



**Department of Energy**  
Western Area Power Administration  
Upper Great Plains Region  
P.O. Box 35800  
Billings, MT 59107-5800

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**OCT 15 2007**

Dear Customers:

The extended period of drought has severely impacted the ability of Western Area Power Administration (Western) to produce energy. Western's long-range firm energy sales equal approximately 8.9 billion kilowatthours annually, however in 2006 Western was only able to produce approximately 6.7 billion kilowatthours. Western is making short-term energy purchases to meet its commitments; however, these types of purchases can be curtailed due to transmission constraints and therefore can expose Western to increased market risk.

Western proposes to issue a Request for Proposals (RFP) for up to 200 MW of purchase power with the intent of awarding one or more Purchase Power Agreements with a contract delivery term of up to 5 years. The RFP will consider power supplied from renewable and/or non-renewable resources. Proposals that contain renewable resources will include the associated Renewable Energy Certificates.

Western will evaluate proposals using the following 7 criteria, listed alphabetically:

- 1) Availability Period: Western is seeking a contract term of up to 5 years with purchases to begin as soon as practical.
- 2) Dependability: Dependability will be evaluated based on forced outages, scheduled outages, fuel supply, and other factors.
- 3) Dispatchability: Ramp rates and the ability of Western to establish pre-defined schedules, as well as energy profile data for non-dispatchable resources, will be evaluated.
- 4) Environmental Impact: Western will evaluate whether the proposed action falls under a categorical exclusion or if an environmental assessment or environmental impact statement is necessary under the National Environmental Policy Act.
- 5) Financial Capability: The financial capability of the supplier will be evaluated.

- 6) Price: The total price, taking into account energy charges, capacity charges, transmission costs, administrative costs, and any other charges will be evaluated against past, current, and predicted market prices for purchased power.
- 7) Transmission: Transmission arrangements will be made by the Offeror and power will be delivered to Western's Oahe bus. Transmission arrangements will be those that are least likely to be curtailed.

Western is accepting comments from customers on this proposed RFP. All comments, inquiries, and other communications relating to the proposed RFP should be made in writing. Written comments must be received by Western by November 12, 2007, and should be directed to Mr. Robert F. Riehl at the above address, or by e-mail to [UGPFirmRFP@wapa.gov](mailto:UGPFirmRFP@wapa.gov). All written comments and Western's responses will be posted at <http://www.wapa.gov/UGP/PowerMarketing/WesternRFP> prior to issuance of the RFP.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Riehl". The signature is stylized with a large initial "R" and a cursive style.

Robert F. Riehl  
Power Marketing Manager