Western Area Power Administration
Colorado River Storage Project Management Center
Request for Proposals (RFP) for the
Purchase of Electrical Energy from Renewable Resources

1 Background

Western and the Colorado River Storage Project Management Center - The Western Area Power Administration (Western) is a power marketing administration within the U.S. Department of Energy. Western's mission is to sell and deliver electricity from certain Federal water-project power plants, principally owned by the Bureau of Reclamation. Western's Colorado River Storage Project Management Center (CRSP MC) markets power from the Colorado River Storage Project (CRSP) and other projects, to wholesale customers located in several western states, including the New Mexico NNSA/Air Force customers described below.

Western also has various Inter-agency agreements with the U. S. Department of Energy, National Nuclear Security Administration Service Center (NNSA) and the U.S. Air Force to supply the electrical requirements of Sandia National Laboratories (SNL) and Kirtland Air Force Base (KAFB), located near Albuquerque, New Mexico, and the Los Alamos National Laboratory (LANL), located near Los Alamos, New Mexico. These facilities collectively are referred to hereafter as the "NNSA/Air Force Facilities."

Through this RFP, Western is seeking sources of non-hydroelectric renewable energy generated from solar, geothermal, biomass, or wind technologies to supply up to 7.5 percent of electric energy requirements of the NNSA/Air Force Facilities.

The CRSP MC is requesting proposals to supply non-hydroelectric renewable energy to be delivered to the NNSA/Air Force Facilities, Western's points of receipt in the Four Corners area, or to the Public Service Company of New Mexico (PNM) transmission network in New Mexico. Proposals should be for firm schedulable renewable energy. The CRSP MC is not considering offers of non-firm renewable energy at this time. Owners and/or marketers of renewable resources located in New Mexico and/or neighboring states are encouraged to respond.

2 Desired Resource Characteristics

2.1 **Amount of Power** - Approximately 66 GWh of renewable energy is required annually. Of this amount:

- 26 GWh is required for SNL/KAFB facilities.
- 40 GWh is required for LANL.

2.2 **Types of Resources Considered** - The CRSP MC will consider only sources of non-

hydroelectric renewable energy supplies for this RFP that include the Renewable Energy Certificates (RECs). Energy will be considered from existing operational resources, as well as from future resources that are committed to become operational during the period of consideration.

2.3 **Full/Partial/ Renewable Energy Requirements** - The CRSP MC is interested in receiving responses from non-hydroelectric renewable energy providers that could supply part or all of the 66 GWh annual requirement. Western will consider proposals that supply at least 5 GWh of energy on an annual basis.

2.4 **Firm Schedulable Energy** - The CRSP MC is seeking sources of firm renewable energy that can be scheduled either into the Four Corners area or to points of delivery on the PNM system. The selection process will give consideration to the price and projected availability of the energy sources. Respondents should also state the maximum hourly rate of delivery in megawatts (MW). This information will also be one of the factors in the evaluation and selection process.

3 Evaluation Criteria - The following criteria are used by Western to evaluate the suitability of resources. Respondents should address these criteria in their responses.

3.1 **Cost** - The total delivered cost per megawatt hour (MWh) delivered to the NNSA/Air Force Facilities, taking into account capacity charges, energy charges, on-peak and off-peak pricing, escalation factors, ancillary service charges, transmission costs, administrative costs, and any other charges included in the response.

Respondents should include a description of the proposed resource, scheduling restrictions and requirements, term, conditions on term extension or cancellation, and pricing terms (basic rates and charges, escalation factors, adjustment factors, penalties for failure to deliver, rates/escalation for term extension), and whether the price of power is affected by or contingent upon pending or existing Federal/state/local energy tax credits.

Respondents should provide information on how the tradable renewable certificates associated with the energy will be tracked and certified.

3.2 **Environmental Impact** - The environmental impact of the generating resource(s), based on technology used to generate the power, and compliance with applicable environmental regulations.

Respondents should supply information about the technology, type of renewable energy source, generating efficiency, and compliance with applicable environmental regulations for the generating resource(s) proposed. Respondents proposing a variety of 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 resource proposed.

3.3 **Dependability** - Generating resource(s) dependability, based on forced outage rates,

scheduled maintenance outages, and the dependability of the transmission system involved in delivering the power.

Respondents should specify the generating unit(s) or system(s) supplying the power and provide information about the historical dependability of the generating resource(s) using industry standard measures such as capacity factor and forced outage rates, or to provide typical outage rates for similar generating facilities of the same manufacturer, owner, technology, age, and type.

3.4 **Transmission Availability and Transmission System Loading**

3.4.1 **Transmission Availability** - The availability of transmission capacity between the resource offered and the PNM transmission system adequate to deliver the resource and reliance on transmission system additions and upgrades and other transmission costs to provide the transmission capacity needed for delivery.

Western has transmission service contracts with PNM that can be used to redeliver power to the NNSA/Air Force Facilities within the state of New Mexico.

Respondents should provide information about any transmission path(s), cost and terms of third party transmission agreements, and procedures for curtailing deliveries. Western cannot guarantee that sufficient transmission capacity will be available from any given point on the CRSP transmission system to deliver the energy requested by the NNSA/Air Force Facilities. Therefore, respondents should specify the extent that their proposals require Western to provide transmission service over the CRSP transmission system to deliver the proposed energy to the PNM transmission system.

3.4.2 **Transmission Service to Delivery Points** - Respondents will be responsible for arranging all the transmission service and ancillary services needed to deliver energy to the Four Corners area, or to the PNM transmission system. Western has transmission service contracts with PNM, which contracts Western reasonably believes can be used to transmit energy to the NNSA/Air Force Facilities.

3.5 **Risk and Supplier Responsibility** - The risk that the supplier will be unable to deliver the required amounts of capacity and energy, or lacks the financial resources to be able to continue operating for the entire time period proposed.

Respondents should address both their financial stability and their operating capability by providing information such as: annual reports, Securities and Exchange Commission 10-K and FERC Form 1 reports (where applicable), audited financial statements including income statements and balance sheets, bond ratings, evidence of required licenses, FERC approval to sell power at market-based rates (where applicable), accreditations and certifications, and information on relevant regulatory oversight.

3.6 **Diversity** - Respondents should discuss the possibility that the failure of a single generating unit or transmission facility will interrupt power delivery. Also, respondents

should address the possibility that future environmental regulations or resource unavailability will increase the cost of proposed generation and make it uneconomic.

Respondents should consider including information about resource diversity, such as whether the resources are system resources or unit resources.

4 **Delivery Points** - The NNSA/Air Force Facilities are located in the Albuquerque and Los Alamos, New Mexico area. The preferred delivery point is directly to the NNSA/Air Force Facilities. Power resources located outside New Mexico can be delivered to the Four Corners 345-kV bus, Shiprock 345-kV bus, or San Juan 230-kV bus. Within the state of New Mexico, delivery can be made to any point on the PNM transmission system that is capable of accepting the resource offered.

5 **Department of Energy National Environmental Policy Act Compliance** - If the CRSP MC contracts for resources that have yet to be constructed, it would first be required to 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). The CRSP MC may reject offers if, in its judgment, the above-mentioned compliance requirements would cause power delivery to be delayed beyond the commencement date in Section 6 below.

6 **Timeframe** - The CRSP MC is interested in committed resources that would be available for a five to 10 year period, with initial deliveries beginning as soon as practical. Preference in the selection process will be given to those offers able to initiate deliveries on or before September 30, 2005.

7 **Process and Timing**

7.1 **Evaluation Process** - The CRSP MC will evaluate all responses in coordination with NNSA/Air Force Facilities customer representatives. Responses should be valid for at least 120 days after submittal.

7.2 **Timing** - Responses should be received in the CRSP MC by 5 p.m. MAST, September 17, 2004 to be considered in our evaluation.

7.2.1 **Notification** - The CRSP MC will provide an acknowledgment to all responses received, and may seek additional information or clarification to individual responses as needed. The timeframe for completing a contract for purchasing energy is undetermined at present.

7.3 **Submission of Responses** - The CRSP MC will accept responses that are e-mailed, mailed or faxed. The address of the CRSP MC is:

CRSP MC, Attn.: L6440
P.O. Box 11606
Salt Lake City, UT 84147-0606

Responses can be faxed to the CRSP MC at (801) 524-5017, attention L6440. Offers should be received in the CRSP MC by 5 p.m. MAST, September 17, 2004. Questions about this RFP can be submitted to the same address, e-mailed to the CRSP MC at the address loftin@wapa.gov, or by telephone to Sam Loftin at (801) 524-6381.

7.4 **Use of Information in Responses** - The CRSP MC will provide information to the NNSA/Air Force Facilities about the supplier, cost, terms, and conditions of the resources offered. The CRSP MC will not divulge identifying information in responses to others not involved in this RFP process, but may supply general information about the responses received to Western and DOE employees if requested. The CRSP MC may choose to pursue other resource needs unrelated to the requirements described in this RFP based on the responses received.

7.5 **Confidentiality** - If respondents do not wish to have part or all of the information in their offer available to the public, indicate that by marking the sensitive sections of the response "Confidential."

8 **Documentation submitted by Respondent** - Responses should include information about the respondent submitting the proposal. Respondents should provide the information requested in Sections 2 and 3 in their responses. Including extraneous information in responses that is not requested in the RFP is discouraged.

9 **Rejection or Selection of Proposals** – The CRSP MC anticipates receipt of offers with prices that compare favorably to current competitive market costs for conventional, non-renewable power. CRSP MC reserves the right to reject any or all proposals, re-solicit for proposals, or if desired, purchase quantities less than those specified in paragraph 2.1 above, if offers exceed such current competitive market costs. Such decisions shall be made solely on the judgment of the CRSP MC, where such action is deemed the most advantageous for the government.

Any proposal that is incomplete, conditional, confusing, or obscure, or that contains irregularities of any kind, may be rejected. In the event a contract agreement cannot be reached with the successful respondent, the CRSP MC reserves the right to accept the proposal of any other respondent or to seek additional proposals.

10 **Attestation Form** – An attestation document is to be provided to CRSP MC by the selected contractor(s) at the time of invoicing to verify that the invoiced RECs meet the renewable standards certification requirements specified in the REC Contract. In general, the Attestation Form will consist of a signed affidavit attesting that: (1) the entire amount of the invoiced RECs have been and/or will be generated by eligible renewable resources as defined in the Green-E national standard for Tradable Renewable Certificate

(i.e., REC) products or an equivalent renewable standards certification requirement; (2) all of the renewable attributes, including any emissions reduction credits or emissions allowances, represented by the invoiced RECs will be transferred to Western or retired on its behalf; and (3) the renewable attributes represented by the invoiced RECs have not been and/or will not be not sold, marketed or otherwise claimed by a third party. The same affidavit must also attest that the invoiced RECs were sold once and only once, and that the electrical energy that was and/or will be generated with the invoiced RECs was not and/or will not be sold, marketed or otherwise represented as renewable energy and was not and/or will not be used to meet any federal, state or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate. A template Attestation Form shall be provided for use by the contractor in an exhibit to any Contract awarded pursuant to this solicitation.