

SAN JOAQUIN VALLEY POWER AUTHORITY

2007 REQUEST FOR PROPOSALS

FOR

**ELIGIBLE RENEWABLE
ELECTRIC POWER SUPPLY**

ISSUED

April 13, 2007

RESPONSES DUE

May 24, 2007

SAN JOAQUIN VALLEY POWER AUTHORITY

2007 REQUEST FOR PROPOSAL FOR RENEWABLE ENERGY PROJECTS

The Kings River Conservation District (KRCD), on behalf of the San Joaquin Valley Power Authority (Authority) is soliciting competitive proposals for up to 400 megawatts (MW) of renewable energy through (I) facility ownership; (II) power purchase agreements (PPA) with an early buyout option; and/or (III) long-term PPA in one or multiple qualifying renewable energy facilities.

Introduction

The Authority formed in November 2006 pursuant to a joint powers agreement, is a public entity currently comprised of twelve member cities and one county formed for the purposes of implementing a community choice aggregation (CCA) program serving the greater Fresno region of the San Joaquin Valley.

The Authority's members include the cities of Clovis, Corcoran, Dinuba, Fresno, Hanford, Kerman, Kingsburg, Lemoore, Parlier, Reedley, Selma, Sanger and Kings County (collectively, "Members"). At present, the Members take bundled electric service from Pacific Gas & Electric Company (PG&E) and Southern California Edison Company (SCE), collectively. The CCA Program will provide electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's and SCE's transmission and distribution systems, pursuant to the enabling legislation (AB 117).

The Authority has retained KRCD as its exclusive operating agent for the CCA Program. On January 29, 2007 the Authority filed its Implementation Plan for CCA, the first in California, with the California Public Utilities Commission (CPUC). The Authority plans to begin serving customers in November 2007. A copy of the Authority's Implementation Plan is available on the Authority's website www.communitychoice.info.

The Authority is governed by its Board of Directors that consists of a representative from each of its members. The management of the Authority is under the direction of KRCD pursuant to the terms of the JPA. KRCD is responsible for all day-to-day operation of the Authority under policy direction provided by the Authority's Board. KRCD has entered into an agreement with Citigroup Energy Inc. and Citigroup Corporate and Investment Banking (collectively Citigroup) to provide various services for the.

KRCD Overview

KRCD was formed under the Kings River Conservation District Act of 1951 (Cal. Stats. 1951, Chapt. 59; West Water Code App.) Today, KRCD is a leading resource management agency for the Kings River region serving agriculture, business and residential communities within 1.2 million acres spanning portions of Fresno, Kings and Tulare counties. The mission of KRCD is to provide flood protection, cooperate with other agencies to achieve a balanced and high quality water supply, and develop power resources in the Kings River area for the public good. KRCD is the owner/operator of the 165-MW Jeff L. Taylor Pine Flat Hydro-Electric Power Plant and the 97-MW Malaga Peaking Plant. KRCD is currently in the permitting process of a nominal 500 MW base-load natural gas-fired power plant as well as preliminary development of local renewable resource projects.

KRCD acts as the exclusive agent on behalf of the Authority and will provide all power services to the Authority, utilizing KRCD staff as well as private sector contractors and qualified energy suppliers.

Purpose and Scope

KRCD is issuing this Request for Proposals (RFP) to solicit offers from eligible renewable energy generators (Respondents) to meet the projected long-term electric power needs of the Authority. It is the intent of the Authority to meet or exceed the California renewable portfolio standards as adopted in SB 1078.

By responding, Respondents are bound by the terms of this RFP. At this time, KRCD is seeking proposals for up to 400 MW of renewable capacity and/or energy with deliveries commencing in 2008, 2009, or 2010.¹ Proposed products may be for peaking, baseload, dispatchable (unit firm) or as-available deliveries. Proposed resources may include capacity and energy from:

- Re-powering of existing facilities;
- Incremental capacity upgrades of existing facilities;
- New facilities; or
- Existing facilities with expiring contracts.

Respondents are limited to those parties who currently have rights in, own or propose to develop an eligible renewable electric resource. Eligibility criteria have been published by the California Energy Commission (CEC) and can be reviewed at the following internet website: <http://www.energy.ca.gov/portfolio/documents/index.html>.

¹ KRCD and Authority anticipate subsequent RFPs for additional renewable supply.

After reviewing all proposals received, KRCD may procure electric power from the Respondent(s) who submit proposals that, in the KRCD and the Authority's judgment, represent the greatest value to the Authority when compared with other available electric supply options. The issuance of this RFP does not constitute a commitment by KRCD, the Authority or its Members to purchase such eligible renewable electric resources from any source. KRCD reserves the right to revise, suspend or terminate this RFP and any schedule related hereto at its sole discretion without liability of KRCD, the Authority or any Respondent.

Requirements for Submitted Proposals

KRCD will accept proposals for either long-term bilateral contracts or through equity participation and/or turnkey development for one or more renewable electric power resources, which include, but may not be limited to: biomass, biodiesel, fuel cells using renewable fuels, digester gas, geothermal, landfill gas, municipal solid waste, ocean wave (as well as ocean thermal and/or tidal current), photovoltaic (PV), solar thermal, small hydroelectric (30 MW or less) or wind. Any Respondent submitting a proposal that specifies an energy source not included in the aforementioned list must provide adequate documentation (in its proposal) identifying the fuel source as Eligible Renewable, based on criteria established by the CEC (refer to the CEC internet website noted above). KRCD will make necessary determinations regarding the suitability of each proposal for its RFP process.

Each proposal shall address the following terms and conditions:

1. **Contract Quantity:** up to 400 MW total capacity and/or energy from an eligible renewable energy source.
2. **Delivery Term(s):** The proposed start and end date for all energy deliveries shall be specified by each Respondent. Respondents for PPA shall propose a 10, 15 or 20-year power purchase agreement for capacity and/or energy (as well as any optional extensions of the proposed delivery period). As previously noted, proposed deliveries must commence in 2008, 2009, or 2010.
3. **Energy Availability:** Each Respondent shall provide a detailed description of energy availability (i.e., daily load shape and monthly capacity factors).
4. **Fuel:** Any eligible renewable energy (refer to aforementioned list).
5. **Point(s) of Delivery:** Each Respondent shall specify an energy delivery point for all contracted energy purchases. All contract purchases must be delivered to within the jurisdictional boundaries of the Authority (a point within the geographic boundaries of the Member cities and Kings County) or the California Independent System Operator controlled transmission grid. Each Respondent

must have adequate firm transmission capability to deliver to the specified delivery point during the delivery term.

6. **Environmental Attributes:** The Authority shall receive any and all environmental attributes associated with the proposed generating facility(ies) and related energy output, including but not limited to renewable energy credits (REC) and air emission credits or offsets, e.g. greenhouse gas credits.
7. **Offer Price:** A delivered energy price, specified in \$/MWh, shall be included in each proposal. The specified energy price shall include the energy commodity as well as any environmental attributes and applicable transmission costs to the delivery point.
8. **Dispatchability/Scheduling:** Each Respondent shall specify the dispatchability of the proposed generating unit(s) as well as applicable scheduling requirements/limitations.

Site/Facility Requirements for Proposed New Generating Facilities

In addition to the terms and conditions identified above, each Respondent must provide the following information in its proposal, where applicable:

- A Project Facility Plan identifying all major, requisite permits, licenses and approvals and a schedule for their completion;
- Identification of Project participants and management team, including the identification of those responsible for design, construction, permitting, operations and maintenance;
- Description of generation technology to be utilized by the Project and a description of technical resource data, which shall include any studies and/or reports regarding the resource;
- Description of proposed ownership and operational structure;
- Financing plan;
- Status of permitting and transmission interconnection arrangements; and
- Project schedule.

Additional Required Information

Each Respondent shall provide the following additional information in its proposal (unless already provided elsewhere).

- Project name(s) and location(s);
- Maximum and minimum monthly capacity factors;
- Summer and winter maximum net capacity;
- Expected annual availability factor based on proposed summer capacity;
- Energy and/or capacity to be provided to parties other than the Authority;
- Projected environmental emissions from the proposed project;
- Identification of other commercially operating projects developed and/or operated by the Respondent;
- Specify whether project has ancillary services capabilities or requirements;
- Indicate any proposed subordination of the Authority's rights in the event of default by Respondent to lenders;
- Provide current financial statements of all entities involved as Project participants or as part of the management team.

Proposal Selection Criteria

KRCD will, in its sole discretion, evaluate responsive proposals to determine which proposals are likely to provide the greatest overall value to the Authority. All proposals will be evaluated based on factors that include, but are not limited to: proposal term, technology, energy source, location, delivery point, project status, timeline, environmental benefits as well as the Respondent's depth of experience, public credit rating, financial stability, extent of off-balance sheet financing, product price and terms, delivery, service levels and other relevant criteria.

In addition to the terms of the proposals KRCD will also provide preference to proposed projects that are "local" to KRCD and the Authority. Location ranking for projects will be based as follows:

1. Within KRCD and/or the Authority's service territories.
2. Located within the San Joaquin Valley.
3. Located within California.
4. Located outside California with transmission rights to the CAISO controlled grid.

KRCD shall perform an initial screening evaluation to identify and eliminate any proposals that:

1. Are not responsive to the RFP;
2. Do not meet the minimum requirements set forth in this RFP;
3. Are clearly not economically competitive with other proposals; or

4. Are submitted by Respondents that lack appropriate creditworthiness, sufficient financial resources or qualifications to provide dependable and reliable services.

KRCD reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the Respondent. KRCD reserves the right to reject any, all or portions of the proposals received for failure to meet any of the criteria specified in this RFP. Following proposal evaluation, KRCD may decline to enter into any agreements with any of the Respondents, may terminate negotiations with any Respondent or may abandon the RFP process in its entirety.

All Respondents submitting proposals agree to do so without legal recourse against the KRCD, the Authority, its Members or their directors, KRCD's and the Authority's Board of Directors and any of its officers, employees or agents for rejection of their proposal(s) or failure to execute a power purchase agreement for any reason. KRCD shall not be liable to any Respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP.

KRCD and the Authority shall not be liable for any cost incurred by any Respondent in preparing, submitting or negotiating its proposal, a contract or for any other activity related thereto.

Reservation of Rights

KRCD reserves the right to change the requirements, due dates, and other program requirements as may be necessary for the development of the overall program.

Submittal Requirements

Bids must be received by 5:00 PM Pacific Time on the due date shown on this solicitation. Electronic copies may be submitted by the due date with hardcopies provided within two business days of the proposal due date. Five (5) copies of each proposal should be sent to the following addresses:

Patrick Mealoy
Navigant Consulting
3100 Zinfandel Drive, Suite 600
Rancho Cordova, CA 95670
pmealoy@navigantconsulting.com
(916) 631-3200

Inquiries regarding this RFP may be directed to Patrick Mealoy of Navigant Consulting Inc. Specific questions about the RFP should be sent via e-mail. A summary of all

written questions received and responses will be sent via e-mail to all entities that request responses.