

Western Area Power Administration, Upper Great Plains Region
Request for Proposals
Regarding Purchase Power
November 2007

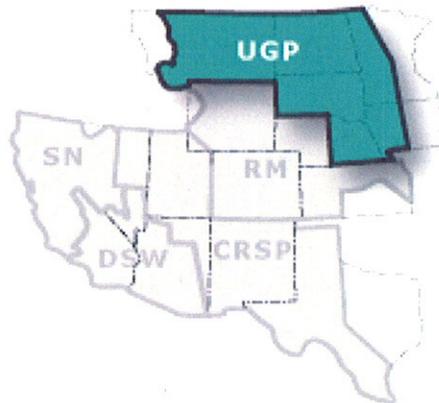
1. **PURPOSE:** Western Area Power Administration (Western), a power marketing administration within the U.S. Department of Energy, is issuing this Request for Proposals (RFP) for power in order for the Upper Great Plains Region (UGPR) of Western to meet its firm power commitments. Western intends to award one or more Purchase Power Agreements (PPA) for capacity and energy in quantities up to a combined total of 200 megawatts (MW). Western seeks delivery of power to begin as soon as contractual arrangements are in place. However, Proposals offering a delayed start date will be considered.

2. **BACKGROUND:**

2.1 Western is acting pursuant to the Acts of Congress approved June 17, 1902 (32 Stat. 388), December 22, 1944 (58 Stat. 887), August 4, 1977 (91 Stat. 565), and Acts amendatory or supplementary to the foregoing Acts.

2.2 This RFP is not subject to the Federal Acquisition Regulations, Department of Energy Acquisition Regulations, or the Competition in Contracting Act.

2.3 UGPR serves more than 300 firm power customers on a wholesale basis in North Dakota, South Dakota, and parts of Iowa, Minnesota, Montana, and Nebraska.



2.4 The U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation operate and maintain hydroelectric powerplants and switchyard facilities which UGPR uses to provide power to its customers. UGPR's long-range firm energy sales equal approximately 8.0 billion kilowatthours per year; however, the current period of extended drought has severely impacted the ability of UGPR to produce enough energy to fulfill its firm commitments.

3. **COMMUNICATIONS AND SUBMITTALS:**

3.1 All questions and other communications concerning this RFP should be directed to Ms. Kathleen Portra, Public Utilities Specialist, Western Area Power

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Administration, 2900 4th Avenue North, Billings, Montana 59101-1266, (406) 247-7438, e-mail: UGPFirmRFP@wapa.gov

3.2 The web-site, <http://www.wapa.gov/UGP/PowerMarketing/WesternRFP>, has been created for the purpose of responding to questions concerning this RFP. Offerors should periodically visit the web-site for updated information regarding this RFP. Western will not post identifying information of potential Offerors.

3.3 Seven hard copies of completed Proposals must be received by Western at the address provided in Subsection 3.1, above. In addition to the submittal of hard copies, submittal of Proposals in Adobe Acrobat *.pdf* format on a compact disc is encouraged. Proposals submitted by facsimile or e-mail will not be accepted. Offerors proposing a variety of generation resources should submit separate Proposals for each resource.

3.4 Western will not verify receipt of Notices of Intent to Bid or Proposals.

4. PROCESS AND SCHEDULE:

4.1 Notice of Intent to Bid: All potential Offerors should submit a Notice of Intent to Bid, Attachment 1, to the address or e-mail set forth in Subsection 3.1 above. The Notice of Intent to Bid should be received by Western by 4 p.m. MST on December 13, 2007.

4.2 Offerors Conference: An Offerors Conference will be held on December 18, 2007, at 10 a.m. CST at the Holiday Inn, 100 West 8th Street, Sioux Falls, South Dakota.

4.3 Questions Deadline: The deadline for asking questions concerning the RFP is December 28, 2007. Western will post questions and responses by January 4, 2008, at <http://www.wapa.gov/UGP/PowerMarketing/WesternRFP>.

4.4 Proposal Deadline: Proposals must be received by Western by 4 p.m. MST on January 15, 2008. Any Proposals received after the due date may be excluded from consideration.

4.5 Proposal Validity: Each Offeror must hold its Proposal open and valid for a period of 60 days following submittal.

4.6 Delivery: Western is seeking to begin purchasing power during the first quarter of 2008. However, Western will consider Proposals from entities which propose an alternative delivery start date.

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5. POWER REQUIREMENTS:

5.1 Term: Any resultant contract will be for a term of up to 5 years.

5.2 Sink: The Oahe bus, WAUE.

5.3 Product: Capacity and energy delivered to the Oahe bus in quantities up to 200 MW. Western is seeking energy to be continuously available, however proposals for intermittent energy will be considered. Energy originating from either wind, solar, geothermal, or biomass sources must be offered with Renewable Energy Certificates (REC).

6. EVALUATION CRITERIA: Western, in seeking the best value, will evaluate each Proposal as a whole. The following criteria will be used to evaluate Proposals:

6.1 Availability Period: Western is seeking to purchase power for up to 5 years.

6.2 Dependability: The generating resource(s) dependability, based on forced outage rates, scheduled maintenance outages, fuel supply, and other factors, including the possibility that the failure of a single generating unit or transmission facility will interrupt power delivery. The generation must meet MidContinent Area Power Pool (MAPP) accrediting standards.

6.3 Dispatchability: The ability for Western to establish pre-defined schedules or the ability of Western to control dispatch levels through Automatic Generation Control (AGC). Ramp rates for dispatchable resources and energy profile data for non-dispatchable resources will be evaluated.

6.4 Legal and Regulatory Compliance: The generation sources and supporting facilities must be properly permitted and in compliance with applicable Federal and state statutes and regulations. In the event that additional facilities must be constructed or existing facilities upgraded, Western will consider the potential environmental impacts as required by the National Environmental Policy Act of 1969 (42 U.S.C. § 4321, et seq).

6.5 Financial Capability: The financial capability of the Offeror will be evaluated.

6.6 Price: The total delivered price, taking into account energy charges, capacity charges, transmission costs, administrative costs, and any other charges. For Proposals with index-based price formulas subject to volatile market conditions, Western will assess the risks associated with such prices.

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6.7 Transmission: The ability of the Offeror to obtain transmission service from the generation source(s) to the Oahe bus, WAUE, and the likelihood, in Western's opinion, that transmission service may be subject to curtailment.

7. SUBMITTAL PREPARATION INSTRUCTIONS: 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 pages shall be numbered.

7.1 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 description should include the type of Proposal offered and the key benefits it will provide to Western. The summary should include the technology and location of the facility(ies) that will be the source(s) of energy supplied for the Proposal. The summary should be limited to one page.

7.2 Proposed beginning delivery date.

7.3 Capacity and Energy Limitations: The Proposal must outline any and all capacity, energy, and delivery limitations. If a potential limitation exists, it must be described in detail in the Proposal. UGPR reserves the right to request additional information from the Offeror regarding limitations or any other details related to the Proposal. Limitations may be caused by factors including, but not limited to:

7.3.1 Capacity and associated energy sales to other parties;

7.3.2 Transmission limitations;

7.3.3 Environmental permit, weather condition, or emissions limitations;

7.3.4 Hours of operation due to staffing or external constraints;

7.3.5 Fuel supply interruptions; and,

7.3.6 Potential intra-hour volatility in power output to determine the impact on Western system control requirements.

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7.3.7 Proposals for non-dispatchable resources must also provide an available energy profile (MWh or kWh) on an hourly basis for a typical day in each month.

7.4 Technical Information: The following technical information should be discussed in this section of the Proposal, as applicable to the project proposed:

7.4.1 Fuel supply;

7.4.2 Description of resources associated with REC, if applicable;

7.4.3 Ability to provide ancillary services (list services);

7.4.4 Limitations that may constrain operation or dispatch; and,

7.4.5 Start-up times and load-ramping rates.

7.5 Legal and Regulatory Compliance: This section should address whether the generation source(s) and/or supporting facilities have obtained the necessary permits and/or authorizations to comply with applicable Federal and state statutes and regulations. This section should also describe any additional facilities that must be constructed, or facility upgrades necessary, to support the Proposal.

7.6 Financial Capability: The financial viability of the Offeror must be demonstrated to provide assurance that the Offeror, and any other party involved in the Proposal, has adequate financial capability. Western may request additional financial information; however, each Proposal must include the following information at a minimum: Bond rating of Offeror (not a parent or affiliated entity) by Moody's and/or Standard & Poor's.

7.7 Economic Information: Price information should be inclusive of all transmission, administrative, and other applicable costs. The following economic information should be discussed in this section of the Proposal, as applicable:

7.7.1 Capacity price;

7.7.2 Energy price;

7.7.3 Seasonal pricing, if offered; and

7.7.4 REC pricing offered, if applicable.

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7.8 Delivery of Power and Energy:

7.8.1 Describe and list the current status of any agreements for interconnection and transmission service that are applicable to delivery of power and energy to Sink.

7.8.2 Provide any copies of studies performed which demonstrate transmission availability from the generation source to the Sink, and any proposed mitigation to curtailments over third-party transmission systems.

8. USE OF INFORMATION IN PROPOSALS: Offerors wishing to have part or all of their Proposals not made available to the public should so indicate by marking the applicable portions "Confidential." Disclosure of information by Western will be subject to the Freedom of Information Act. Western will not return any documents to Offerors.

9. NEGOTIATIONS AND SELECTION OF PROPOSALS:

9.1 The right is reserved by Western to reject any or all Proposals, or re-solicit for Proposals, if desired, based solely on the judgment of Western, where such action is deemed the most advantageous to Western. Any Proposal that is incomplete, conditional, or obscure or that contains irregularities of any kind, may be rejected. In the event contract agreement cannot be reached with the successful Offeror(s), Western reserves the right to accept the Proposal(s) of any other Offeror(s) or to seek additional Proposals. Western will evaluate Proposals to determine which Proposals provide the best value to Western and its customers. Western may also seek clarification of Proposal information or additional Proposal information from Offerors.

9.2 Western will 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 Western and its customers. Western reserves the right to enter into discussions with multiple Offerors at any time.

10. CONTRACT PROVISIONS: Any resultant PPA will include the following mandatory terms and conditions:

10.1 Contingent Upon Appropriations and Authorization.

10.1.1 Where activities provided for in the 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

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releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

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

10.2 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.

10.3 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.

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

10.5 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.

10.6 Bill Crediting: The Contractor shall accept payment from third parties of amounts due the Contractor from Western and shall notify Western of the date of

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receipt of each payment. The Contractor shall credit Western for such payments the same as if they had been made directly by Western. This obligation to accept payment from a third party does not release Western of its obligation to pay the Contractor if a third party is unwilling or unable to pay. In the event third party payment to the Contractor exceeds Western's payment obligation to the Contractor, the Contractor shall reimburse the difference to Western within twenty days of the receipt in full of such third party payment. In the event Western directs more than one third party to make payment to the Contractor and the total payments exceed Western's payment obligation to the Contractor, the Contractor shall reimburse the difference to Western within twenty days of the receipt of the last payment received by the Contractor.

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ATTACHMENT 1 - NOTICE OF INTENT TO BID

Company Name _____

Address _____

Name and Title of Contact Person _____

Telephone _____

Fax _____

E-Mail Address _____

Type of Proposal:

Brief Description of Resource(s) and Location _____

Expected Quantity in MW _____

Generation Fuel _____

Proposed Starting Delivery Date _____

Authorized by: _____

Name and Title _____

Date _____