



Portland General Electric

June 4, 2003

Attached is a copy of PGE's Request for Proposals for Tradable Renewable Credits and retail marketing services for the Blended Renewable and Environmental Mitigation portfolio options. Please note that in addition to the requirements contained in the attached RFP, all bidders are requested to provide Notice of Intent to Respond in order to be notified of updates to this RFP.

Future correspondence, including clarifications, related to this RFP will be sent only to Respondents that provide Notice of Intent to Respond. Respondents desiring to provide notice may write, telephone, fax or e-mail to:

Thor Hinckley
PGE
121 SW Salmon
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Portland, OR 97204
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thor_hinckley@pgn.com

Portland General Electric Company

REQUEST FOR PROPOSALS

Issue: June 4, 2003

INTRODUCTION

Portland General Electric Company (PGE) is requesting bid proposals for retail marketing services and tradable renewable credits (TRCs) sufficient to meet the needs of PGE customer enrollments for the period from January 1, 2004 to December 31, 2006. Proposals are due by 5:00 p.m. on July 3, 2003.

Pursuant to the Oregon Public Utility Commission (OPUC) adoption of the Portfolio Advisory Committee (OPUC Order No. 03-208): Recommendations for Renewable Portfolio Standards on March 31, 2003, PGE is seeking to purchase Marketing Services and TRCs in support of the Company's portfolio option offers of: (1) its Renewable Usage product and (2) the Environmental Mitigation product. A copy of PUC Order 03-208 and the March 18, 2003, OPUC Staff Report Recommendations is attached.

TRCs consist of the non-energy attributes associated with the power generated from a qualified renewable resource and are expressed on a one megawatt-hour (MWh) basis. TRCs and their aggregated attributes are generated remotely and provided to PGE renewable portfolio customers. TRCs or Renewable Energy must meet or exceed the requirements for the Renewable Usage option and the Environmental Mitigation portfolio options discussed below.

Retail marketing services and TRC's obtained from these RFP's will be used for the Renewable Energy Portfolio's Renewable Usage Option and the Environmental Mitigation option. Bidders can propose to provide marketing and energy products for any one or both of these portfolio options. These retail-marketing requirements have been developed in cooperation with the Oregon Public Utility Commission and the Portfolio Advisory Committee.

PGE currently markets three renewable Portfolio Options with the current Renewable Portfolio provider Green Mountain Energy Company (GME) within its service territory. Ongoing joint marketing of these renewable energy products with the current marketer and supplier involves direct sales, bill inserts, booths at exhibitions and environmental events, direct mail, coupon promotions, co-promotions with retail stores and customer newsletters. In addition, the current supplier has conducted telemarketing and direct sales campaigns at various retailers within the PGE service territory.

In addition to the Renewable Usage option and the Environmental Mitigation option, PGE also offers customers its own Clean Wind Fixed Renewable Option.

Several non-profit partners have also provided affinity marketing support, including Renewable Northwest Projects, Friends of Trees, The Portland Audubon Society and Oregon Interfaith Power and Light.

PGE believes that TRC's conforming to standards developed by the Center for Resource Solutions (CRS) Green-e program provide a superior consumer product that will increase customer participation. PGE in cooperation with other Renew 2000 stakeholders are currently working to make Green-e certified renewable energy product available to Oregon utility customers.

Proposals to supply TRC's that conform to all CRS's Green-e standards in a cost-effective manner will be given preference.

The Environmental Mitigation option offer consists of TRCs bundled with a donation to an environmental non-profit organization. Respondents are responsible for working collaboratively with the current non-profit, For the Sake of the Salmon as well as other non-profit groups who may become providers for the habitat mitigation services through future bidding processes.

Successful bidders will assist in the marketing, enrollment and retention of regulated renewable portfolio options to customers within the PGE Service Territory. PGE retains the responsibility for providing regulated electricity services for these customers. The successful bidders relationship with PGE customers will be limited to the period from January 1, 2004 to December 31, 2006 subject to a new negotiated agreement.

Respondents will be required to work cooperatively with PGE's ongoing Renewable Power Program. In 2002 PGE budgeted approximately \$440,000 for the marketing of portfolio options to customers, and customer retention activities within its service territory. PGE would anticipate but does not guarantee similar marketing funds will be available during the 2004-2006 term.

REQUESTED ENERGY-RELATED PRODUCTS

Renewable Usage and Environmental Mitigation products consist of TRCs for 100% of a customer's use. At a minimum, energy or TRCs must consist of at least 20% new renewable resources, defined in OAR 860-038-0005(38) as resources from renewable generation facilities, or additions to generation facilities not in operation prior to July 23, 1999, and the remainder from other qualifying renewable resources as defined in OAR 860-038-0005(52).

Preference will be given to bids of 30% new renewable resource content or more that are similar in price to the current product. Bids to supply TRCs for either or both the Renewable Usage product and the Environmental Mitigation options must describe the contract chain used to assist in documenting reporting rights for the TRCs.

RETAIL MARKETING SERVICES REQUIREMENTS

Successful bidders will have a direct financial incentive to provide effective marketing of these options since the bidders revenues from these offers are a function of increased customer participation. Bidders will submit detailed marketing plans for one or both of these options. These marketing plans may involve the use of mass media, customer communications and public outreach activities associated with the goal of increased customer participation. However,

respondents are at liberty to suggest new methods, channels or approaches needed to increase and maintain customer participation for these established offerings.

Bidder marketing proposals should recognize that existing participation may include early adopters and additional participants may require different marketing approaches.

Respondents should demonstrate experience partnering with local environmental and community groups as a means of validating PGE's renewable power portfolio options. Specific requirements for these retail-marketing services are listed below under the RFP Requirements.

Following the awarding of a successful bid, PGE reserves the right to determine the appropriate method to inform and disclose to participating customers of any changes in the price, supplier or other significant term or condition of service that may occur beginning in 2004 for the Renewable Usage and Environmental Mitigation options. The methods may include an opt-out process (preferred) or an opt-in process. PGE anticipates that this process would consist of one or more direct-mail solicitations utilizing PGE materials sent to existing renewable portfolio option customers to provide information to allow customers to make informed decisions.

Additionally, bidders may propose additional marketing channels and techniques to maximize the successful transition of existing Renewable Usage and Environmental Mitigation option customers to the winning respondent.

RFP REQUIREMENTS

- Bids must describe respondent's demonstrated success in marketing usage-based energy products to the green consumer: including number of years experience, description of green products (including usage based and/or block products), industry recognition and trade group awards, customer retention activities, references from environmental, community groups and governments.
- Respondents must include detailed market research that supports the bidder's customer satisfaction and perceived value claims.
- Bidders should discuss the differing marketing approaches for the Renewable Usage and the Environmental Mitigation products
- Bids must contain marketing plans that reflect that the "low-hanging fruit" among this customer group including those customers most inclined to choose a renewable power option, have already done so.
- Bids should include efficient and effective customer retention education and awareness programs, including samples of marketing and retention materials.
- Proposals for the Renewable Usage and Environmental Mitigation options must at a minimum include TRCs for 100% of the customers usage, consisting of at least 20% new renewable resources as defined by OAR 860-038-0005(38) and the remainder from other qualifying renewable resources. Preference will be given in evaluation of bids to provide 30% or more new renewable resource content that are similar in price to the current offerings.
- Bids to provide renewable resources for both the Renewable Usage and the Environmental Mitigation options that meet the Green-e standards are preferred.
- Proposals must describe the contract chain used in documenting reporting rights for TRCs, see Appendix C.

- Proposals must contain a detailed description of marketing services to be provided, including goals and objectives as well as all marketing costs.
- Bidders must demonstrate creditworthiness by providing for the legal entity making the proposal, two years of audited financial statements (if available), and three credit references.
- Bids must provide projected participation rates for these two products over the three-year term of this agreement
- Bidders must be able to specify the renewable resources, from which the TRCs for these portfolio option are derived and whether they are to be provided from contracts, market purchases, or owned or shared generation resources.
- Bidders must agree to provide PGE customers via the Internet and written materials in response to customer inquiry; the location of generating facilities (region or state), the type of renewable resource supplying the facilities and the percentage of “new” resources as defined by SB 1149. The following definition should be included: “ New renewable resources are generating facilities that first started operating after July 23, 1999,” as per OAR 860-038-0005(38). The bidder must also list the names of generating facilities they plan to purchase from and update the information as new purchases are made.
- Proposals may be submitted for either the Renewable Usage or the Environmental Mitigation option or both.
- Bidders should demonstrate knowledge of the western wholesale (WECC) and retail energy market with specific emphasis on renewable portfolio options in Oregon.
- Respondents should document market experience providing renewable energy or TRC’s by including actual penetration rates over specified periods: including clients lists indicating the supply duration and amount where this information is not deemed proprietary or confidential by contracts and samples of all associated marketing materials. Include buyer references, if available.
- Bidders must deliver TRCs to PGE in amounts that meet the renewable energy content associated with the actual quantity of energy purchased by enrolled customers during the term of the agreement.
- Prices for TRCs (expressed as a price per MWh) should be either fixed for the delivery period or stated as “not to exceed” price.
- Bids must detail customer tracking and enrollment needs from PGE.

EVALUATION CRITERIA AND WEIGHTING

Bid proposals shall be evaluated as follows:

- (1) Overall price of renewable portfolio offer with a preference for bids that are similar in price to the current product will carry weighting of 40%.
- (2) Bids that contain 30 percent or greater new renewable energy or TRC’s that meet the requirements contained in OAR 757.600 for the Renewable Usage and the Environmental Mitigation offer will carry a weighting of 20%.
- (3) Evaluation of proposed marketing plan will carry weighting of 20%
- (4) Proposed changes to the existing Renewable Portfolio products structures that could be implemented post-2004, in consultation with PGE and the Portfolio Advisory Committee, which would serve to increase benefits to PGE customers will carry a weighting of 10%
- (5) Implementation costs will carry weighting of 5%.

- (6) TRCs conforming with the Green-e National Tradable Renewable Certificate (TRC) Standard with preference to resources located within the WECC will carry weighting of 5%.

PGE may award a contract on the basis of proposals submitted, without discussions, or may negotiate further with those Respondents at its sole discretion. Proposals should be submitted on the most favorable terms the Respondent can provide.

PGE will perform an initial review of the proposals to determine if all required information has been provided. Where deficiencies are not material, PGE may, in its sole discretion, grant a period of five (5) working days to the Respondent to cure such deficiencies.

After the proposals have been reviewed and evaluated, selected Respondents may be asked to make a presentation of their proposal to PGE and respond to questions concerning the proposal. After the interviews and the evaluation are completed, one or more Respondents may be requested to enter into contract negotiations.

In order to ensure proper consideration to special provisions of the proposal, respondents should explain in detail any provisions that may not be obvious. It is critical that proposals be clear and concise as to what is offered.

Upon completion of the selection process, all bidders will be advised of the status of their bid and, if unsuccessful, encouraged to participate during the next bid process. The final contract will include performance requirements to assure compliance with contractual commitments.

PGE estimates that the total required quantity of TRCs or energy for the term of the agreement may range from 180,000 to 250,000 MWh per year; however, this estimate should not be construed to establish upper or lower limits for the RFP.

VALIDITY OF PRICE AND QUANTITY

By submitting a proposal, the Bidder acknowledges and agrees that its bid or bids constitute a proposal that shall remain irrevocable for 90 days after the bid responses are due. The bidder's price and quantity proposals shall cover the period from January 1, 2004 until 12:00 p.m. PDT on December 31, 2006.

AFFILIATION WITH ENRON CORP

Bidders are required to describe any affiliated interest they have with Enron Corporation or any of its affiliates, per Oregon Revised Statute 757.015. Affiliated interest can be based on any one of several criteria, including a five- percent direct or indirect equity control threshold, and two or more common officers or directors. The complete statute can be found on the Internet at: www.leg.state.or.us/ors/757.html. Projects or products proposed by Bidders that are directly or indirectly affiliated with Enron Corp. or its affiliates must specifically be approved by the OPUC.

CREDIT AND BIDDER QUALIFICATIONS

Proposals should include the legal name of the entity making the proposal, two years of audited financial statements (if available) and three credit references as well as the RFP requirements listed above. All transactions are contingent upon the Bidder meeting and maintaining the credit requirements established by the PGE Credit Department. All information required to evaluate and establish credit will remain strictly confidential between the Bidder and PGE.

SPECIFIC BID PROPOSAL INFORMATION

Proposals should include the following information:

- The bidder's complete legal name.
- Two years of audited financial statements (if available).
- Three credit references.
- The address of the bidder's principal place of business.
- The name, address, telephone number and facsimile number of a representative who is authorized to represent the bidder in all communications with PGE.
- The name, address, telephone number and facsimile number of a representative who is authorized to execute letter agreements, Memorandums Of Understanding, or contracts under the submitted proposal with PGE.
- A description of the bidder's general background and principal business.
- A detailed marketing plan for the Renewable Usage and the Environmental Mitigation program(s) in the PGE service territory
- Proposed marketing channels and rationale.
- Bidders will deliver to PGE attestations for all of the TRCs within thirty (30) days following the end of calendar quarter of their purchase. Appendix C contains an example of a required attestation.
- Documented retail-marketing experience including average customer acquisition costs.
- Proposed customer service plan for signups, customer inquiries and integration with PGE customer service center.

TECHNICAL QUESTIONS

Technical questions regarding this RFP should be directed to:

Thor Hinckley
(503) 464-8089 Telephone
(503) 464-2285 FAX
thor_hinckley@pgn.com E-MAIL

SUBMISSION OF BIDS

Respondents should provide an original bid document, signed by a duly authorized representative of the bidder, to PGE no later than 5:00 p.m. PDT on July 3, 2003 at the following location:

Portland General Electric Co.
Thor Hinckley
121 S.W. Salmon Street, 3WTCBR02
Portland, Oregon 97204

Respondents may also submit E-MAIL copies of their proposals addressed to thor_hinckley@pgn.com by the due date followed by an original hardcopy in accordance with the terms specified above. No oral or telephonic Proposals will be considered.

Bids received after the deadline may be considered at PGE's sole discretion, but first priority will be given to bids received by the deadline.

PGE intends to review the bids received and notify successful bidders on or before 5:00 p.m., July 31, 2003. At that time, PGE and the successful bidders will execute a letter of confirmation of the principal terms and conditions of the transaction. The parties would then proceed expeditiously to finalize and execute a definitive agreement covering the transaction. The executed agreement will be filed with any appropriate regulatory agencies.

PGE DISCLAIMER

This RFP shall not be construed as an offer, and PGE is not bound, to purchase Marketing Services, Renewable Energy or TRCs from any Bidder pursuant to this RFP. No rights shall be vested in any bidder, individual or entity by virtue of its preparation to participate in, or its participation in, such process. No binding commitment shall arise on the part of PGE to any bidder under this RFP until and unless parties sign a definitive written agreement that becomes effective in accordance with its terms and which is filed with any appropriate regulatory agencies.

PGE shall not be responsible to pay any costs incurred by bidders in the preparation of their proposal. The bids received will be evaluated and selected based on the supplied information, including any supplemental information, submitted pursuant to this RFP. PGE expressly reserves the right to modify, or withdraw from, the processes initiated and described herein, or modify the schedule and any provision contained herein, for any reason at its sole discretion.

PGE reserves to itself the selection of winning bidders, if any, in the exercise of its sole discretion; the right to reject any and all bids, and any portion of a specific bid for any reason, as well as the right to waive any informality or irregularity in any bid received by it. PGE also reserves the right to award an agreement to a bidder based on factors other than price.

PGE will make available to the Oregon Public Utility Commission documentation on the evaluation process and scoring utilized to determine the winning bid and supporting its selection. This information will be subject to appropriate confidentiality.

Appendix A

Tradable renewable credits (TRCs) or Green Tags consist of the non-energy attributes associated with the power generated from a qualified renewable resource. TRCs represents the non-power attributes made available by the generation of renewable resources. TRCs are typically denominated in 1 MWh increments, during a calendar year, by either one or more endorsed resources.

Reporting Right(s) refers to the report accumulated annual non-power attributes in compliance with Federal or state law, if applicable, and to a Federal or state agency or any other party at the Green Tag Purchaser's discretion.

Non-Power Attributes means the fuel, emissions, or other environmental characteristic of an endorsed resource deemed of value by a TRC purchaser. Non-Power Attributes do not include any energy, reliability, scheduling, shaping or other power attributes used by Seller to provide electricity services. Non-Power Attributes include but are not limited to any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), and any other pollutant that is now or may in the future be regulated under the pollution control laws of the United States; and further include any avoided emissions of carbon dioxide (CO₂) and any other greenhouse gas (GHG) that contributes to the actual or potential threat of altering the Earth's climate. Non-Power Attributes are expressed in MWh, and are not a calculation of the quantity or value of avoided emissions from such attributes.

Seller certifies that the Non-Power Attributes that are the subject of the certified TRCs have not been sold, reserved, or conveyed to any other party, and that the electric power generated in association with TRCs has not been represented to retain or possess such Non-Power Attributes.

Appendix B

Definition of a New Renewable Energy Product (ORS 757.600(21)): New renewable resources are generating facilities that first started operating after July 23, 1999.

Definition of Renewable Usage and Environmental Mitigation options (OPUC Order No. 03-208):

Energy or tradable renewable certificates for 100 percent of the customer's usage, consisting of at least 20 percent new renewable resources as defined by OAR 860-038-0005(52).

Renewable Resources: Eligible renewable technologies that may be used to supply green power marketing programs include the following: low emissions biomass including landfill and sewage gas, geothermal, certified low impact hydroelectric, solar, wind and fuel cells using a renewable fuel.

Appendix C

SAMPLE Green Tag Attestation

Generator Name	Generator ID Number	Fuel Type	KWh of Energy	Period Delivered

As an authorized agent of Selling Company Name (“the Power Provider”), I declare under penalty of perjury, that the information provided on this form is true and correct to the best of my knowledge. I further declare that the green tags environmental attributes a) are from eligible renewable generators where energy is claimed as renewable, b) were not sold to any end-use customer, c) were not used for on-site generation, and d) were sold to PGE and only to PGE. I attest that the above statements are true and correct.

Signature: _____ Date: _____

Name: _____ Title: _____

Place of Execution:

The information provided in this Form may be used by PGE and its auditors, on a confidential basis, to substantiate and/or verify the accuracy of advertising and/or product content claims of PGE or its customers. PGE shall be entitled to disclose publicly the fact that it purchased energy or environmental attributes from the generating units identified herein.