



Arizona Public Service Company

2010 Request for Proposal (“RFP”)

for

Renewable Energy

Small Generation Resources

April 27, 2010

TABLE OF CONTENTS

1. OVERVIEW	4
1.1. Background.....	4
1.2. Purpose.....	4
1.3. RFP Website and Communications	5
1.4. Product Description	6
1.5. RFP Schedule.....	10
1.6. Changes to the RFP, Schedules and Addenda	11
2. BID SUBMITTAL	11
2.1. General Information.....	11
2.2. Confidentiality Agreement.....	12
2.3. Proposal Content.....	12
2.4. Collusion	14
3. EVALUATION PROCESS.....	14
3.1. Proposal Review	14
3.2. Proposal Threshold Requirements	14
3.3. Screening Evaluation	14
3.4. Final Selection of Proposal(s).....	16
4. MISCELLANEOUS TERMS AND CONDITIONS.....	17
4.1. General.....	17
4.2. Regulatory Approval.....	18
4.3. Accounting.....	18
4.4. Independent Monitor.....	18

Attachment 1 – Relative Energy and Capacity Value Factors by Month 19
Attachment 2 – APS Constrained Transmission Areas Map..... 21
Attachment 3 – Contract Life Levelized Price Example Calculation 22

1. OVERVIEW

1.1. Background

- 1.1.1. In March 2009 Arizona Public Service Company (“APS” or “Company”) issued a Request for Proposal (“RFP”) for a pilot program the Company referred to as the “Small Generation Pilot.” Through that RFP the company sought to attract small utility-scale renewable developers by streamlining evaluation methodologies and contract provisions. APS executed three agreements for photovoltaic projects in the first quarter of 2010 from the 2009 Small Generation Pilot RFP.
- 1.1.2. The 2010 Small Generation RFP serves as the first in a series of solicitations that will define the Company’s Small Generation Program (“Program”). Processes and timelines associated with this Program are designed to help accelerate small utility-scale renewable deployment. APS understands it may require the project developer some time to acclimate to the Program. APS anticipates issuing additional Small Generation RFPs in 2011 and 2012 as part of the Program; therefore, developers not prepared to make proposals in 2010 are encouraged to consider responding to later iterations of the Program.
- 1.1.3. Through the Company’s 2011 Renewable Energy Standard Implementation Plan (“2011 RES IP”) APS will define both the budget and anticipated energy production from the Small Generation Program. At this time, the Company plans to request a Program budget sufficient to achieve at least 200,000 megawatt hours (“MWh”) annually after the full three year deployment of the program.
- 1.1.4. The energy procured through this RFP will be defined in part through budgetary objectives defined in the Company’s 2011 RES IP.

1.2. Purpose

- 1.2.1. In this RFP, APS is seeking competitive proposals (“Proposals”) for renewable energy from small renewable generation resources, preferably located in communities served by APS, to meet the requirements of the Program.

- 1.2.1.1. APS values a diversified generation portfolio and is encouraging all Renewable Energy Standard (“RES”) eligible technologies to participate in this solicitation. APS expects that a majority of the responses to this solicitation will come from photovoltaic facilities, but may choose to allocate a portion of the allocated budget to non-solar technologies and/or emerging commercially viable technology innovations depending on the quality of the responses.
- 1.2.1.2. APS is NOT seeking Distributed Energy Resources in this solicitation. For this RFP, "Distributed Renewable Energy Resources" are applications of the technologies, defined in RES A.A.C. R14-2-1802(B), that are located at a customer's premises and that displace conventional energy resources that would otherwise be used to provide electricity to Arizona customers.
- 1.2.2. The Program was created to attract small renewable developers by streamlining evaluation methodologies and contract provisions as well as considering RES eligible renewable technologies that are commercially proven but may not be as operationally mature. Please see R14-2-1802 (RES Rules) and Section 1.4.1 of this RFP for the list and definitions of RES eligible technologies.
- 1.2.3. APS corporate affiliates will NOT be eligible to bid in this RFP.
- 1.2.4. Persons or entities responding to this RFP are referred to herein as “Respondents.”

1.3. RFP Website and Communications

- 1.3.1. All RFP related documents, including bidder conference information, can be accessed on the “2010 Small Gen RFP” website through APS’s website (<http://www.aps.com/rfp>).
- 1.3.1.1. APS is using PowerAdvocate's Sourcing Intelligence platform to collect bids for this event. Sourcing Intelligence is a web-based platform on which RFIs and RFPs are hosted. The platform is currently used by numerous U.S. utilities. PowerAdvocate is under a

confidentiality agreement with APS that prohibits the disclosure of confidential information to unauthorized third parties. APS encourages Respondents to carefully review the PowerAdvocate Terms of Use for its Sourcing Intelligence Platform before submitting proposal(s). The terms of use are located at the following web address: <https://www.poweradvocate.com/web/terms-of-use.html>.

- 1.3.2. Based upon the nature and frequency of the questions APS receives APS will choose to either respond to individuals directly, post a response to the question (without disclosing the Respondent's name), or address the question through the bidder's conference.
- 1.3.3. The APS Official Contact is:

Gordon Samuel, Manager-Resource Acquisitions
Arizona Public Service Company
400 N. 5th Street, Mail Station 9674
Phoenix, AZ 85004

1.4. Product Description

The Proposals shall be developed based on the requirements described below:

- 1.4.1. Eligible RES Renewable technologies: biogas, landfill gas, biomass, geothermal, solar, wind, hybrid wind and solar, and eligible hydropower technologies. Additional hydropower qualifications are contained in the RES Rules. Distributed Energy Resources will NOT be accepted.
- 1.4.2. The technology for the proposed project and key components must have a minimum of 6 months of established production data, been in operation at a scale of 100 kW or larger, and be scalable to produce energy on a commercial level as submitted in the proposal.
- 1.4.3. Agreed upon transactions that result from this RFP will be entered into, pursuant to APS's Purchase Power Agreement ("PPA"). The PPA can be accessed on the RFP website. Respondents shall include all costs in their proposal necessary to deliver capacity and energy to the APS system including, but not limited to,

construction of the project, transmission (if necessary), post-development credit support, and all costs related to interconnection. APS is NOT seeking proposals resulting in APS ownership in this RFP; however, APS may seek ownership proposals in future RFPs under this Program.

- 1.4.4. Targeted Annual Energy: By the end of Program deployment, APS is seeking to procure approximately 200,000 MWh of annual energy. The number of projects and amount of energy contracted through this RFP, the first in a series of solicitations, will be dependent upon a budget that will be submitted to the Arizona Corporation Commission (“ACC”) through the 2011 RES IP.
- 1.4.5. Minimum project size: 2 MWac at one site.
- 1.4.6. Maximum project size: 15 MWac at one site.
- 1.4.7. PPA Term: Min = 20 years; Max = 30 years. Please note that the PPA term must be less than 80% of the remaining economic useful life of the facility in order to preserve tax benefits for the developer/owner. APS does not provide tax advice, but encourages respondents to consult with their tax advisors.
- 1.4.8. Project Commercial Operation Date (“COD”) shall be no later than December 31, 2012 for photovoltaic or wind projects. The COD for all other renewable technologies shall be no later than December 31, 2013. Projects may be phased in, provided the total capacity which is bid is commercially operational by the applicable COD.
- 1.4.9. The use of APS sites/facilities will NOT be permitted in this RFP.
- 1.4.10. The small generation resource must deliver capacity and energy utilizing firm transmission service to the APS transmission (greater than 69 kV), sub-transmission (69 kV) or distribution system (less than 69 kV).
 - 1.4.10.1. If the generating unit is not yet operational and will be interconnected to APS’s transmission or sub-transmission system, but an interconnection request has not been submitted at the time of the Proposal, the Respondent is hereby notified that it is responsible for completing an *Application for Generator Interconnection* in

accordance with the proposed construction schedule. This also applies to existing plants that will require capacity increases. To request interconnection of a generating project to APS's transmission or sub-transmission system, please contact:

Rex Stulting
(602) 250-1644
e-mail: Rex.Stulting@aps.com
Or visit <http://www.oatioasis.com/azps/index.html>

1.4.10.2. If the generating unit is not yet operational and will be interconnected to APS's distribution system, but an interconnection request has not been submitted at the time of the Proposal, the Respondent is hereby notified that it is responsible for completing an *Interconnection Application* in accordance with the proposed construction schedule. APS is NOT seeking distributed resources in this RFP, but the *Interconnection Application* for distribution-level interconnections is the same for both distributed and utility-scale generating resources. This also applies to existing plants that will require capacity increases. To request interconnection of a generating project to APS's distribution system, please contact:

Rick Welch
(602) 371-7088
e-mail: Rick.Welch@aps.com
Or visit http://www.aps.com/main/green/choice/choice_79.html

1.4.11. Transmission Constraints on the APS System: APS will accept and evaluate all bids that meet Section 1.4.10 as well as other identified minimum requirements in this RFP. However, due to known APS transmission constraints and to further aid bidders in their determination of RFP participation, APS has identified a constrained transmission area that will require transmission upgrades in order to deliver firm project output to APS load centers over all hours of the year. These upgrades may add significant costs to the project bid as part of APS screening in Section 3.3. In the absence of transmission upgrades, APS can still

accept delivery of energy in the transmission constrained area. In order to quantify the cost of the transmission constraint, APS will assign a zero capacity value to projects delivering energy to these areas and will assume a 5% reduction in total annual energy output for the project bid to account for potential curtailments on the transmission system. Attachment 2 identifies APS Constrained Transmission Areas.

1.4.12. Environmental Credits: APS retains all environmental attributes associated with the Respondent's bid energy, including but not limited to, renewable energy credits, greenhouse gas or carbon credits, and any other emissions attributes, all as set forth in the PPA.

1.4.13. Pricing:

1.4.13.1. All Proposal terms, conditions, and pricing are binding through the final selection notification and subsequent contract negotiations, as well as ACC approval (if required). Respondents are released from this provision once they have been notified they are no longer under consideration.

1.4.13.2. **MAXIMUM DELIVERED BID PRICE TO QUALIFY:** Respondents proposing photovoltaic resources with a PPA contract life levelized bid price higher than \$150 per MWh will not be evaluated. Respondents shall use a discount rate of 8.01% to calculate the contract life levelized price. An example for calculating the contract life levelized price is included at Attachment 3. **THE PURPOSE OF THIS PROVISION IS TO LIMIT THE BIDS THAT WILL BE FULLY EVALUATED TO THOSE THAT ARE THE MOST COST COMPETITIVE AND TO LIMIT UNCOMPETITIVE RESPONDENT'S EXPOSURE TO THE BIDDER'S FEE AND THE COSTS ASSOCIATED WITH DEVELOPING A BID RESPONSE. APS DOES NOT EXPECT TO TRANSACT AT THE MAXIMUM BID PRICES CONTAINED IN THIS PROVISION. BASED ON PREVIOUS SOLICITATION**

EXPERIENCE, APS WOULD ANTICIPATE EXECUTING AGREEMENTS FOR PHOTOVOLTAIC RESOURCES SIGNIFICANTLY BELOW THE MAXIMUM BID PRICE.

- 1.4.13.3. The PPA Proposal pricing shall be fixed for the duration of the proposed term or contain a fixed annual escalation rate. APS will not accept bids with escalation rates tied to any index.
- 1.4.13.4. Respondents shall prepare their pricing with the assumption of delivery to the APS system. If the Respondent is proposing to interconnect directly to the APS system please assume that all losses between the generating station and the point of demarcation for equipment ownership and transfer to APS (i.e. the Delivery Point) are the respondent's responsibility. If the Respondent is proposing to interconnect to another utility's system, all transmission wheeling costs to transmit project energy to the APS system on a firm basis are to be included in the bid price.
- 1.4.13.5. Pricing shall contain all Post-Development Credit Support. Credit support must be in the form of a letter of credit or cash deposit and must be submitted to APS prior to the COD as defined in the PPA. For this solicitation, Post-Development Credit Support will be calculated as the average annual revenue to the Respondent over the life of the contract. For example, if a Respondent's total revenue for a 25 year PPA is \$25 million, the Respondent would be required to post a \$1 million letter of credit or cash deposit no later than COD.

1.5. RFP Schedule

- 1.5.1. The following schedule applies to this RFP:

<u>ACTIVITY</u>	<u>DUE DATE</u>
Issue RFP	April 27, 2010
Bidder's Conference	May 20, 2010
Non-Binding Notice of Intent to Bid	June 10, 2010

Signed Confidentiality Agreement to APS	June 17, 2010
RFP Responses and Submittal Fee	June 24, 2010
Shortlist Bidder Notification	August 26, 2010
Final Selection(s) Notification	October 14, 2010

1.6. Changes to RFP, Schedules and Addenda

- 1.6.1. APS reserves the right at any time to unilaterally revise, suspend or terminate this RFP Process and any schedule related thereto in its sole discretion without liability to any Respondent. Any such changes will be posted on the RFP website.
- 1.6.2. It is the Respondent's responsibility to advise APS's Official Contact of any conflicting requirements, omissions of information, or the need for clarification before Proposals are due.

2. BID SUBMITTAL

2.1. General Information

- 2.1.1. Prices and dollar figures must be clearly stated in \$US.
- 2.1.2. Proposals shall be submitted per the RFP Schedule.
- 2.1.3. APS will not grant any extensions to the RFP schedule and will not accept late Proposals. Any Proposals received after the scheduled date will be disqualified and the Respondent will be notified.
- 2.1.4. APS reserves the right to accept or reject any or all Proposals for any reason at any time after submittal, or to make an award at any time to a Respondent that, in the sole opinion and discretion of APS, provides a Proposal APS deems favorable.
 - 2.1.4.1. Failure to provide all the information requested in the RFP Process or failure to demonstrate that the Proposal satisfies all of the APS requirements will be grounds for disqualification at APS's sole discretion.

- 2.1.4.2. APS also reserves the right to select an offer that is not the lowest price, if APS determines that to do so would result in the greatest value to APS's retail customers.
- 2.1.5. Respondents that submit Proposals do so without legal recourse against APS or its directors, management, employees, agents, contractors or Independent Monitor based on APS's rejection, in whole or in part, of the Proposal or for failure to execute any agreement tendered by APS. APS shall not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to APS's acts or omissions arising out of or in connection with the RFP.
- 2.1.6. None of the materials received by APS from Respondents in response to this RFP will be returned. All Proposals and exhibits will become the property of APS, subject to the provisions of the Confidentiality Agreement.

2.2. Confidentiality Agreement

- 2.2.1. APS requires the Respondent to sign a Confidentiality Agreement ("CA") and return it per the RFP Schedule. The form can be accessed from the RFP website. Respondents shall execute and upload the CA using the RFP website. APS will execute and return a copy for the Respondent's records. APS and the Respondent MUST execute the CA prior to the RFP response date shown in Section 1.5, otherwise the Respondent is deemed ineligible to bid.

2.3. Proposal Content

- 2.3.1. A non-refundable RFP submission fee of \$3,000 per Respondent is required in order to qualify the Proposal(s) for consideration. Respondents may submit up to 4 proposals with up to 4 pricing options per proposal. For purposes of the submission fee, a proposal is equivalent to a project site. If Respondents wish to make more than 4 proposals, an additional \$3,000 fee per proposal is required. The fee must be received by the response date shown in Section 1.5 and be wired using the information below. Any costs or fees associated with wiring the funds are the responsibility of the Respondent.

Company: Arizona Public Service Company
Bank: Wells Fargo
ABA/Routing No.: 121000248
Account No.: 4159540921
OBI Field: FBO (For Business Of) Respondent's Company Name

2.3.2. Respondents are required to use the RFP website to enter or upload all requested information.

2.3.2.1. A completed proposal submitted through the RFP website.

2.3.2.2. Confidentiality Agreement executed by both Respondent and APS.

2.3.2.3. A certification page that shall contain a signature demonstrating the signatory has full authority to bind the Respondent to all of the terms and conditions contained in the Proposal. Respondents are required to use the non-modified certification page posted by APS.

2.3.2.4. Project schedule shown in weeks, relative to an assumed contract date.

2.3.2.5. A preliminary one-line diagram with meter location and specified delivery location.

2.3.2.6. Completed production profiles using the technology specific templates accessed from the PowerAdvocate website. Respondents proposing photovoltaic projects shall use the National Solar Radiation Data Base 1991- 2005 Update: Typical Meteorological Year 3 (TMY3) in preparing the production profiles. Respondents proposing wind projects shall provide on-site wind data in preparing the production profiles as well as method(s) for collecting on-site wind data.

2.3.2.7. PPA Agreement. APS expects minimal, if any, redlines to the posted pro-forma agreements. Proposals with numerous and/or significant redlines will not be considered for detailed evaluation.

2.3.3. If the generating unit is not in service, but has completed any generator interconnection studies, a copy of these studies must accompany the Respondent's Proposal.

2.4. Collusion

By submitting a Proposal to APS in response to this RFP, the Respondent certifies that the Respondent has not divulged, discussed or compared its Proposal with other Respondents and has not colluded whatsoever with any other Respondent or parties with respect to this or other proposals.

3. EVALUATION PROCESS

3.1. Proposal Review

APS will determine the best Proposal(s) to pursue final contracting and approval using quantitative and qualitative criteria in the following evaluation stages: (1) proposal threshold requirements, (2) screening, and (3) detailed evaluation.

3.2. Proposal Threshold Requirements

3.2.1. The initial stage of the evaluation process employed by APS will include a review of each Proposal's compliance with the "Threshold Requirements" described below.

3.2.1.1. The Proposal is received on-time and complies with the submission instructions.

3.2.1.2. The Proposal's product description complies with RFP Section 1.4.

3.2.1.3. Proposal submittal includes all items listed in RFP Section 2.3.2.

3.2.2. APS, in its sole discretion, may reject a Proposal for further consideration if the Proposal fails to meet the Threshold Requirements or provides incomplete and/or inaccurate responses. APS may seek clarification and/or remedy of a Respondent's Proposal.

3.3. Screening Evaluation

3.3.1. Depending on the number of responses APS receives, the Company may choose to do an initial screening of the proposals based on price alone. The result of this initial screening is a "cut list" of proposals that will receive the remainder of the screening evaluation. Respondents will be notified of their status when the cut list is completed.

3.3.2. The next stage of analysis is the screening process which consists of quantitative and qualitative analyses to identify the Proposal(s) that will be shortlisted. Respondents are advised that price will be a major factor in APS's evaluation, but APS will consider other qualitative risk factors.

3.3.3. The quantitative analysis is comprised of:

(Respondent bid price + additional costs) compared against (Market Cost of Comparable Conventional Generation)

3.3.3.1. Respondent bid price - The bid price, which includes any transmission wheeling or upgrade costs to deliver to the APS system, is the amount APS would pay to the Respondent.

3.3.3.2. Additional costs – APS may add additional costs needed to incorporate the renewable resource into the APS system, including but not limited to additional transmission costs, system integration costs, and costs associated with imputed debt.

3.3.3.2.1. Transmission Cost: Comprised of the cost APS estimates from delivery point on APS's system to APS retail load. These costs may include but are not limited to transmission wheeling costs, transmission upgrade costs, or other costs such as those specified in Section 1.4.10 in the event sufficient transmission capacity is not available on APS's system.

3.3.3.2.2. System Integration Costs: Based on the characteristics of the generation resource, additional costs are incurred to compensate for increased resources and regulating reserves required for energy output intermittency and forecast uncertainty. Based on the intermittent characteristics of wind generation resources, APS will add (\$3.25/MWh) to all proposals to compensate for increased resource and regulating reserves required for energy output intermittency

and forecast uncertainty. APS has not determined the system integration costs for photovoltaic resources at this time; however, APS may choose to do so in future solicitations.

3.3.3.2.3. Imputed Debt: Effects will be considered for PPA Proposals.

3.3.3.3. Market Cost of Comparable Conventional Generation - means the affected utility's energy and capacity cost of producing or procuring the incremental electricity from a conventional resource that would be avoided by the proposed renewable resource(s) taking into account hourly, seasonal, and long-term supply and demand circumstances.

3.3.3.3.1. Resources need not provide a firm fixed amount of capacity (MW), but APS's evaluation will take into consideration the degree of the resource's firmness in determining the appropriate capacity value to assign to such resource.

3.3.4. The qualitative analysis is comprised of a high level risk assessment considering risk factors such as financial, regulatory, counterparty credit, transmission, operations, and project development. APS will also evaluate the requested modifications to the PPA.

3.3.5. Based on an acceptable outcome of the Screening Process' quantitative and qualitative assessment, APS will select Proposals to shortlist and begin a detailed evaluation. Similarly, APS intends to notify Respondents of those Proposals that are eliminated from further consideration per the RFP schedule.

3.4. Final Selection of Proposal(s)

3.4.1. Upon proposal shortlisting, APS will conduct meetings with shortlisted parties to gain a greater understanding of the Respondent's Proposal. APS may also require project-specific pro forma financial statements by year for the construction period and the term of the agreement, including income statements,

balance sheets, statements of cash flows, and if applicable, calculations of financial covenant ratios related to project financing.

- 3.4.2. Any significant changes or understanding of the Respondent's Proposal, as a result of the short-listed meetings, will be resubmitted through the evaluation process.

(Note: The renewable energy small generation resources will not be modeled in APS's detailed production evaluation model, in an effort to streamline the evaluation timeline)

- 3.4.3. After the shortlist meetings and detailed evaluations of Respondent's Proposals is concluded, APS will select the final Proposal(s) for final negotiation and possible contract execution and regulatory approval, as required. APS will notify Respondents of those Proposals that are eliminated from further consideration per the RFP schedule. Final Proposal selection(s) will be based on both the outcome of the quantitative and qualitative evaluation. APS reserves the right not to select any Proposals if acceptable evaluation results are not obtained.

4. MISCELLANEOUS TERMS AND CONDITIONS

4.1. General

- 4.1.1. Each Respondent is responsible for acquiring and/or verifying that it is in compliance with all licenses, permits, certifications, studies, reporting requirements and approvals required by federal, state and local government laws, regulations and policies in order for it to contract for and perform in accordance with its Proposal.
- 4.1.2. All executed contracts will be binding, in accordance with their terms.
- 4.1.3. Respondent shall be liable for all of its costs and APS shall not be responsible for any of Respondent's costs incurred in responding to this RFP or in connection with the negotiation and execution of any contract as a result of the RFP process.
- 4.1.4. If APS cannot reach acceptable terms with the final selected party or parties, APS reserves the right to terminate negotiations with such parties and begin

discussions with other RFP Respondents, begin a new solicitation or cancel this RFP.

4.2. Regulatory Approval

Any final agreement may be conditioned upon actions and/or approvals by regulatory authorities, satisfactory to APS in its sole discretion.

4.3. Accounting

APS will factor in potential impacts to the Company of entering into the proposed contracts, including changes in accounting standards and the interpretations thereof, as guidance for renewable energy PPAs continues to evolve. The Financial Accounting Standards Board, which governs US Generally Accepted Accounting Principles (“US GAAP”), has an active project underway to re-evaluate lease accounting. The International Accounting Standards Board (“IASB”), which governs International Financial Reporting Standards (“IFRS”), already has different lease accounting standards than US GAAP. The Securities and Exchange Commission has a proposal that may require the Company to convert to IFRS for annual financial statements filed for the fiscal year end 2014. The IASB also has an active project underway to re-evaluate lease accounting. APS reserves the right to alter its evaluation of proposals up and until a final agreement is executed based on changes in accounting guidelines or interpretation of those guidelines.

4.4. Independent Monitor

An independent monitor will be used in the RFP process to ensure that it is conducted in a fair and equitable manner. The monitor will have access to all documentation provided by the Respondents in relation to this RFP and will produce a final report summarizing his/her observations for use by APS, which may include submission to the ACC in connection with its regulatory requirements.

Attachment 1

Time of Day Relative Energy Value Factors

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Jan	0.66	0.64	0.69	0.77	0.92	1.04	1.38	1.37	1.30	1.21	1.09	1.01	0.95	0.92	0.89	0.95	1.09	1.40	1.44	1.41	1.29	1.02	0.80	0.69
Feb	0.65	0.65	0.66	0.79	0.93	1.01	1.36	1.33	1.26	1.19	1.06	0.99	0.95	0.92	0.89	0.93	1.03	1.32	1.38	1.34	1.23	1.01	0.72	0.67
Mar	0.62	0.61	0.62	0.74	0.82	0.89	1.16	1.12	1.09	1.07	1.05	1.03	1.00	0.98	0.98	1.01	1.10	1.19	1.25	1.22	1.12	1.01	0.79	0.65
Apr	0.58	0.52	0.52	0.49	0.53	0.64	0.72	0.78	0.82	0.88	0.91	0.95	0.99	1.03	1.03	1.02	0.99	0.96	0.93	0.97	0.96	0.89	0.75	0.64
May	0.63	0.53	0.50	0.48	0.49	0.57	0.59	0.70	0.77	0.86	0.95	1.01	1.12	1.20	1.22	1.22	1.21	1.16	1.11	1.04	1.02	0.93	0.87	0.76
Jun	0.82	0.72	0.64	0.58	0.60	0.68	0.61	0.67	0.75	0.91	1.10	1.27	1.38	1.45	1.51	1.53	1.54	1.46	1.37	1.22	1.10	1.01	1.11	1.00
Jul	0.83	0.74	0.69	0.64	0.64	0.67	0.69	0.78	0.88	1.01	1.18	1.49	1.80	1.95	2.03	2.06	2.06	1.98	1.77	1.54	1.33	1.21	1.05	0.94
Aug	0.76	0.69	0.65	0.62	0.64	0.66	0.78	0.83	0.91	1.02	1.15	1.42	1.74	1.88	1.98	2.02	2.03	1.93	1.73	1.55	1.34	1.19	1.01	0.90
Sep	0.64	0.58	0.55	0.54	0.57	0.59	0.71	0.75	0.84	0.93	1.06	1.19	1.37	1.48	1.54	1.57	1.56	1.48	1.33	1.27	1.14	1.01	0.78	0.70
Oct	0.67	0.61	0.61	0.59	0.64	0.74	0.72	0.77	0.84	0.90	0.94	1.03	1.10	1.14	1.17	1.18	1.16	1.14	1.12	1.08	1.03	0.95	0.85	0.76
Nov	0.62	0.61	0.63	0.69	0.82	0.88	1.10	1.07	1.05	1.02	1.00	0.98	0.95	0.94	0.94	0.99	1.07	1.14	1.15	1.11	1.05	0.94	0.69	0.64
Dec	0.58	0.57	0.60	0.68	0.78	0.80	1.26	1.21	1.18	1.12	1.00	0.93	0.88	0.86	0.86	0.92	1.06	1.33	1.36	1.31	1.21	1.00	0.68	0.59

Relative Capacity Value

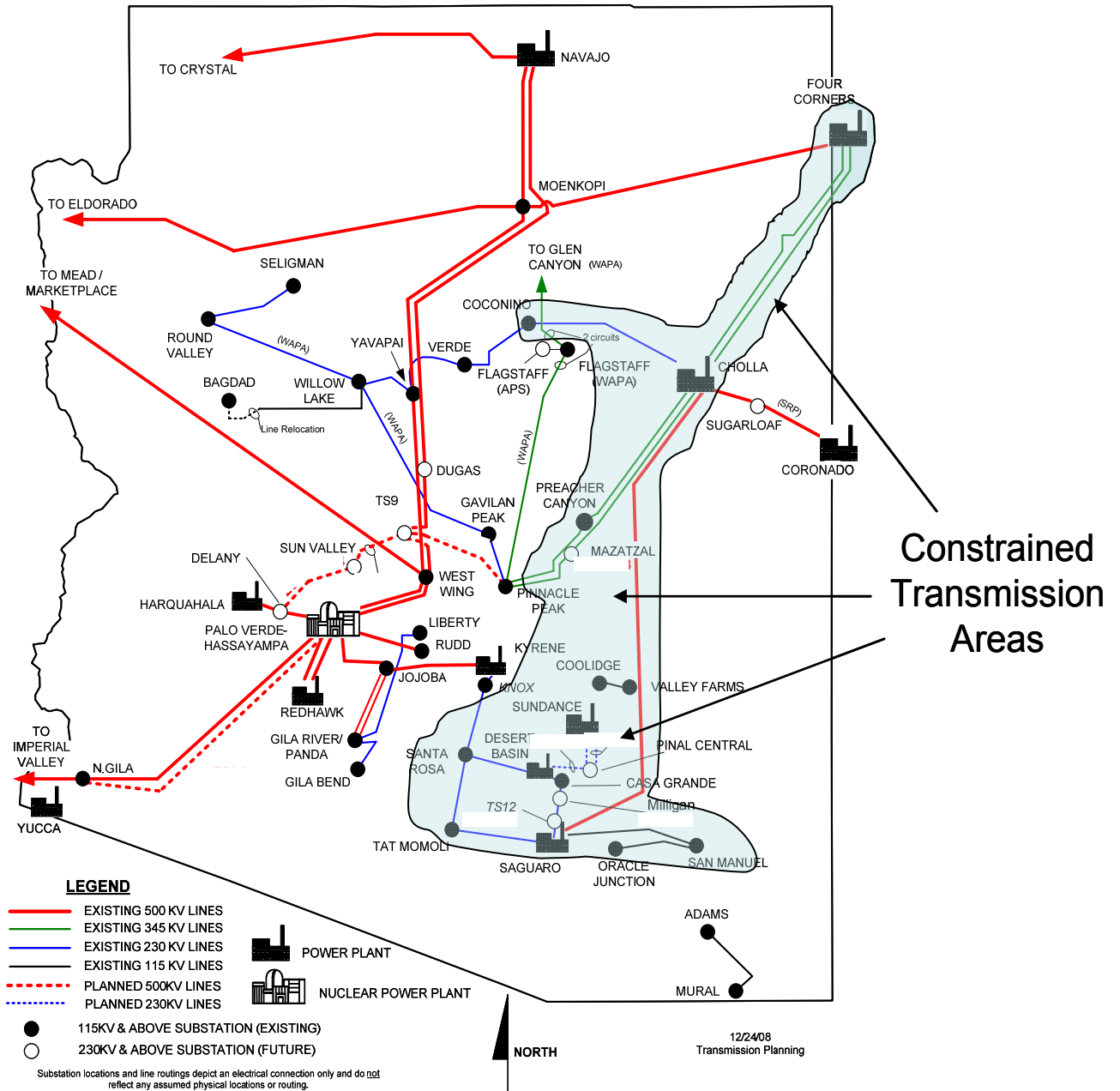
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Jan																								
Feb																								
Mar																								
Apr																								
May																								
Jun																	1%	1%						
Jul													1%	6%	9%	12%	13%	12%	7%					
Aug													1%	3%	6%	7%	7%	7%	3%	1%				
Sep																1%	1%	1%						
Oct																								
Nov																								
Dec																								

Attachment 1

- Notes:
- (1) APS quantitative analysis of potential generation projects includes a capacity component and an energy component.
 - (2) This information is provided to give bidders an indication of how APS may value projects.
 - (3) The higher the energy/capacity value, the more value APS places on the resource being operational during that time.
 - (4) The values above are based on historical data and are not necessarily indicative of future energy/capacity values.
 - (5) Actual values used in the evaluation of this RFP may differ.

Attachment 2

APS Constrained Transmission Areas



Attachment 3

Example Contract Life Levelized Price Calculation

	Annual Generation (MWh)	Bid Price Per MWh	Annual Bid Cost
2012	50,000	\$ 93.24	\$ 4,662,000
2013	49,750	\$ 94.17	\$ 4,685,077
2014	49,501	\$ 95.11	\$ 4,708,268
2015	49,254	\$ 96.07	\$ 4,731,574
2016	49,007	\$ 97.03	\$ 4,754,995
2017	48,762	\$ 98.00	\$ 4,778,532
2018	48,519	\$ 98.98	\$ 4,802,186
2019	48,276	\$ 99.97	\$ 4,825,957
2020	48,035	\$ 100.97	\$ 4,849,846
2021	47,794	\$ 101.98	\$ 4,873,852
2022	47,556	\$ 102.99	\$ 4,897,978
2023	47,318	\$ 104.02	\$ 4,922,223
2024	47,081	\$ 105.07	\$ 4,946,588
2025	46,846	\$ 106.12	\$ 4,971,073
2026	46,612	\$ 107.18	\$ 4,995,680
2027	46,378	\$ 108.25	\$ 5,020,409
2028	46,147	\$ 109.33	\$ 5,045,260
2029	45,916	\$ 110.42	\$ 5,070,234
2030	45,686	\$ 111.53	\$ 5,095,332
2031	45,458	\$ 112.64	\$ 5,120,553
Total	953,895		\$ 97,757,617
NPV @ 8.01%	473,723	A	\$ 47,371,908

Contract Life Levelized Price = B / A
→

\$ 100.00