

**2008 Renewable RFP Q&A  
7/8/08 (to be updated periodically)**

**Q.1 Is there any preference for in-state vs. out-of-state?**

Ans: There is no preference for location, however with all things being equal and in-state proposal would be selected.

**Q.2 Will APS consider proposals that have delivery exchanges with other utilities?**

Ans: APS is requiring the energy and the associated RECs to be delivered to the APS transmission system for the resource to be RES compliant, therefore "displacement" will not be eligible.

**Q.3 Does APS have a preference or will one of the following receive preferential treatment: PPA only, PPA with buyout option, JV or equity position?**

Ans: APS does not have a preference for any of the contract structures outlined in the RFP or that was presented during the bidder's teleconference. APS will evaluate all the options and select the proposal that provides the most value to APS customers.

**Q.4 Does APS have certain daily time periods during which energy is valued more highly for those bidders who can control how and when their plant is dispatched?**

Ans: When APS performs the evaluation, not only is cost a factor, but more importantly the value the resource brings to APS. The highest valued hours for APS are those summer hours during the afternoon and evening (i.e. highest peak hours). In order to understand this in more detail it may be worth the respondent's time to review APS' historical load shape, which is publicly available from the FERC (FERC Form 714).

**Q.5 If a developer were to ramp in a project over a 2-3 year period with production in the initial year being less than 35,000 MWh, but with annual production exceeding 35,000 MWh in year two through the life of the project, would this project qualify?**

Ans: Yes, as long as your phase-in approach is all located at the same site and meets the 35,000 MWh by year 2013, it will qualify.

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**Q.6 Are APS affiliates eligible to bid into this RFP?**

Ans: No. APS has elected not to allow affiliates to bid into this solicitation.

**Q.7 Can APS explain the proven technology operating experience and operational performance requirements?**

Ans: The proposed technology must have 1 year of operating experience for a project 1/10 the proposed plant size or larger. An example would be the Distributed Power Tower (DPT) technology. There is an existing site with this technology that has been operational for over a year and is 10 MW. Therefore, DPT is a proven technology for up to a proposed 100 MW per unit.

**Q.8 What is renewable natural gas?**

Ans: Renewable Natural Gas is natural gas which complies with the sources definition in the ACC RES rule "Biogas Electric Generator" definition (see below) and is delivered to an APS generating facility for electric production. For this kind of facility, the gas must meet the pipeline quality specifications as dictated by the pipeline owner/operator.

"Biogas Electricity Generator" is a generator that produces electricity from gases that are derived from plant-derived organic matter, agricultural food and feed matter, wood wastes, aquatic plants, animal wastes, vegetative wastes, or wastewater treatment facilities using anaerobic digestion or from municipal solid waste through a digester process, an oxidation process, or other gasification process.

**Q.9 Does a pumped storage facility qualify to bid into this RFP?**

Ans: The pumped storage facility can only qualify if the power to pump at the facility is provided by a renewable resource (e.g. wind).