

Western Area Power Administration, Upper Great Plains Region
Request for Proposal for Ellsworth Air Force Base
Regarding Long Term Renewable Firm Power and Energy
October, 2007

1. PURPOSE: Western Area Power Administration, Upper Great Plains Region (Western) is soliciting proposals for a long term firm power and energy supply (Firm Co-supply) on behalf of the United States Air Force, Ellsworth Air Force Base (Ellsworth AFB) located near Rapid City, South Dakota. The goal of Ellsworth AFB is to obtain up to 100 percent of their Firm Co-supply from renewable resources with the associated Renewable Energy Certificates (REC), hereinafter referred to as a Renewable Firm Co-supply. This Request for Proposal (RFP) does not commit Western or Ellsworth AFB to contract for any power and energy supply.

2. BACKGROUND:

2.1 Western, a power marketing administration within the U.S. Department of Energy, markets electrical power and energy from certain Federal hydroelectric facilities located throughout its regional service territories. Western may also provide purchasing assistance, on a pass through cost basis, for electrical power and energy and other electricity-related products to certain entities, primarily Western preference customers and other Federal agencies.

2.2 Western has entered into an Agreement with the Department of Defense (DoD), dated May 21, 1987, for the purpose, among other things, of facilitating cooperative arrangements to meet the basic objective of providing reliable electrical service at the most economical price practical, and in times of national emergency providing critical DoD installations with priority acquisition and delivery of electrical services.

2.3 Ellsworth AFB has requested that Western, on behalf of Ellsworth AFB, establish a Renewable Firm Co-supply contract with a third-party. The Renewable Firm Co-supply contract shall meet all of Ellsworth's AFB Firm Co-supply requirements above the power and energy supplied by Western's Interagency Agreement No. 94-BAO-701 (Interagency Agreement). The Ellsworth AFB Interagency Agreement is available on the following website for reference. <http://www.wapa.gov/UGP/PowerMarketing/EllsworthRFP>.

2.4 This RFP is not subject to the Federal Acquisition Regulations.

3. COMMUNICATIONS AND SUBMITTALS:

3.1 Questions concerning this RFP should be emailed to UGPELLSWORTH@WAPA.GOV. Western will remove any personal or company information from the email and then post the question and Western response on the following website that will be used for communication regarding this RFP: <http://www.wapa.gov/UGP/PowerMarketing/EllsworthRFP>.

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3.2 For information on the Western Open Access Transmission Tariff and any transmission questions contact:

Mr. Edward Weber
Transmission Systems Planning Manager
Western Area Power Administration
Upper Great Plains Region
2900 4th Avenue North
Billings, MT 59107-5800
Phone: 406-247-7433
Email: weber@wapa.gov

3.3 Send the Notice of Intent to Propose form to:

Mr. John A. Pankratz
Public Utilities Specialist
Western Area Power Administration
2900 4th Ave. North
P.O. Box 35800
Billings, MT 59107-5800
Phone: (406) 247-7392

3.4 Send seven copies of the proposal(s) to:

Mr. John A. Pankratz
Public Utilities Specialist
Western Area Power Administration
2900 4th Ave. North
P.O. Box 35800
Billings, MT 59107-5800
Phone: (406) 247-7392

3.5 Acknowledgement of receipt for any submission will not be provided. Facsimile and e-mail submittals will be rejected. Those interested are strongly encouraged to ensure that adequate tracking measures are taken with respect to their submission(s).

4. PROCESS AND SCHEDULE REQUIREMENTS:

4.1 All potential Offerors must submit to Western a Notice of Intent to Propose form, Exhibit A, at the address in Subsection 3.3, which must be received by 4 p.m., MDT, on October 31, 2007. Facsimile and e-mail submittals will be rejected and late submissions will not be considered.

4.2 Receipt of Submission of the Notice of Intent to Propose form, Exhibit A, must be received by Western by the date and time in Subsection 4.1 for Western

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to consider a future proposal(s). The Company name on the Notice of Intent to Propose form must match the Company name on the submitted proposal(s).

4.3 Seven copies of the final proposal(s) must be received by Western, at the address in Subsection 3.3, by November 30, 2007, at 10 a.m. MDT, to be considered. After proposals are received, they will first be evaluated for meeting the minimum requirements, and then will be further evaluated for the best value to Ellsworth AFB.

4.4 Each offeror that submitted a proposal(s) will be notified by email as to whether their proposal has been selected.

4.5 Deliveries of power and energy will commence on February 1, 2008.

5. RENEWABLE FIRM CO-SUPPLY REQUIREMENTS:

Contract Term: February 1, 2008, up to January 31, 2028.

Point of Delivery: 115,000 volt circuit of the Ellsworth Substation, on the Ellsworth AFB.

Quantities: The successful Offeror shall provide a Renewable Firm Co-supply to meet Ellsworth AFB needs. Ellsworth AFB 2006 Firm Co-supply historical deliveries and billing method is provided for reference in Exhibit B.

Product: A Renewable Firm Co-supply to meet Ellsworth AFB needs. The renewable power, energy, and REC must be produced by solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric project, as set forth in Section 9 (h) of Federal Executive Order 13423 (Vol. 72, No. 17, January 26, 2007).

Continuity of Service: Power and energy shall be provided on a firm basis.

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6. OFFEROR REQUIREMENTS:

6.1 The successful Offeror shall supply Ellsworth AFB Renewable Firm Co-supply, in quantities and Contract Term as outlined in this RFP and agreed to at the time of contracting, to the designated Point of Delivery.

6.2 Offerors must be an Eligible Customer as defined by the Western Open Access Transmission Tariff (OATT), or similar designation by another transmission provider's OATT.

6.3 The successful Offeror shall provide oversight, scheduling, tagging, and coordination services necessary for delivery of the Renewable Firm Co-supply to the Point of Delivery.

6.4 The successful Offeror shall furnish all labor, material, tools, equipment, and incidentals to supply and deliver the Renewable Firm Co-supply to the Point of Delivery.

6.5 The successful Offeror shall directly invoice Ellsworth AFB in a monthly bill at the agreed upon rate identified in the proposal and the Western contract.

6.6 The successful Offeror shall accept payment for power, energy, and REC invoices directly from Ellsworth AFB.

6.7 Offerors shall accept the terms and conditions of Western's standard contract provisions in Exhibit C .

6.8 The successful Offeror shall provide REC certification to Western and Ellsworth AFB on a yearly basis or as otherwise negotiated at the time of contracting.

6.9 REC Certification: Offerors must certify that the REC are "green" by using one of the following certification methods: a nationally recognized renewable electricity certification program such as Green-e, TerraChoice, or similar program; an independent auditor's report; or a third-party certification methodology approved by a state governmental entity, a regional transmission entity, or power pool in which the renewable resource is located. Certification is subject to the approval of Western and the appropriate party prior to contract award. The Renewable Energy Certification method will be included in the final contract.

6.10 Renewable Energy Verification: Ellsworth AFB and Western require written verification of the generation resource(s) and amounts generated every twelve months, known as the Contract Year, of the Contract Term. Further, the successful Offeror and generator owner must attest that the REC have not been

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sold, marketed, or transferred to another party outside of the contract, or otherwise presented as a component of its energy product to a third party.

7. EVALUATION CRITERIA:

7.1 Proposals meeting requirements identified in Sections 4, 5, and 6 will be deemed responsive.

7.2 The following criteria, which includes price and other factors, will be used to evaluate the proposals and award a best value contract, if any.

7.2.1 Total Delivered Price: The Total Delivered Price in the proposal shall include all charges such as megawatt hour (MWh) energy charges, megawatt (MW) capacity charges, cost of fuel, transmission costs, administrative costs, market representation, power scheduling, REC, and any other charges to deliver Renewable Firm Co-supply to the Point of Delivery.

7.2.2 Renewable Firm Co-supply Percentage: Percentage of renewable power and energy as compared to total Firm Co-supply historical deliveries provided for reference in Exhibit B.

7.2.3 Dependability: Generating resource(s) dependability, based on forced outage rates, scheduled maintenance outages, and the dependability of the transmission system(s) involved in delivering the power.

7.2.4 Capacity: The Offeror shall possess sufficient generation and ability to acquire transmission capacity to fulfill the power and energy requirements of this RFP.

7.2.5 Diversity: The possibility that the failure of a single generating unit or transmission facility will interrupt power delivery.

7.2.6 Legal and Regulatory: If Western receives a proposal(s) for resources not yet constructed and selects the proposal(s) for further consideration, Western and Ellsworth AFB 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 or Ellsworth AFB may reject any proposal if, in their judgment, the above-mentioned compliance requirements would cause power delivery to be delayed beyond the commencement date in Subsection 4.5.

7.2.7 Bond Rating: Offeror bond rating from Moody's and/or Standard and Poor's, as applicable.

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8. SUBMITTAL PREPARATION INSTRUCTIONS:

8.1 Proposals shall be prepared in accordance with the guidelines set forth in this Section. Failure to follow the preparation instructions may result in the exclusion of the proposal from consideration. Each proposal shall be organized by section as described below. Each proposal shall be signed by a company official with the authority to make offers and legally bind the Offeror. Each page of the proposal shall have the name of the Offeror in the top right corner and shall be paginated.

8.2 Proposal Overview and Executive Summary: The proposal shall contain a general overview and a summary of the proposal. This section should also include the name, address, and legal description of the entity submitting the proposal. The summary should include the technology and location of the facility(ies) that will be the source(s) of power supplied for the proposal and should discuss the general business arrangement for the proposal. The summary should be limited to one page.

8.3 Renewable Firm Co-supply, Total Delivered Price to the Point of Delivery:

\$/MW (Power):

\$/MWH (Energy):

8.4 Generation:

8.4.1 Offeror shall specify the percentage of renewable power and energy available for contract as compared to total Firm Co-supply historical deliveries requirements as referenced in Exhibit B, on a yearly basis.

8.4.2 Offeror shall specify the generating unit(s) supplying the power and provide unit(s) operation date(s) and information about the unit(s) historical dependability using industry standard measures 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.

8.4.3 Offerors proposing a variety of generation resources and technologies should include the requested information about each resource and technology type where possible, and the approximate percent contribution of each to the total resources proposed.

8.4.4 Describe the diversity of the proposed generation resource(s).

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8.4.5 Offerors shall verify in writing they possess sufficient generation capacity and energy to meet the Firm Co-supply requirements of this RFP.

8.4.6 REC Source(s): Offerors shall identify the generation source(s) of the REC used to supply energy.

8.5 Delivery of Power and Energy:

8.5.1 Provide a description of the transmission path for delivery of power and energy from the generation unit(s) in Subsection 8.4.2 to the Point of Delivery.

8.5.2 Offerors shall describe their ability to request and obtain transmission rights for the transmission path(s) identified in Subsection 8.5.1.

8.6 Bond Rating: Offeror shall provide a current bond rating from Moody's and/or Standard and Poor's, as applicable.

9. USE OF INFORMATION IN PROPOSALS:

9.1 Western shall provide all proposal information to the evaluation team. All RFP responses shall be made available to Ellsworth AFB and other Federal agencies.

9.2 If Offerors do not wish to have part or all of the information in their proposal available to the public, offerors must mark the sensitive sections of the proposal "Confidential". Other than sharing of information with Ellsworth AFB and other Federal agencies, disclosure of information by Western will be subject to the Freedom of Information Act. Marking "Confidential" will not prohibit Western from sharing information with Ellsworth AFB or other Federal agencies.

9.3 All proposals will be kept by Western and will not be returned to Offerors.

10. NEGOTIATIONS AND SELECTION OF A PROPOSAL:

10.1 Western reserves the right to reject any or all proposals or portions of proposals, or re-solicit for proposals, if desired, based solely on their evaluation, or if pricing in proposals is not deemed acceptable to Ellsworth AFB.

10.2 Any proposal that is incomplete, conditional, obscure, or that contains irregularities may be rejected. Western reserves the right to seek clarification of proposal information from Offerors.

10.3 Western may initiate contract negotiations with Offeror(s), as appropriate. Western reserves the right to enter into an agreement at any time with an Offeror who, in the opinion of Western, will provide the best value to Ellsworth AFB.

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EXHIBIT A

NOTICE OF INTENT TO PROPOSE

Proposer:

(Company Name)

(Address)

(Name and Title of Contact Person)

(Telephone)

(Fax)

(E-mail)

Type of Proposal:

(Brief description of resource(s))

Quantity in MW: _____

Generation Fuel(s): _____

Operation Date(s): _____

Generation Location(s): _____

Authorized by: _____
(Name and Title)

Date: _____

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EXHIBIT B **Firm Co-supply Historical Deliveries and Billing Method**

1. FIRM CO-SUPPLY HISTORICAL DELIVERIES:

1.1 The actual Contractor Firm Co-supply requirements for Ellsworth AFB during the 2006 calendar year, above the power and energy amounts provided by Western, are shown in the table below.

Month	Energy (KWH)	Demand (kW)
January	348,691	550
February	236,393	433
March	11,528	18
April	10,877	19
May	2,175,528	4,061
June	2,387,561	4,921
July	2,794,333	5,189
August	2,572,228	4,896
September	2,063,700	4,124
October	2,083,882	3,674
November	10,860	19
December	11,522	19

1.2 Proposals should be developed based on historical data provided in Subsection 1.1. However, proposals must be prepared with the understanding that changes in Ellsworth AFB load depend to a large degree upon mission requirements over which Ellsworth AFB has little control. Therefore, the actual Firm Co-supply requirements over the Contract Term may vary substantially from the 2006 historical quantities.

2. Billing Method:

2.1 The total power and energy supplied to Ellsworth AFB at the Point of Delivery are metered by Western. Determination of the amount of Firm Co-supply delivered to Ellsworth AFB by the successful Offeror for each billing period shall be made using metered quantities and the X/Y billing method as detailed in the Interagency Agreement.

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Exhibit C

Contract Provisions

The following terms and conditions shall be included in the Western contract with the successful Offeror.

1.1 Contingent Upon Appropriations and Authorization.

1.1.1 Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by Ellsworth AFB are contingent upon Congress making the necessary appropriations required for the continued performance of Ellsworth's AFB obligations under the contract. In case such appropriation is not made, the Contractor hereby releases Ellsworth AFB and Western from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

1.1.2 In order to receive and expend funds advanced from the Contractor necessary for the continued performance of the obligations of Ellsworth AFB under the contract, additional authorization may be required. In case such authorization is not received, the Contractor hereby releases Ellsworth AFB and Western from those contractual obligations and from all liability due to the lack of such authorization.

1.2 Covenant Against Contingent Fees: The Contractor warrants that no person or selling agency has been employed or retained 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 the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

1.3 Contract Work Hours and Safety Standards: The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C. § 3701, as amended or supplemented, is subject to the provisions of the Act, 40 U.S.C. §§ 3701-3708, as amended or supplemented, and to regulations promulgated by the Secretary of Labor pursuant to the Act.

1.4 Equal Opportunity Employment Practices: Section 202 of Executive Order No. 11246, 30 Fed. Reg. 12319 (1965), as amended by Executive Order No. 12086, 43 Fed. Reg. 46501 (1978), as amended or supplemented, 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 herein by reference the same as if the specific language had been written into the contract, except that Indian Tribes and tribal

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organizations may apply Indian preference to the extent permitted by Federal law.

1.5 Use of Convict Labor: The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. § 3622(c), as amended or supplemented, and Executive Order No. 11755, 39 Fed. Reg. 779 (1973), as amended or supplemented.

2. BILLING AND PAYMENT:

2.1 The Contractor shall submit all applicable invoices directly to Ellsworth AFB.

2.2 Ellsworth AFB shall be responsible for all payments due the Contractor.

2.3 Ellsworth AFB will accept and pay monthly invoices submitted by the Contractor for power, energy, and REC provided, and shall have the sole obligation for all payments due the Contractor under the Western contract. The Contractor agrees to release Western from all liability in the event Ellsworth AFB can not fulfill this or any other obligation.

2.4 All invoice payments made by Ellsworth AFB to the Contractor shall be in accordance with the Prompt Payment Act (31 U.S.C. § 3900 et seq.) and other applicable Federal laws.

2.5 The contractor shall be liable for any penalties imposed upon Ellsworth AFB by Western for unauthorized overruns of the Interagency Agreement delivery obligations in the event that deliveries from the Contractor to Ellsworth AFB are not made.