the entire contract period.

Line items 6 and 7 request offers for schedulable products. Western requests the pricing for these line items be comprised of a capacity reservation charge for the entire contract period, payable every month regardless of the amount of energy taken, and an energy rate. The energy rate may be an annual rate or a single rate for the entire contract period.

Line item 8 requests offers for energy to meet the twelve monthly load shapes provided in Attachment C. Western requests the pricing for this product consist of an energy rate. The rate may be an annual rate or a single rate for the entire contract period.

5.

Phase 1 of the RFP – Qualification of Offerors and Line Item Offers

Subject to the terms specified in this solicitation, Western seeks qualified suppliers for block and schedulable resources that provide high reliability at a competitive cost. More specifically, Western is seeking sources for up to 130 MW of firm electric capacity and energy with deliveries starting January 1, 2005

A. Qualification of Offerors Under Phase 1

In this Phase 1 of the RFP, each offeror will document its qualifications. Each offeror will be evaluated by Western to determine its qualification to provide each line item that it offers to supply. Each offeror agrees to advise Western prior to award of contract of any material change in its circumstances which might reasonably impact a determination of qualification.

It is important to note that the offeror's credit rating is only one of the criteria that will be used to determine whether a supplier is qualified. Western encourages all potential suppliers to submit an offer regardless of credit ratings or history.

Evaluation of Qualification will consider the following points.

1. Financial Condition. Each offeror is required to complete and submit the "Statement of Financial Conditions and Credit Worthiness" at Attachment A, which focuses on the offeror's financial condition.
2. Source of Supply. For each line item offered, the offeror is to identify the source(s) of power or generating unit(s), if known, and demonstrate, to the satisfaction of Western, its capability to deliver firm capacity and energy to the specified delivery points. Offerors may, for example, provide information about the historical dependability of the resource(s), using an industry standard measure such as capacity factor and forced outage rates; or provide typical outage rates for similar power plants of the same manufacturer, owner, technology, age and fuel type. Further, the offeror should address whether a single generating unit or transmission facility could interrupt power delivery; the possibility that the fuel used could become unavailable or that its cost could increase to a point where continued generation is uneconomic; and the possibility that future pollution control regulations could significantly increase the cost of the generation and make it uneconomic.
3. Transmission Availability. For each line item offered, the offeror is to demonstrate, to the satisfaction of Western, that the availability of transmission capacity between the resource(s) offered and the specified point of delivery are adequate to deliver the offered resource(s). Offerors may be asked to provide more detailed information about the transmission path(s), terms of third-party transmission agreements, and procedures for curtailing deliveries.

Western will evaluate the qualifications of each offeror to supply the products offered. It is anticipated that each offeror which is judged by Western to be qualified will be notified by **August 18, 2004**.

Western may require an offeror to demonstrate its ability to post a form of credit support to ensure its performance under any power purchase agreement. The amount of such credit support would be based on Western's evaluation of the offeror's credit condition and a determination of the financial obligations of the offeror under the terms of a power purchase agreement. Such credit collateral must be in a form acceptable to Western, for example, a parental guarantee from a creditworthy entity, a letter of credit from an investment grade institution, or cash on deposit in escrow.

B. Line Item Price Bids Under Phase 1

In this Phase 1 of the RFP, each offeror is invited to submit offers for each line item (product). The offers submitted will be utilized for the following purposes:

1. To identify which line items an offeror is interested in providing;
2. To assist Western in developing a "preferred portfolio" for use in Phase 2; though an offer may be accepted immediately if it is considered by Western to be clearly from a qualified source and clearly in the best interest of DOE.

C. Submittal of Offers Under Phase 1

Offers under Phase 1 must be received at all three of the email addresses identified on page 2 above by **10:00 a.m. PDT on August 9, 2004**. Offers may be submitted earlier than the deadline, but offerors must allow Western to transact upon the offers until at least **4:00 p.m. PDT on August 9, 2004**.

If Western decides, at its sole discretion, to accept one or more offer(s) under this Phase 1 of the RFP, it will notify each successful offeror by **4:00 p.m. PDT on August 9, 2004**.

6. Phase 2 of the RFP – Firm Price Bids for the Preferred Portfolio

A. The Preferred Portfolio Under Phase 2

Western will evaluate the offers received under Phase 1 based on price, creditworthiness, transmission availability, reliability, supply diversity, and any other factors which, in Western's sole discretion and judgment, are relevant to its portfolio management responsibilities. Based on this evaluation, Western will determine the preferred resource portfolio for service beginning January 1, 2005, and those resources will comprise the line items in Phase 2.

In Phase 2, qualified offerors will only be asked to provide firm offers for items they offered in Phase 1, but only if those items are included in the preferred portfolio, and were not accepted under Phase 1.

B. Submittal of Firm Price Bids Under Phase 2

Offers must be received at all three of the e-mail addresses identified in paragraph 3 above by **10:00 a.m. PDT on September 21, 2004**. Offers may be submitted earlier than the deadline, but offerors must allow Western to transact upon these offers until at least **4:00 p.m. PDT on September 21, 2004**.

Under this Phase 2, Western will notify each successful offeror that its offer has been accepted by **4:00 p.m. PDT on September 21, 2004**.

7. General Terms

A. Selection for Award

Western reserves the right to accept or reject any and all offers received, or to re-solicit for offers, where such action is deemed advantageous for Western. An offeror's proposal will be deemed accepted only when a Confirmation Agreement has been executed and delivered by Western to the selected offeror.

Western has no obligation to accept any offer, whether or not the stated price is the lowest price offered in the solicitation process, and may reject any offer, in its sole judgment and discretion, for any reason, without any obligation to disclose the reason or reasons for rejection. Depending on the offers received, Western may elect to contract for less than 130 MW initially, in favor of conducting follow-on solicitations prior to the expiration of power purchase contracts.

Western will consider the previously noted factors, along with price and overall portfolio resource diversity in its determination for award.

B. Confirmation Agreements

Western and each successful offeror will, within 5 working days of selection, enter into a Confirmation Agreement pursuant to the Western Systems Power Pool (WSPP) Master Agreement, with the only amendment being the addition of the required Federal provisions set forth below, plus any additional credit instrument required by Western. The WSPP Master Agreement is available at <http://www.wspp.org>.

C. Legal and Regulatory Requirements

Any contract entered into with Western will be consistent with federal law, regulations and policies.

Department of Energy National Environmental Policy Act Compliance:

If Western receives offer(s) for resources not yet constructed and selects the offer(s) for further consideration, it must first consider the potential environmental impacts of constructing and operating the resource as required by the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 et seq.) and the Department of Energy NEPA Implementing Procedures (40 CFR 1021). Western may reject offers if, in its judgment, the above-mentioned compliance requirements would cause power delivery to be delayed beyond January 1, 2005.

The following required Federal provisions will be included in any Confirmation Agreement:

Covenant Against Contingent Fees: The contractor warrants that it has not employed or retained any person or selling agency to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by their respective organizations for the purpose of securing business.

For breach or violation of this warranty, Western shall have the right to annul or terminate the contract without liability or in its discretion to deduct from the price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

Contingent upon Appropriations: Where activities provided for in this contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States obligations under the contract. In case such appropriation is not made, the contractor hereby releases the United States from its obligations and from all liability due to the failure of Congress to make such appropriation.

Western's ability to fulfill its obligations under this contract is contingent upon DOE making adequate funds available to Western via Intra-Agency Agreement 90-SAO-00001 between Western and DOE. Supplier shall not be obligated to deliver power for which DOE does not provide adequate funding to Western. Western shall include provisions in Intra-Agency Agreement 90-SAO-00001 that require DOE to advise Western as soon as possible of any potential funding limitation that may adversely affect Western's ability to perform its payment

obligations under this contract. If DOE fails to make sufficient funds available to Western to fund purchases under this contract, the sale and purchase of power under this contract shall go into suspension beginning with the first day that funds will no longer be available until such time as sufficient funds are again available, or until a 90-day period has elapsed, whichever occurs first. For the period of suspension, Western and supplier shall be released from their power supply and purchase obligations with no further liability. After such suspension period has passed, if DOE has not funded Western's obligation to purchase power on their behalf pursuant to Intra-Agency Agreement 90-SAO-00001, then either Party to this contract may permanently terminate their respective power supply and purchase obligations; Provided, all obligations which either Party has performed or which have accrued as of the date of suspension or termination shall survive the suspension or termination. Western's inability to perform under the contract, including its failure to receive energy under the contract, due to the failure of DOE to provide sufficient funds to Western, shall not result in liability to Western nor shall Western be deemed a "Non-Performing Party" under Section 21 of the Western Systems Power Pool Agreement.

Contract Project Work Hours and Safety Standards: The contract, to the extent that it is of a character specified in Section 103 of the Contract Project Work Hours and Safety Standards Act, 40 U.S.C.A. § 329, is subject to the provisions of the Act, 40 U.S.C.A. §§ 327-333, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

Equal Opportunity Employment Practices: Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by E.O. No. 12086, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the contract.

Use of Convict Labor: The contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 4082 (c) (2) and Executive Order 11755, December 29, 1973.

D. Protection of Business Sensitive Information

If an offeror wishes to have part of the information in its offer protected from public disclosure, the offeror shall mark sensitive sections of the offer “Proprietary – Business Sensitive.” Western will use its best efforts not to disclose sensitive business information that has been so identified in good faith in submissions, except as required by law or court order.

E. Disposition of Offers

Offers submitted in response to this solicitation will not be returned to bidders. At the conclusion of the solicitation process, all offers will be archived by Western until the conclusion of all contractual obligations resulting from this solicitation process and the conclusion of any other required regulatory, review or other processes as may be required.