



Arizona Public Service Company

Proposal Certification and Summary

**2008 Request for Proposal for
Distributed Energy Resources**

August 14, 2008

Revised as of 09/29/2008

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1. PROPOSAL CERTIFICATION

The undersigned is a duly authorized representative of the Respondent listed below with the authority to bind the company for the proposed offer. The Respondent has read, understands and agrees to be bound by the terms and conditions contained in this Request for Proposal.

The information contained in this offer or any part thereof, delivered or to be delivered to APS, is true, accurate and complete. This offer includes all information necessary to ensure that the statements therein do not in whole or in part mislead APS as to any material fact.

The Respondent understands and certifies that its proposed offer satisfies the terms outlined in the 2008 Request for Proposal for Distributed Energy Resources dated August 14, 2008 and that APS, including potentially its officers, employees, consultants and agents, will review Respondent's proposed offer. The Respondent also understands that APS will rely on the accuracy and veracity of the proposed offer as part of this Request for Proposal. In addition, the Respondent understands that the Arizona Corporation Commission (ACC), including its staff, employees and agents may also review Respondent's proposed offer in connection with its evaluation of APS's compliance with its regulatory requirements, including the RES, and that an accurate evaluation by the ACC, which will directly impact APS's business, is similarly dependent upon the accuracy and veracity of the proposed offer.

Legal Name of Company:

Respondent (if different):

Signature: _____

Title:

Date Signed:

2. PROPOSAL SUMMARY

2.1. Respondent Contact Information

Name:

Title:

Company:

Address:

City:

State:

Zip:

Phone:

Fax:

Email:

2.2. Respondent Qualifications

The capability and experience of the Respondent must be demonstrated to provide assurance that the Respondent (or parties involved in the Proposal) has the capability to deliver on the Proposal. At a minimum the Respondent should include their:

- Proposed technology experience.
- Operating and maintenance experience.
- A list of other under-development and completed projects including a description of the customer/generator-owner/utility relationship, in-service dates, annual kWhs production, and peak capacity.

2.3. Project Description

Name of Project(s) / Facility: _____

Distributed Energy Technology (check all that apply):

- Biomass/Biogas Electricity Generator
- Grid-tied and Off-grid Solar Photovoltaic Generators (“PV”)
- Biomass/Biogas Thermal Systems
- Commercial Solar Pool Heating Systems
- Geothermal Space Heating and Process Heating Systems
- Geothermal Electricity Generator
- Renewable Combined Heat and Power System (“CHP”)
- Non-residential Solar Daylighting
- Solar Heating, Ventilation, and Air Conditioning (“Solar HVAC”)
- Solar Industrial Process Heating and Cooling
- Solar Space Cooling
- Solar Space Heating
- Solar Water Heater
- Grid-tied and Off-grid Wind Generators of 1 megawatt (“MW”) or less
- Fuel Cells that use only renewable fuels
- New Hydropower Generators of 10 MW of less

Commercial Operation Date: _____ (actual)
_____ (scheduled, if under development)

Total Nameplate Capacity: _____ kW

Projected Annual Capacity Factor: _____ % (Nameplate Capacity kW)

Projected Annual Energy: _____ kWh

Number of Contracted Customers: _____

Fuel Source(s): _____

2.4. Financial

- 2.4.1 Specify any existing or pending customer and/or utility agreements for the proposed generation output; energy, capacity, and/or renewable energy credits.
- 2.4.2 Specify any procurement agreements for equipment that will be used as part of proposed generation.

2.5. Technology

- 2.5.1 Describe the commercial viability of the proposed technology including a brief description of the history and applications.
- 2.5.2 Provide the nominal design life for all major components.
- 2.5.3 Describe the performance history of all major components.
- 2.5.4 Describe any operational and maintenance plans and/or intervals during the contract term and beyond, if applicable.
- 2.5.5 Describe any issues that the project team may have with the Equipment Qualifications and Installation Guidance document posted on the RFP website (www.aps.com/rfp), and plans to mitigate any concerns.

2.6. Customer Interaction

- 2.6.1 Describe any new or existing agreements, as well as the nature of those agreements/transactions, with APS customers that are being relied upon to complete this bid.
- 2.6.2 Describe the process with which APS customers will be recruited for participation in your proposal that do not already have pre-existing agreements, including overview of marketing and sales plans.
- 2.6.3 Describe the characteristics of the APS customers that would be targeted in your proposal, including: customer class(es), average customer size, geographic region(s) and any other defining characteristics.

2.6.4 Clearly define any expectations that Respondent has of APS with regards to customer interaction, including co-marketing and sharing of customer information.

2.6.5 Describe the proposed customer satisfaction metrics that the Proposal(s) would be subject to, and the manner in which any customer complaints would be resolved.

2.7. Permitting

2.7.1 Describe any permits, licenses or authorizations that are necessary and/or required for the construction and operation of the generating resource(s). List all that have been received as well as those that have not yet been obtained.

2.8. Delivery to APS System

2.8.1 Provide a detailed description of the arrangements the Respondent has, or is proposing, related to how the proposed resource will provide delivery directly to APS customer(s) or to the APS system along with a description of the delivery point(s) on APS's system. Respondent shall provide a description on how the proposed resource will provide delivery to the APS system in the event the resource is not directly interconnected to the APS system.

2.8.2 Provide a description of and the costs associated with interconnecting the proposed resource to the APS system. These interconnection related costs should be separately identified and broken out in the Proposal and any major assumptions related to these costs should be identified.

2.9. Fuel Supply

2.9.1 Describe all fuel supply resources and seasonal variations.

2.10. Energy and Renewable Energy Credit Production Information

Delivery Term: _____ Production Start Date: _____

Describe any phased or staggered start-dates or ramp up times: _____

Expected Equivalent Forced Outage Rate: _____ %

Expected Availability: _____ % (Summer: June - Sept.)

_____ % (Annual)

2.10.1 Energy Payment: Complete the appropriate pricing provisions.

Price behind the customers meter:

Annual Delivered RECs Cost with ITC/PTC: _____ \$/MWh

Annual Delivered RECs Cost without ITC/PTC: _____ \$/MWh

NOTES: (1) PTC = Production Tax Credit; ITC = Investment Tax Credit

OR

Price connected to APS:

Annual Delivered Energy Plus RECs Cost with ITC/PTC: _____ \$/MWh

Annual Delivered Energy Plus RECs Cost without ITC/PTC: _____ \$/MWh

NOTES: (1) PTC = Production Tax Credit; ITC = Investment Tax Credit

2.10.2 What interconnection costs are estimated in the bid and how will the bid price change if actual interconnection costs differ from the estimate?

2.10.3 How many separate interconnections are anticipated?

2.10.4 Are these prices subject to any cost escalation? If so, what is the escalation rate and in what year does it begin? Please note that APS will accept **ONLY** fixed escalation rates and will not consider an escalation rate based on an index.

2.10.5 What are the Total Project Costs (broken out by the undiscounted total system cost and the acceptable financing charges¹) for this Proposal? Please note that the REC payments described above cannot exceed 60% of the Total Project Costs.²

2.10.6 Schedule

Provide the key project milestones dates.

2.11. Risk Assessment Plan

All bidders must submit a 1-2 page Risk-Assessment Plan that addresses the following items:

2.11.1 Identify project risks. (Include issues that may impact project schedule, budget/ bid pricing, output or performance).

2.11.2 Explanation of how the risks will be avoided / minimized.

2.11.3 Propose any options that could increase the value of the project: overall, to APS, and/or to the customer.

2.11.4 Explain the benefits of the proposed options.

¹ Capped at the Prime Rate (the lowest rate of interest on bank loans at a given time and place, offered to preferred borrowers as published in the Wall Street Journal) plus 5%.

² The 60% cost cap is an incentive cap placed on the total amount of REC payments for one specific installation under the DE program. For Proposals that would call for APS to receive both RECs and energy, only the REC portion of the price would be measured against the Total Project Costs. For this RFP, APS would consider the Total Project Costs for the entire Proposal to be the appropriate measure for the 60% cap.

2.12. Projected Output

	2010	2011	2012	2013	2014	Beyond
Annual MWh						

2.13. Generation Profile (provide in MST)

Note: Populate table for each year additional kWhs are phased-in.*

Example - Estimated Average Delivered kWhs

Hours	Jan 31 days	Feb 28 days	Mar 31 days	Apr 30 days	May 31 days	Jun 30 days	Jul 31 days	Aug 31 days	Sep 30 days	Oct 31 days	Nov 30 days	Dec 31 days	Hourly Total kWhs
1													0
2													0
3													0
4													0
5													0
6													0
7													0
8													0
9													0
10													0
11													0
12													0
13													0
14													0
15													0
16													0
17													0
18													0
19													0
20													0
21													0
22													0
23													0
24													0
Monthly Total kWh	0	0	0	0	0	0	0	0	0	0	0	0	
Annual Estimated Delivered kWh Production													

*Available in MS-Excel format at www.aps.com/rfp.