

The Joint Development Group

A Consortium of Southwestern Energy Service Providers

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**2007 Request for Proposal for  
Concentrating Solar Power Resources**

**December 6, 2007**

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## **1. INTRODUCTION**

### **1.1. Purpose**

In this Request for Proposal (“RFP” or “RFP Process”), Arizona Public Service Company (“APS”) is seeking competitive proposals (“Proposals”) for a long term Power Purchase Agreement (“PPA”) for a developer financed concentrating solar power (“CSP”) project. APS is pursuing this on behalf of the Joint Development Group (“JDG”), a consortium of several southwestern utilities. Persons or entities responding to this RFP are referred to herein as “Respondents”.

APS is a member of the JDG and is also serving as the Project Coordinator. In this capacity, APS makes no representations or warranties with respect to the present or future participation of any member of the JDG in this RFP Process or in any agreements that may be entered into in connection with or as a result of this RFP Process. Each member of the JDG is acting individually and on its own behalf in connection with this RFP and APS is not acting as the agent for either the JDG or any of its other members, nor does it have the authority, either express or implied, to contract with any Respondent on behalf of the JDG or any of its other members.

In its role as Project Coordinator, APS is issuing this RFP, and performing other related responsibilities to include holding the Bidder’s Conference, responding to questions, receiving responses, and conducting the Proposal Threshold Requirement screening, pursuant to Section 3.2 herein. Following the threshold requirement screening, each member of the JDG will evaluate the short-listed bids and rank each based on the results of its evaluation. The ranking will be done based on the annual MWh interest in each of the short-listed bids. The JDG will tabulate the individual utility interest in each bid to determine which bid will be accepted. Each member of the JDG will then negotiate its own separate contract with the selected Respondent(s), pursuant to the procedure outlined in Section 4.1 herein.

### **1.2. Product Description**

**1.2.1. Project Information**

Quantity: The project must be a minimum of 100MW. However, the JDG is targeting an economic project in the 250MW range.

Site: Located in Arizona or Nevada

Commercial operation date prior to end-of-year 2012

- A phased in project shall have all phases commercially operable prior to end-of-year 2012.

**1.2.2. Pricing**

Respondent should specify delivered energy price in \$/MWh for the contract term. The delivered energy price may be fixed for the term of the contract or have relatively stable pricing provisions with escalation rates fixed per year.

Minimum Term = 5 years

Maximum Term = 30 years

**1.2.3. Eligible Technologies and Delivery Profile**

Only CSP technologies are eligible to bid into this RFP. There is a preference for CSP with solar thermal storage.

The JDG is NOT seeking under this RFP: (a) concentrating photovoltaic (b) renewable energy credits without the associated energy, (c) demand side management related items, or (d) research and development products or projects. Only commercially proven, transmission-interconnected technologies will be considered (See *Proposal Certification and Summary*, Section 2.4, Project Filters, Filter 5).

**1.2.4. Interconnection / Deliverability**

Respondent shall identify the point of interconnection and any wheeling to major hubs. Maps identifying transmission interconnections in four (4) areas within Arizona and Nevada are posted on the RFP Web Site. Utilities may require the Respondent to reserve, schedule, and pay for wheeling to individual utilities. The price addition will be determined during final negotiations.

**1.2.5. Project Purchase Option**

Provide the early buyout price or specify the detailed formula to calculate the buyout price.

### **1.3. Changes to RFP, Schedules, and Addenda**

APS, as the Project Coordinator, reserves the right at any time to unilaterally revise, suspend or terminate this RFP Process and any schedule related thereto at its sole discretion without liability to any Respondent. Any such changes will be posted on [www.aps.com/RFP](http://www.aps.com/RFP) (“RFP Web Site”) and also provided, via e-mail, to entities that submitted a Notice of Intent to Bid.

## **2. BID SUBMITTAL**

### **2.1. General Instructions**

- 2.1.1. All RFP documents, including any updates, can be found on the RFP Web Site. It is the Respondent’s responsibility to advise APS’ Official Contact of any conflicting requirements, omissions of information or the need for clarification before Proposals are due.
- 2.1.2. Failure to provide all the information requested in the RFP process or failure to demonstrate that the Proposal satisfies all of the RFP requirements will be grounds for disqualification at the JDG’s discretion.
- 2.1.3. APS and/or the JDG may require additional information not identified in this RFP in order to fully evaluate the costs and impacts of any Proposal.
- 2.1.4. Prices and dollar figures must be clearly stated in \$US.

### **2.2. Respondent’s Qualifications**

- 2.2.1. Respondent’s pricing proposal, capability and experience shall be documented in the Proposal Certification and Summary (located on the RFP Web Site). Respondent (or parties involved in the Proposal) must demonstrate the assurance that they have the ability to deliver on the Proposal.
- 2.2.2. Respondent’s credit and financial information shall be documented in Statement of Financial Conditions and Creditworthiness Qualifications (located on the RFP Web Site). During the Proposal review process, APS and/or the JDG may require each Respondent to provide further credit and financial information in order to assist the JDG in addressing and weighing the creditworthiness of each Respondent.

### **2.3. RFP Web Site and Communications**

- 2.3.1. All RFP related documents available for public viewing, including Bidder Conference information, Notice of Intent to Bid form, the Confidentiality Agreement, and the PPA are posted on the RFP Web Site.
- 2.3.2. All correspondence and communications from the Respondent to APS must be made in writing through the APS Official Contact or via the RFP e-mail address [CSPRFP@aps.com](mailto:CSPRFP@aps.com). Prior to bid submittal, bidders should not communicate with any JDG member, other than APS, regarding this RFP. Contact with any JDG member, other than APS, could result in disqualification of the Respondent.
- 2.3.3. 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 on the RFP Web Site (without disclosing the Respondent's name), or address the question through the Bidder's Conference.
- 2.3.4. APS Official Contact:  
Gordon Samuel, Manager Resource Acquisition  
Arizona Public Service Company  
400 N. 5<sup>th</sup> Street, Mail Station 9674  
Phoenix, AZ 85004  
FAX 602-250-2753

### **2.4. Confidentiality**

- 2.4.1. APS requires the Respondent to sign the Confidentiality Agreement (located on the RFP Web Site) and send it to the APS Official Contact. The Confidentiality Agreement shall be submitted per the RFP schedule (Section 2.5).
- 2.4.2. The JDG members will sign and execute the Confidentiality Agreement upon receipt from each Respondent. Each member of the JDG will use commercially reasonable efforts, in a manner consistent with the Confidentiality Agreement, to protect any claimed proprietary and confidential information contained in a Proposal in a manner consistent with the terms of the Confidentiality Agreement, specifically, provided that such information is clearly identified by the

Respondent as “PROPRIETARY AND CONFIDENTIAL” on the page on which proprietary and confidential material appears.

## **2.5. Schedule**

The following scheduled activity and deadlines apply to this RFP:

<b><u>ACTIVITY</u></b>	<b><u>DUE DATE</u></b>
Issue RFP	December 6, 2007
Bidder’s Conference	January 17, 2008
Non Binding Notice of Intent to Bid due	February 7, 2008
Confidentiality Agreement due	February 21, 2008
RFP Responses and Submittal Fee due	March 19, 2008
Short-list Notification	April 18, 2008
Final Selection(s)	June 11, 2008

## **2.6. Proposal Submission Instructions**

- 2.6.1. A non-refundable RFP submission fee of \$5,000 per proposal package will accompany the Proposal in order to qualify the Proposal(s) for consideration. The fee shall be paid by check, made out to “Arizona Public Service Company.”
- 2.6.2. Proposals shall be submitted per the RFP Schedule.
- 2.6.3. Respondents shall submit to the APS Official Contact one (1) hard copy and seven (7) electronic copies, on separate compact discs, of the original Proposal which includes:
  - 2.6.3.1. Proposal Certification and Summary document - provides a project overview, schedule, risk assessment, transmission costs, delivered energy pricing and analysis of the generating unit. The certification page shall contain a “wet” original signature demonstrating that the signatory has full authority to bind the Respondent to all of the terms and conditions contained in the Proposal.
  - 2.6.3.2. Statement of Financial Conditions and Creditworthiness Qualifications – outlines Respondent (or its guarantor) financial and credit information.
- 2.6.4. APS will not accept late Proposals or Proposals only delivered by FAX, e-mail or other electronic means. Only sealed Proposals will be accepted. On the envelope,

Respondent shall indicate “Response to JDG 2007 RFP CSP Resources.” Any Proposals received after the scheduled date and time will be disqualified and the Respondent will be notified.

- 2.6.5. The JDG 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 who, in the opinion and discretion of the JDG, provides a Proposal deemed favorable. The JDG also reserves the right to select an offer which is not the lowest price, if the JDG determines that to do so would result in the greatest value to its customers.
- 2.6.6. Respondents who submit Proposals do so without legal recourse against APS, the JDG, or its directors, management, employees, agents or contractors based on APS’ and/or the JDG’s rejection, in whole or in part, of their Proposal or for failure to execute any agreement tendered by the JDG. APS and the JDG shall not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to APS’ or the JDG’s acts or omissions arising out of or in connection with the RFP.
- 2.6.7. None of the material received by APS from Respondents in response to this RFP will be returned. All Proposals and exhibits will become the property of the JDG members, subject to the confidentiality provisions contained herein.

## **2.7. Clarification of Proposals**

While evaluating proposals, APS, in its role as Project Coordinator, may request additional information about any item in the Proposal. Such requests will be made in writing, usually via e-mail. The Respondent is required to provide a written response within five (5) business days, or APS may deem the Respondent to be non-responsive and stop evaluating the bid. To facilitate meeting the five-day response timeframe, APS encourages Respondents to provide one or more alternate points of contact for responding to these APS questions.

## **3. EVALUATION PROCESS**

### **3.1. Proposal Review**

The JDG will determine the best Proposal(s) to pursue for final contracting and

approval using financial and non-financial criteria in the following evaluation stages:  
(1) Proposal Threshold Requirements, and (2) Evaluation Process.

### **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. Proposal submittal includes:
    - 3.2.1.2.1 The RFP submission fee.
    - 3.2.1.2.3 A completed and signed Proposal Certification and Summary.
    - 3.2.1.2.4 A completed Statement of Financial Conditions and Creditworthiness Qualifications.
  - 3.2.1.3. The Proposal's product description complies with RFP Section 1.2, Product Description.
- 3.2.2. The information identified as "Filters", contained in the Proposal Certification and Summary, will be used to develop the Respondent short-list.
- 3.2.3. APS, at 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. Evaluation Process**

Respondents whose proposals are short-listed will be interviewed by the JDG. Following the interviews, each JDG member will conduct a detailed quantitative and qualitative evaluation, independent of the other JDG members. JDG members will rank each project, indicating the annual amount of MWhs it would take from the project. Additionally, each proposal will be subject to an independent technology review by the National Renewable Energy Laboratory and/or Sandia National Laboratories.

Based on an acceptable outcome of the Evaluation Process and management approval by individual JDG participants, the JDG will select Proposals for contract development and regulatory approval, as required.

#### **4. CONTRACTS and REGULATORY APPROVAL**

##### **4.1. General**

- 4.1.1. The contract format for this RFP is based upon a PPA, posted on the RFP Web Site. The JDG has developed the agreement as a template for each of its members to use in conjunction with this RFP; however, Respondent will ultimately negotiate and execute a separate contract with each member of the JDG, based on the form of agreement referenced herein. APS makes no representations regarding any such contract that may be entered into between a Respondent and any member of the JDG as a result of this RFP Process and shall have no obligation whatsoever in connection with such contract.
- 4.1.2. Upon contract execution, the Respondent(s) is responsible for acquiring and/or verifying that they are in compliance with all necessary licenses, permits, certifications, reporting requirements and approvals required by federal, state and local government laws, regulations and policies, including if applicable, for the design, construction and operation of the project. In addition, each Respondent's proposal should be fully consistent with each JDG participant's regulatory requirements associated with power purchase.
- 4.1.3. Any executed contracts will be binding in accordance with the executed definitive agreement (see Section 4.3), including through the regulatory approval process.
- 4.1.4. Respondent shall be liable for all of its costs and neither APS, nor any other member of the JDG, shall 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.

##### **4.2. Contract Modifications**

Although there is a strong preference to use the contract documents provided with this RFP, Respondents shall expressly identify and include proposed changes to those agreements when submitted. Such proposed revisions will need to be assessed by the

JDG to ensure the evaluation results and final Proposal selection(s) are not impacted. The JDG members reserve the right to reject Respondent's proposed contract changes.

#### **4.3. Definitive Agreement**

The JDG expects the selected Respondent(s) to execute a PPA, as described in Section 4.1. Failure of the Respondent(s) to promptly negotiate and execute a definitive written agreement will result in rejection of the Proposal.

Notwithstanding anything in this RFP to the contrary, neither APS, nor any of the members of the JDG, represent or warrant that any bid submitted in response to this RFP will be selected, nor do they represent or warrant that any selected bid will ultimately result in the execution of a definitive agreement.

#### **4.4. Regulatory Approval Process**

At the discretion of any member of the JDG, any final negotiated contract with that member may be conditioned upon actions and/or approvals by appropriate regulatory authorities.

#### **4.5. 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 or any third parties and has not colluded whatsoever with any other Respondent or parties with respect to this or other Proposals.