

ORDER NO. 01 - 745 -

ENTERED AUG 21 2001

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1020

In the Matter of the Portfolio Advisory)
Committee's Recommendations for Portfolio) ORDER
Options Pursuant to OAR 860-038-0220(6).)

DISPOSITION: BID PROCESS AND REQUESTS FOR PROPOSAL
APPROVED

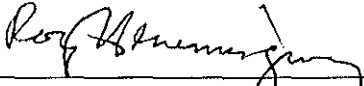
At its May 22, 2001, public meeting, the Public Utility Commission (PUC) approved a bid process for renewable resources. (Order No. 01-470.) At its June 26, 2001, public meeting the Commission directed Commission Staff to confer with interested parties regarding the processes and report back to the Commission. At its July 24, 2001, public meeting, the Commission determined that the processes for renewable resources should be revised and requests for proposals should be reissued to include a retail marketing component. (Order No. 01-700.)

At its August 21, 2001, public meeting, the Commission considered once again the bid processes and also considered requests for proposals for renewable resources filed by Portland General Electric and PacifiCorp. The Commission reviewed and rendered decisions on the outstanding issues set forth in the Staff public meeting memo, attached as Appendix A. The Commission's decisions are described in a Staff memo attached as Appendix B. PacifiCorp's final request for proposal is attached as Appendix C. Portland General Electric's final request for proposal is attached as Appendix D.

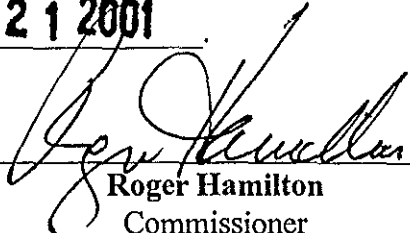
ORDER

IT IS ORDERED that the bid processes and requests for proposal, as filed by Portland General Electric and PacifiCorp, as modified at the public meeting, are approved.

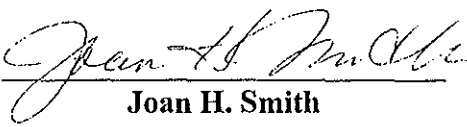
Made, entered, and effective AUG 21 2001



Roy Hemmingway
Chairman



Roger Hamilton
Commissioner



Joan H. Smith
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. The request must be filed with the Commission within 60 days of the date of service of this order and must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

ITEM NO. 4

PUBLIC UTILITY COMMISSION OF OREGON
 STAFF REPORT
 PUBLIC MEETING DATE: August 21, 2001

REGULAR CONSENT EFFECTIVE DATE _____

DATE: August 14, 2001

TO: Phil Nyegaard through Lee Sparling and Jack Breen ⁱⁿ ^{TRIE}

FROM: Rebecca Hathhorn ^{hw}

SUBJECT: Approval of the Revised Portfolio Bid Process and Requests for Proposal for renewable resources pursuant to OAR 860-038-0220(6)

SUMMARY RECOMMENDATION:

Staff recommends that the revised bid process and Requests for Proposals (RFPs) as outlined in this memo be approved with the reporting requirements condition.

DISCUSSION:

Introduction

On May 22, 2001, the Commission approved the portfolio bid processes filed separately on May 1, 2001, by PacifiCorp and Portland General Electric (PGE). Subsequent to the Commission approval, Peter West of Renewable Northwest Project (RNP), and five other members of the Portfolio Advisory Committee (PAC), filed a letter dated June 22, 2001, with the Commission expressing concern that the bids did not reflect the spirit and intent of the PAC recommendation to the Commission presented at the March 20, 2001 public meeting. Specifically, the letter stated that the RFPs should contain a retail marketing component along with the wholesale product.

At the June 26, 2001, public meeting, Peter West made a short presentation summarizing the concerns outlined in the June 22 letter. Counsel advised the Commission that no action could be taken since sufficient public notice was not given to interested parties. The Commission directed Staff to confer with interested parties on the issues raised in the letter and report back to the Commission at a later public meeting.

The Portfolio Advisory Committee and other interested parties met twice: July 3 and July 13, 2001. At the July 24, 2001 public meeting, Staff reported to the Commission

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that the PAC and other interested parties had recommended that the companies' RFPs be reissued to include a retail marketing component.

Revised RFPs

On July 25 and July 26, 2001, PacifiCorp and PGE, respectively, filed draft revised RFPs. Comments from other parties were requested by August 3. The comments are attached as Attachment A. The following parties submitted comments: RNP, Bonneville Environmental Foundation (BEF), Green Mountain Energy Company (Green Mountain), For Sake of the Salmon (FSOS), and the Office of Energy (OOE). The companies reviewed the comments and filed final revised RFPs on August 8 and 9, 2001, for Commission approval.

Both utilities have decided to request proposals to supply tradable renewable credits (TRCs). TRCs consist of the non-energy attributes associated with and made available by the power generated from a qualified renewable resource.

PacifiCorp and PGE are proposing to issue RFPs to supply TRCs (TRCs or energy for PGE) and associated retail marketing services sufficient to serve the electricity needs of customers who select the blended renewable and/or environmental mitigation option.

Comments from interested parties

Some of the comments have been incorporated in the final revised RFPs and some issues are still unresolved. Staff has summarized some of the unresolved issues and noted others for the benefit of the Commission. Following is a summary of unresolved issues followed by issues addressed by the companies.

Unresolved Issues

Length of contract period

Several comments focused on the term of the services provided in the proposed bid requests. OAR 860-038-0220(3) directs the PAC to recommend portfolio options on a calendar year basis. The initial portfolio options were to have been offered for a 15-month period, October 1, 2001 through December 31, 2002. However, with the delay of SB 1149, the initial period is shortened to 10 months, March 1, 2002 through December 31, 2002.

In summary, parties believe that a 10-month contract period may be insufficient for attracting a reasonable pool of bidders offering reasonable rates. Green Mountain stated that a longer period is likely to attract lower priced bids and/or more marketing efforts. Both PGE and PacifiCorp proposed a 22-month contract period, March 1, 2002

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through December 31, 2003. Green Mountain believes the contract period should be for 36-months.

RNP suggested a re-opener for the resource portion of the winning product's costs. The re-opener should be only one way, allowing for a downward adjustment, if the market trends downward.

Both PGE and PacifiCorp have proposed to review the contracts under which the bidder's services are provided by January 1, 2003, and at their discretion terminate contracts based on their evaluation of performance, regulatory, and market factors. If a contract was terminated, another RFP would be issued for the services that were provided.

Staff believes that the contract period should be for a 10-month period. In 2002, new bids will be proposed for the 12-month contract period, calendar year 2003. This process will continue in subsequent years. If the Commission is persuaded by the comments of the parties and agrees to a longer-term contract period, Staff would consent to a 22-month contract period with the condition that the review is performed at the end of 2002.

PacifiCorp's other 50%

The blended product must contain a minimum of 50 percent renewable resources. The remaining 50 percent must have air emissions and spent fuel rates that do not exceed the kilowatt-hour averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt-hour rate for carbon dioxide must meet the Oregon siting standard.

RNP and OOE have raised the issue of PacifiCorp providing the other 50 percent of the blended product. If PacifiCorp's system power cannot meet these criteria, the company must purchase additional tags for renewable resources or meet this requirement in some other manner that does not degrade the environmental characteristics of its reported system mix to customers.

Staff believes that PacifiCorp is aware of its obligation in meeting the renewable resource standards as specified by the PAC. Therefore, this issue is not related to the issuance of the RFP and is merely informational for PacifiCorp.

Separate bids for each product

The BEF proposed that the bids be separate for each product. The PAC recommended that the bids be for either the blended or the environmental mitigation option or for both.

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It is Staff's opinion that a bidder may be able to price the products better if done in combination and so that option should be left open.

Separate pricing for TRC/energy and retail marketing services

OOE suggests separate pricing for the TRCs or energy and the retail marketing services. Staff agrees. It is useful to know what services are being provided for what price. Knowing the separate price for marketing will also assist in evaluating the efficiency of the marketing provided.

Resolved Issues

WSCC-based resources/TRCs

The comments reflected a preference for Western Systems Coordinating Council (WSCC) based resources or TRCs. Both companies have proposed that they will accept TRCs generated from any location but will give preference to TRCs generated in the WSCC. Staff is in agreement.

Weighting of Evaluation/Scoring

Several parties commented that a weighting or scoring mechanism should be implemented to objectively value the bids. Both companies responded to these comments and offered weighting factors for the evaluation criteria as follows:

Criteria	PacifiCorp	PGE
Overall price	50%	20%
Implementation costs	included above	5%
Appeal to customers	15%	5%
WSCC-based resources/TRCs	included above	5%
Risks	10%	
Evaluation of retail marketing	20%	10%
Work in collaboration with utility	included above	5%
Demonstration of experience	5%	10%
Meet renewable standards	initial qualification	15%
Ability to market and deliver	initial qualification	10%
Creditworthiness	initial qualification	15%

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Quality of marketing services

The Bonneville Environmental Foundation suggests that the quality of retail marketing services should focus as much on efficiency in using marketing resources as on the size of a respondent's marketing budget. The utilities should evaluate marketing strategy, product mix, value added, applicable experience and execution capacity, as well as the proposed level of resources.

Environmental Mitigation Option

FSOS commented that the companies did not specifically state that the winning bidder would be working with FSOS. The environmental mitigation product was grandfathered for PGE only. PacifiCorp has the option to choose FSOS or some other entity as long as the option promotes the restoration of native threatened or endangered anadromous fish adversely affected by the production and transmission of electricity.

Process

The anticipated timeline is as follows:

	<u>PGE</u>	<u>PacifiCorp</u>
RFP issued	August 22, 2001	August 23, 2001
Proposals due	September 28, 2001	September 20, 2001
Selection	October 10, 2001	October 18, 2001
Tariffs Filed	by November 1, 2001	October 22, 2001

Content of Proposals

Staff is proposing the following requirements based on the review of both of the companies' proposals. Most of the requirements are also proposed by the companies, with the few exceptions noted in the Proposed Changes section below.

The RFP must contain the following requirements:

1. Submission of a marketing plan detailing specific marketing channels and partnering abilities.
2. Description of demonstrated success in marketing energy services.
3. Description of market research that supports the bidder's customer satisfaction and perceived value claims.
4. Proposals may be submitted for either the blended renewable product or the environmental product or for both.
5. The bids must have separate prices for TRCs/energy and the retail marketing services.
6. Demonstration of market experience in TRCs and energy from renewable resources, including actual penetration rates over specified periods, and

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- client lists indicating the supply duration and amount where this information is not deemed proprietary or confidential by contracts.
7. Demonstration of a knowledge of the western wholesale and retail energy market with specific emphasis on renewable portfolio options in Oregon.
 8. Information regarding creditworthiness including the name of the legal entity making the proposal, two years of audited financial statements (if available), and three credit references.
 9. Proposals must state the source of the TRCs, whether from contracts, market purchases, or owned or shared generation resources. The resource must be specifically identified.
 10. Bidders must deliver the renewable energy or TRCs within two years of purchase of the renewable portfolio option by consumers.
 11. Proposals must describe the contract chain used to assist in documenting reporting rights for TRCs.
 12. Proposals must meet the renewable resource standards for the blended and environmental mitigation options as adopted by the Commission on March 20, 2001.
 13. Proposals must contain documented reporting rights for authenticity purposes by a third party mutually agreed to by the bidder and the utility.

The evaluation and weighting of the RFP requirements will occur as presented previously in this memo.

Proposed Changes

PGE needs to add requirement eight (above) regarding creditworthiness to its RFP.

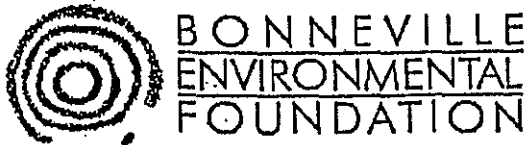
PacifiCorp needs to add requirements seven and ten. Requirement seven pertains to experience in the western wholesale market and requirement ten refers to the delivery of renewables within two years of the date of purchase.

Reporting Requirements

Within 45 days of bidder selection, the utilities must provide the Commission with documentation of the evaluation process, scoring procedures utilized and identification of any issues that could be valuable in improving the bid process in the future.

STAFF RECOMMENDATIONS:

Staff recommends that the revised bid process and RFPs as outlined in this memo be approved with the reporting requirements condition.



Memo

To: Roy Hemmingway, Joan Smith, Roger Hamilton, Commissioners -- Oregon Public Utility Commission

From: Angus Duncan

Date: August 2, 2001

Re: Comments on PacifiCorp Draft RFP for Green Tags/Portfolio Offering

I am filing the following general comments on the draft RFP (July 26, 2001) issued for review by PacifiCorp, and I solicit your direction to OPUC staff to seek modifications in that RFP.

In general, the RFP represents an improvement over the earlier, withdrawn version. It remains flawed in several critical respects, however,

- 1. Weighting of selection criteria must be explicit and transparent to give respondents a clear signal of PacifiCorp's intent.** On page six, six criteria are listed. As in the withdrawn RFP, no indication is given that any one criterion is more significant than the next, or will be given greater weight in the selection process. A respondent would reasonably infer that all criteria were equally weighted. However, in the first evaluation process (since abandoned), unit cost clearly ended up weighed disproportionately to the other criteria. It is unfair to respondents to imply one weighting and practice another. Either the criteria must actually and explicitly be given equal weight in the selection process, or an explicit, transparent variable weighting of criteria must be provided.
- 2. Unit cost of TRC's should not be given greater weight in the selection process than value (e.g., marketability/appeal to consumers).** There are two overriding reasons for this. First, utility personnel and OPUC staff should not be substituting

their judgement of consumer perceptions of *value* for the actual perceptions of consumers. Since consumers are going to be paying a premium in any event for a premium product – the environmental benefits of green power – it is reasonable to presume that these are consumers who know their own minds, and may wish to pay more for a superior product. Such a product may carry environmental endorsements, or have siting and operating standards that go beyond minimum government standards, or reinvest significant revenues back into new renewable projects. A green power purchase is discretionary. It is different in this respect from monopoly delivery of an essential product, and should not be treated as though it were the same. It is also clear that green power consumers have price sensitivity that already adequately protects them from overpriced products, which they may simply decline to buy. Vendors know this, and must position their products within a price/value continuum.

The second reason is that if utility evaluators and OPUC staff force unit costs down disproportionately to value, it may have a result contrary to the internal logic of a green power sale. Consumer willingness to pay more for a product with greater environmental value will result in exactly the signal reaching the market that the consumer intends; that is, that there is a demand for more green power to be developed, and a willingness to pay. Conversely, a lower green power price results in a weaker market signal, and discourages new development. If that is the signal the consumer intends, he should be allowed to signal it by declining to pay the higher price. But the RFP should not arbitrarily intrude itself between the consumer and the market by determining in advance what the price should be, indifferent to whether the consumer might be willing to pay more for greater value.

3. **To afford consumers the greatest choice and allow the market to work most efficiently, the selection process should result in different vendors being selected to provide each product.** It should be axiomatic that a green power offering should result in wider, not narrower, consumer choice (within limits of consumer attentiveness). Assuming qualified respondents are found for each of the product categories – Habitat Mitigation, Block and/or Blended – no one respondent should be selected for more than one offering.
4. **"Quality of retail marketing services" as a criterion should focus no less on efficiency in using marketing resources than on the size of a respondent's marketing budget.** While a minimum level of marketing resources and tools is essential, a marketing strategy that results in lower costs per sign-up can also mean more revenues available for reinvestment, if that is an outcome offered to consumers as added value. Utilities and OPUC staff should evaluate marketing strategy, product mix, value added, applicable experience and capacity to execute as well as resources to be applied.
5. **PacifiCorp should not require respondents to secure green power resources sufficient to execute a 22-month sales effort, and at the same time reserve the option to arbitrarily terminate the respondent's participation in nine months (e.g., 3-1-02 to 12-31-02).** Inventory costs money. Risk costs money. The inventory and risk costs of contract term uncertainty will either be unnecessarily

passed on to consumers, or the better-capitalized respondent will buy market dominance by his ability to carry these unneeded risks. Either way, consumers are not well served. Once selected and required to carry the risks of a 22-month offering, a participant should not be terminated except for cause. If PacifiCorp wishes to have the discretionary right to terminate, it should be required to pay for this right with a contract buyout provision.

---Comments submitted by Betsy Kauffman, For the Sake of the Salmon---

I want to commend both PGE and Pacificorp for quickly churning out revised RFPs that add the marketing component. Here are For the Sake of the Salmon's comments.

1. It is not mentioned in either RFP that the winning bidder for the habitat mitigation product will be working with For the Sake of the Salmon (FSOS) as part of the program. We suggest mentioning that FSOS will be (for this bidding period) the organization handling the habitat portion of the habitat mitigation product. At the very least, the winning bidder will be transferring habitat restoration funds to FSOS. More likely the winning bidder will coordinate its marketing efforts with efforts undertaken by FSOS. (Such coordination is likely to lead to a more successful and profitable product.) It might be a good idea to mention this so that bidders are not surprised by the 'shotgun marriage' that the Salmon Friendly Power program will entail. One suggestion is to add an item (on page 8 in Pacificorp's RFP and under "specific bid proposal information" in PGE's RFP) asking bidders to outline their plans for coordinating marketing and promotional efforts with FSOS. This would also alert bidders that part of their marketing approach for this product could be selling the opportunity to participate in salmon recovery.
2. Neither RFP makes it clear whether the habitat mitigation product is a block or a blended product. I think the Salmon Friendly Power product works best as a block product. It would be a good idea to make this more explicit in the RFP.
3. On page 17 of Pacificorp's RFP (Appendix D) in the description of "Habitat Mitigation", the last line reads "...fish-friendly power, such as wind or geothermal." Let's add "hydropower certified as low-impact by the Low Impact Hydropower Institute". Maybe we'll see some certified hydro in the next year - I'd like it listed as a potential power source for Salmon-Friendly Power. ---- Also, in the first line of that same paragraph, a reference is made to restoring "fish" habitat. I suggest changing that to "salmon" habitat per the decision made by the PAC.
4. PGE's RFP uses three different phrases to refer to the environmental mitigation option: "habitat mitigation option", "environmental mitigation option", and "Salmon-Friendly Power". This may cause confusion for bidders as to how many products they're bidding on or exactly what they're bidding on. We suggest you define the product at the beginning and refer to it in a consistent manner throughout the RFP.
5. It is a little difficult in PGE's RFP to find a list of the two options that bidders can bid on (the blended product and the habitat mitigation product). This is further confused by the language and structure of the top half of page 2 where "Requested Energy Products" are listed. It is difficult to tell if that's a listing of the two options bidders can bid on (i.e. the blended and habitat products) or if it's a list of the types of energy sources that can be used to fulfill the energy requirement (i.e. renewables or tags). If page 2 is a listing of the two customer options, then the habitat mitigation product seems to be missing. It should be listed and explained.

6. On page 5 of Pacificorp's RFP, we suggest adding the words "and retaining" to the definition of marketing, so that it reads "...associated with increasing and retaining customer participation..."

MEMO

To: Rebecca Hathaway, OPUC
Thor Hinckley, PGE
Roby Roberts, PacifiCorp

Cc: Portfolio Advisory Committee Members

From: Rick Counihan, Green Mountain Energy Company

Date: August 3, 2001

Re: Comments on Revised Draft RFPs for Portfolio Products

General Comments

The draft RFPs are far superior to the wholesale only RFPs previously issued. The current draft RFPs are far more likely to result in successful, popular portfolio options that sign up more customers and create greater demand for renewable energy. This truth came up repeatedly at this week's Green Power Marketing Conference held in Portland. Speaker after speaker from different programs across the country made the same point: these green pricing options do not sell themselves and require savvy marketing to maximize success.

Both PacifiCorp and PGE are to be commended for producing these high quality drafts in a relatively short period of time. Due to the high quality of the drafts, my subsequent comments should be taken as ways to improve an already good product rather than criticisms. Thank you for your consideration of my comments.

Comment 1: Contract Periods Should be Lengthened to 36 Months

Both RFPs solicit bids for portfolio products to be offered over a 22 month period, March 1, 2002 to December 31, 2003. This is a HUGE improvement over the 15 month period proposed in the original RFPs. However, a longer period of 36 months would be even better for several reasons. First, a longer period is likely to attract lower priced bids and/or more marketing effort. This is because a bidder has to balance the cost of initial investments in marketing against the return that marketing brings over the life of the contract. For any given level of marketing effort, a firm can afford a lower price for a three year contract than a two year contract because it has an extra year to make back its investment. Looking at the equation in reverse, for a given bid price, a firm can afford to invest in more marketing if it knows that it can recover it over three years instead of two. Second, a longer contract period is likely to attract more bidders. Third, inevitably, the winning bidder will learn how to improve their efforts after the first year. A 22 month contract does not offer much opportunity to put those learnings into practice during the second year and get any benefit.

Comment 2: Provide More Guidance on Weighting of the Evaluation

Both RFPs contain a list of criteria against which all bids will be judged. PGE has 14 such criteria and PacifiCorp has a bulleted list of 6 criteria. Neither RFP gives any indication about how important each criterion is relative to the others. It would be helpful to the bidders to have at least some sense of the relative importance of the various criteria in order to prepare bids that are as responsive as possible. Both RFPs list overall price as the first criterion. This obviously is an important criterion but should not be the sole criterion, nor should it be too heavily weighted. Giving it too much weight will result in bids for wholesale tags only, with no marketing, which will defeat the purpose of the new RFP process.

Comment 3: Clear Up Confusion Around the Habitat Mitigation Product in PacifiCorp RFP

The PGE RFP is clear that bidders are bidding to supply wholesale supply and marketing to the Salmon Friendly Power product that already exists in their service territory. My belief is that bidders into the PacifiCorp RFP are supposed to do likewise, that Salmon Friendly Power has been "grandfathered" into both RFPs. This is not clear in the PacifiCorp RFP. Whether my belief is right or wrong, the PacifiCorp RFP should be clarified with the correct answer.

In addition, it would be helpful if PacifiCorp clarified whether bidders are required to bid on both products, or could choose to bid on only one product.

Comment 4: Clarify Purpose Behind PacifiCorp Basis for Rejection 8.2 m.

Basis for Rejection 8.2.m. states:

"Any intent by Respondent to finance the construction or operation of the Specified Resource with the proceeds of the sale of Green Tags and RMS to PacifiCorp."

It is not clear why this should be a basis for rejection. Constructing new resources is a good thing, presumably one of the reasons behind this entire program. In addition, I believe that the PacifiCorp Blue Sky program does just that, in that the renewable resources are going to be constructed in the future based on the number of customers that sign up. Green Mountain has had experience with products where, in addition to the renewable energy the customer receives, Green Mountain commits to build X amount of new solar. It would be a shame if this type of incentive were the basis for disqualification.

Comment 5: PGE RFP Should Be Simplified in Two Respects Regarding Marketing

Under the heading "Retail Marketing Services Requirements" PGE has the following sentence:

"Bidders must submit detailed marketing plans for the Blended and Habitat Mitigation Offer refers (sic)."

This should be amended to requiring a *general* marketing plan. A *detailed* marketing plan would be inappropriate at this stage of the process. The winning bidder will likely engage in some market research. In addition, the winning bidder will necessarily need to work closely with both PGE and For the Sake of the Salmon to maximize their mutual efforts. It is only at this point that a detailed marketing plan makes sense. Requiring a detailed marketing plan as part of the RFP will increase the cost of responding while resulting in a plan that will inevitably be changed in response to market research and the needed coordination with key partners.

Under the heading "RFP Requirements", PGE has the following requirement:

"The costs for marketing and the renewable resource (TRCs or energy) should be listed separately."

This requirement is not needed and is not required by the PacifiCorp RFP. The important cost is the final price to the consumer. Within that firm contractual commitment, Green Mountain would like the flexibility to increase or decrease the amounts it actually spends on both the marketing and the wholesale supply.

---Comments submitted by Lisa Schwartz, Office of Energy---

The Oregon Office of Energy supports PacifiCorp's proposal to give preference to tradable renewable credits generated within the Western Systems Coordinating Council (WSCC) for its amended RFP for the portfolio blended renewable resource and environmental mitigation options. We also support the utility's proposed 22-month contract period.

Regarding tradable credits, it's less confusing to tell customers that the electricity from the renewable resource options they choose will be put on their electric grid.

Further, customers likely would prefer that the benefits of the renewable resources accrue locally — somewhere in the West at least. Some customers are willing to pay more for renewable resources to reduce global warming, and it doesn't matter where in the world you get the reduction in carbon dioxide emissions. But others are more interested in reducing air pollution closer to home. Renewable resources also provide sustainability and reliability benefits which Oregon customers would enjoy only if the resources serve their electric grid.

There's also the issue of coordinating portfolio options with generating projects funded by the Energy Trust of Oregon. The Trust hasn't decided yet to constrain the location of new renewable resource projects it funds. But there have been discussions about funding projects that benefit Oregon most directly. Limiting the renewable resources in the portfolio to the WSCC region would allow for better coordination with Trust-funded projects.

Unless qualifying regions for Energy Trust projects and the portfolio renewable resources match, Trust incentives will not go toward reducing the cost of those portfolio options. In that case, Energy Trust incentives are likely to go toward buying down the cost of renewable resources for the cost of service mix, rather than the renewable resource portfolio options.

Giving preference based on the location of the renewable resources for the portfolio is a policy issue that should be considered in the PUC's review of the proposed RFP revisions for the blended renewable resource and environmental mitigation options.

We also agree with PacifiCorp that a 10-month contract period may be insufficient for attracting a good pool of bidders — and good prices. Any concerns about current high power prices affecting the price of tags are unfounded. Tradable renewable credits are not tied to volatile power prices because the tags are priced and sold separately from the associated power. The credits are only for the environmental attributes of the power generated.

Further, the blended renewable resource and environmental mitigation products will be new to PacifiCorp customers. Ten months may not be enough time to implement a strong

marketing campaign. An additional 12 months would help build support from PacifiCorp customers for these new products.

We believe the blended product — half from renewable resources and half from sources that meet Oregon's CO₂ standard and that are no dirtier than the system mix — will be an attractive option. Salmon Friendly Power already is a popular option for PGE customers. Of all the environmental problems associated with power production for the Northwest, salmon is one of greatest concern. Further, we have no concerns about For the Sake of the Salmon providing the habitat restoration services for the Salmon Friendly Product for an additional year. The group represents the major stakeholders in this issue.

A 22-month initial contract period also would help solve a timing issue. The Portfolio Advisory Committee would need to recommend to the Commission by May 2002 — two months after the start of the portfolio program — whether to change options for 2003. That's not enough time to learn whether the winning bidders are successful with their marketing plans or about customer demand for these new products.

---Comments submitted by Lisa Schwartz, Office of Energy---

PacifiCorp's Amended RFP

State clearly in the amended RFP that the TRCs for the blended product will be for an amount equal to 50 percent of participating customers' loads, with the remainder of the product provided by PacifiCorp. This is somewhat clear in the document outlining the bid process (but not in the RFP). However, the bid process document (page 2) states incorrectly that the blended product must contain "at a minimum 100% renewable resources." Suggested revision: "TRCs for the blended renewable resource product must contain 100% renewable resources."

PacifiCorp will provide the non-renewable resource portion of the blended product. That portion of the product must meet the following criteria:

"... air emissions and spent fuel rates that do not exceed the kilowatt averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt rate for carbon dioxide must meet the Oregon siting standard."

If PacifiCorp's system power cannot meet these criteria, the company must purchase additional tags for renewable resources or meet this requirement in some other manner that does not degrade the environmental characteristics of its cost of service mix.

Explicitly state that bidders need not supply *both* the blended renewable and the habitat mitigation products. These products are very different from one another. Among other differences, the blended product requires new renewable resources; the TRCs for the mitigation product may come from existing facilities. The products also require different marketing approaches. The Portfolio Advisory Committee recently adopted the following: "The reissued RFPs should allow the bidders to bid on Salmon Friendly Power or the blended renewable resource product or both." (The vote was 8-to-0, with the utilities abstaining.)

Suggested revision in the bid process document, page 2, 2nd paragraph, last sentence: "Bidders may offer to supply TRCs and marketing for the blended renewable resource option *or* the environmental mitigation option — or both."

Clarify that the environmental mitigation option is a block product.

The RFP should make it clear to bidders the level of marketing support the utility plans over the contract period. Add language similar to the following text from PGE's RFP (slightly edited):

"PGE in conjunction [with] other Oregon utilities will [begin] a comprehensive customer education and awareness program to introduce SB1149 portfolio options to customer[s] prior to March 1, 2002. This portfolio education and awareness campaign will include direct mail and

mass media to educate residential and small business customers about portfolio options.

PGE currently markets several renewable power products including Salmon Friendly Power within its service territory. Ongoing marketing of these renewable energy products involve[s] bill inserts, booths at exhibitions and environmental events, direct mail, coupon promotions, co-promotions with natural food stores and customer newsletters. Several non-profit partners also provide marketing support.

PGE has budgeted approximately \$440,000 for marketing of renewable portfolio options to all customers within its service territory [beginning] 10/01/01."

Page 3:

1st paragraph, 1st sentence should say, "PacifiCorp desires to purchase... for the Oregon portfolio Blended Renewable and/or Habitat Mitigation options...." (Add "/or.")

Suggested revisions for end of 5th paragraph: "Bidders will be advised of the status of their proposal upon completion of the selection process. PacifiCorp will negotiate only with the winning bidder(s)...."

Page 6:

Suggested revision for last sentence of NOTE: "Respondent may use or sell the power from the Specified Resources to third parties, but may not represent such power as possessing its Non-Power Attributes, and may not sell the Green Tags for the same power to other parties."

Page 8, "Retail Marketing":

b. "...Blended Renewable and/or Habitat Mitigation options." (Add "/or.")

e. Suggested: "How would you propose working in collaboration with the utility, and for the Habitat Mitigation option, For the Sake of the Salmon, which will provide habitat mitigation services for the product."

g. Suggested: "Describe what market research, if any you plan on executing, what existing research you will use, and how you will evaluate your marketing effectiveness."

Page 9, 6.2

a. Should say something like, "State separately the price for green tags (per MWh) and RMS for the entire 22-month term of the contract."

b. "PacifiCorp shall review the contract...by January 1, 2003...." (Not 2002.)

Pages 11 and 12:

Why is the following prohibition necessary?

"Proposals may be rejected for any of the[se] reasons including but not limited to: ...

m. Any intent by Respondent to finance the construction or operation of the Specified Resource with the proceeds of the sale of Green Tags and RMS to PacifiCorp."

Such prohibitions are not typical for power sales contracts. Should tags be treated differently? Is PacifiCorp concerned about tags being seized in a bankruptcy? The Office of Energy is concerned that this provision may inhibit the ability of new resources to obtain financing.

Page 16:

Why is PacifiCorp limiting disclosure of the quantity or the generation period:

"PacifiCorp shall be entitled to disclose publicly the fact that it purchased energy or environmental attributes from the generating units identified herein, provided that it will not disclose the quantity thereof or the specific generation period, except as otherwise permitted pursuant to this paragraph."

Touting how much renewable energy customers helped generate is useful for PacifiCorp's portfolio education campaign.

Appendix A:

"REQUEST FOR PROPOSAL FOR TRADABLE RENEWABLE CREDITS (GREEN TAGS) AND ASSOCIATED MARKETING OF THE BLENDED RENEWABLE AND/OR HABITAT MITIGATION OPTIONS." (Add "/or.")

Appendix D:

Office of Energy does not understand the following statement: "Under this option, 100% of the power will be matched with environmental attributes from renewable resources." This implies (incorrectly) that 100% of the product is from renewable resources.

---Comments submitted by Lisa Schwartz, Office of Energy---

PGE's Amended RFP

The RFP contains the following requirement: "Renewable energy or TRC benefits must be delivered within one year of purchase of the renewable portfolio option by consumers, but not later than December 31, 2004." The Commission determined that the "Delivery date of new renewable resources should be within two years of the effective date of customer sign-up," as recommended by the Portfolio Advisory Committee. Shortening the time requirement for fulfilling renewable energy or TRC benefits may raise bid prices. Bidders should have fully until 12/31/04 to fulfill tag sales.

Page 1:

Minor suggested revisions to the 5th and 7th paragraphs:

"PGE in conjunction [with] other Oregon utilities will [begin] a comprehensive customer education and awareness program to introduce SB1149 portfolio options to customer[s] prior to March 1, 2002...."

PGE has budgeted approximately \$440,000 for marketing of renewable portfolio options to all customers within its service territory [beginning] 10/01/01."

Page 2:

The definition for the Blended Renewable Energy Option is incorrect (second bullet). Please use the definition from Appendix A here, including the statement that "The blended renewable resource product provides 100 percent of the customer's load."

With the subhead breakdown ("Blended Renewable Energy Option" and "Tradable Renewable Credits"), it's unclear whether PGE will accept for the environmental mitigation option bids for energy *or* tags.

Clarify that the environmental mitigation option is a block product.

State clearly in the amended RFP that the energy or TRCs for the blended product will be for an amount equal to 50 percent of participating customers' loads, with the remainder of the product provided by PGE. Clarify that the energy or TRCs for the blended renewable resource and environmental mitigation products must contain 100% renewable resources.

PGE will provide the non-renewable resource portion of the blended product. That portion of the product must meet the following criteria:

"... air emissions and spent fuel rates that do not exceed the kilowatt averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt rate for carbon dioxide must meet the Oregon siting standard."

If PGE's system power cannot meet these criteria, the company must purchase additional tags for renewable resources or meet this requirement in some other manner that does not degrade the environmental characteristics of its cost of service mix.

Page 3:

2nd bullet – Should original/new market research be required, as indicated by PGE? Use of existing market research should be sufficient.

Page 5:

6th bullet – Suggested revision: “A detailed marketing plan for PGE's service territory for the product(s) you propose to provide — Blended Renewable Resource or Salmon Friendly Power, or both.”

Appendix B:

Why is PGE limiting disclosure of the quantity or the generation period?

“PGE shall be entitled to disclose publicly the fact that it purchased energy or environmental attributes from the generating units identified herein, provided that it will not disclose the quantity thereof or the specific generation period, except as otherwise permitted pursuant to this paragraph.”

Touting how much renewable energy customers helped generate is useful for PGE's portfolio education campaign.

HATHHORN Rebecca

From: Louise Tippens [ltippens@teleport.com]
Sent: Sunday, July 29, 2001 10:01 PM
To: Afogue@orlocalgov.org; brian_soth@pgn.com; Cub@teleport.com; Dennis.lerice@worldnet.att.net; dtooze@ci.portland.or.us; gordon.mcdonald@pacificorp.com; SCHWARTZ Lisa C; Medmould@internetcds.com; Peter@mp.org; HATHHORN Rebecca; Rpine@opc.salem.or.us; steve@nwenergy.org; STUTTAFORD Kathy D; betsy@4sos.org; doug_kuns@pgn.com; Erosolie@advocates-nwea.org; jblssonnette@lgc.org; quaranta@teldatasolutions.com; KITTILSON Lynn; rene.carroll@pacificorp.com; Roby Roberts; siukee.wong@pacificorp.com; thor_hinckley@pgn.com; CARVER Phillip H
Subject: RFP Comments

From: Peter West

RE: RNP Initial Comments on the Green Portfolio RFPs

I appreciate the utilities' efforts in recrafting the RFPs for two of the portfolio offerings to include a retail-marketing component. At first read, they look very good. I do have some general comments, and then a few specific ones.

General

1. I think it makes strong sense to have these RFPs run through the end of 2003, as proposed by the utilities. The longer period should allow for more a better response rate and more competition in the process. The delay of SB 1149 creates some awkwardness that a longer period solves. Without a longer period we would need to be going out to re-bid products (for January 2003) that have only been in the market five months or less. This is not long enough to know whether the existing product has customer acceptance and for us to know what should be modified for a second round.

It would be useful to have a re-opener for the resource portion of the winning product's costs. The re-opener should be only one way, allowing for a downward adjustment, if the market cools. Effectively this was done for the PacifiCorp Blue Sky tariff and worked very well.

2. The preference for WSCC-based resources or tags is, also, a good idea. Keeping within the WSCC makes it easier to track and verify claims and police double counting. Further, customers prefer resources that are closer to home, that is within their sense of the NW.
3. Perhaps, I'm the only one confused. However, I thought the habitat product was to be a 'block' offering. That is not clear in either RFP.
4. I think it would be useful to lay out a scoring range for overall price vrs. The retail marketing component. It may be something one does not want to lock down tightly before seeing the nature of the bids, but one could indicate something like, "The retail marketing component may account for as much as X% of the final rating in evaluating proposals."

Specific

1. PGE:

It isn't clear to me that a bidder only needs to deliver TRCs equivalent to the renewable half of the blended product. Given PGE's system, the other half (based on the current rate-based, cost of service resources) already meets the Renew 2000 standards for emissions and system mix. The

RFP should clarify this.

2. PacifiCorp:

a) Perhaps I missed it, but the PacifiCorp bid does not say one can bid for either or both of the products. I think bidders should be able to choose.

b) PacifiCorp intends to get TRCs for the renewables half of the blended product. The other half of the blended product would be based on PacifiCorp's mix of resources. There could be a wrinkle here. Does the PacifiCorp system meet the Renew 2000 standards for emissions rates (not exceed regional averages)? For CO2 emissions the PacifiCorp half would have to meet Oregon's standard, does it? I defer to Phil Carver and Eugene Rosolie, but PacifiCorp might have to get more than 50% renewable to meet the Renew 2000 standards.

HATHHORN Rebecca

01-745

Attachment A

Page 18 of 18

From: CARVER Phillip H [Phillip.H.Carver@state.or.us]
Sent: Tuesday, July 31, 2001 10:17 AM
To: Andrea.Kelly@PacifiCorp.com; gordon.mcdonald@pacificorp.com
Cc: Peter@rnp.org; HATHHORN Rebecca; SCHWARTZ Lisa C
Subject: RFP Review Question

The proposed PacifiCorp RFP for renewable portfolio offers contains the following language on pages 11 and 12:

"Proposals may be rejected for any of the reasons including but not limited to: ...

m. Any Intent by Respondent to finance the construction or operation of the Specified Resource with the proceeds of the sale of Green Tags and RMS to PacifiCorp."

Could PacifiCorp explain this prohibition? Why is this necessary?

The Office of Energy is concerned that this provision may inhibit the ability of new resources to obtain financing. Is PacifiCorp concerned about the green tags being seized in a bankruptcy? How is this different than a power sales contract?

Thank you for helping the Office of Energy understand the PacifiCorp RFP. Please call me if that would be easier for you, but an e-mail response would be fine, as well.

Phil Carver
503-378-6874
fax 503-373-7806
Oregon Office of Energy
625 Marion St. NE, Suite 1
Salem, OR 97301-3742

PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE

DATE: August 21, 2001
TO: Commissioners Hemmingway, Smith, and Hamilton
FROM: Rebecca Hathhorn *RH*
SUBJECT: Approval of the Revised Portfolio Bid Process

Pursuant to the decision at today's public meeting, the final Commission recommendation was as follows:

The Commission adopts Staff's proposal in Agenda Item No. 4 with the exception of the following:

1. The length of the contract period will be for 22 months with standard contract language included to deal with remedies for performance and issues outside the companies' control.
2. (Requirement #4 – no change needed) The bidders will be able to submit proposals for either option (blended or environmental mitigation) or both. (This recommendation is consistent with Staff's recommendation but it was an outstanding issue.)
3. (Requirement #5 deleted) The disclosure of price information will be at the discretion of the companies whether to request separate pricing for TRCs/energy and retail marketing service or combined pricing. The companies should request specific marketing information from the bidders.
4. (Requirement #10) The bidder must deliver the renewable energy or TRCs within two years of purchase of the renewable portfolio option by consumers. The companies may choose to require the bidders to deliver in one year, at their discretion.

Attached are the revised and final RFPs from each company that incorporate the Commission decision.

APPENDIX C

PacifiCorp**REQUEST FOR PROPOSAL**

FOR TRADABLE RENEWABLE CREDITS (GREEN TAGS, as defined herein) AND ASSOCIATED RETAIL MARKETING FOR OREGON PORTFOLIO BLENDED RENEWABLE AND/OR HABITAT MITIGATION OPTIONS

NEW AMENDED RFP
REPLACING MAY 2001
GREEN TAGS ONLY RFP

ISSUE DATE: August 23, 2001

DUE DATE: At or before 2 p.m. PDT on Thursday, September 20, 2001

CONTACT: Roby Roberts
PacifiCorp
825 NE Multnomah Avenue, Suite 600
Portland, Oregon 97232
503 813 - 5975 voice
503 813 - 6260 fax
robby.roberts@pacificorp.com

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LIST OF APPENDICES

- Appendix A Notice of Intent to Respond
- Appendix B Oregon Public Utility Commission's Definition of Renewable Energy and Portfolio Options
- Appendix C Example of a Green Tag Attestation
- Appendix D Background Information

1 REQUEST FOR PROPOSALS (RFP)

PacifiCorp desires to purchase tradable renewable credits (TRC) also known as Green Tags and associated retail marketing services (RMS) for the Oregon portfolio Blended Renewable and/or Habitat Mitigation options sufficient to serve the electricity needs of our customers who select these options. Bids are solicited to supply Green Tags and RMS for either portfolio option or both options. For the period from March 1, 2002 to December 31, 2003 PacifiCorp estimates customer demand to be between 15,000 and 30,000 MWh.

PacifiCorp has prepared this request for proposal (RFP) to solicit proposals from qualified persons and organizations interested in providing Green Tags and RMS. The Oregon Public Utility Commission (Commission) has required PacifiCorp to create a neutral and open bidding process for the supply for its Renewable Blended and Habitat Mitigation options. (Refer to Oregon Public Utility Commission (OPUC) Order 01-337 at <http://www.puc.state.or.us/orders/2001ords/01-337.pdf>). Regarding For the Habitat Mitigation portfolio option, PacifiCorp will contract in a separate process with a nonprofit agency to administer funds collected for habitat mitigation. The bidder selected to supply Green Tags and RMS for the Habitat Mitigation option will work with the selected nonprofit agency to support the marketing of that option. See Appendix D for additional background information regarding the portfolio options, eligible customers, and planned company communications.

PacifiCorp will make available to the Commission, 45 days after a contract is awarded, documentation on the evaluation process utilized to determine the winning bid and supporting its selection. This information will be subject to appropriate confidentiality provisions.

Through this RFP process, PacifiCorp will contract for Green Tags from renewable energy sources and retail marketing services for those Green Tags. Green Tags must meet renewable resource standards for the renewable blended and habitat mitigation option as adopted by the Commission. The RMS portion of the proposal must address the issues raised in the RFP in a compelling and reasonable manner. PacifiCorp will also be looking for resources that meet the Renew 2000 definition for New Renewable Resource Power and Renewable Resources requirements (See Appendix B for excerpts from Renew 2000 Standards).

All proposals must meet or exceed the requirements set forth herein. PacifiCorp must receive all proposals on or before 2:00 p.m. PDT Thursday, September 20, 2001. Bidders will be screened based on responsiveness to the requirements, creditworthiness and demonstrated ability to provide adequate verification of Green Tag authenticity and benefits to PacifiCorp and PacifiCorp's customers, as determined by PacifiCorp in its sole discretion. Bids from qualified bidders will then be evaluated based on the overall cost, product mix, RMS approach and demonstrated marketing experience. Bidders will be advised of the status of their proposal upon completion of the selection process. PacifiCorp will negotiate a contract only with the winning bidder(s). PacifiCorp reserves the right, at any time, to reject any or all proposals as described in Section 8.2.

NOTE: Age, location and type of TRCs may impact marketability of the product. PacifiCorp will accept TRCs generated from any location and will give preference to TRCs generated within the Western Systems Coordinating Council (WSCC). PacifiCorp, may also give preference to renewable type (wind, solar, biomass, and geothermal) and age of generation.

2 GENERAL PROCEDURES

2.1 Notice of Intent to Respond

Respondents are requested to complete the "Notice of Intent to Respond" form, included in Appendix "A", in order to be notified of updates to this RFP. Future correspondence, including any clarifications, related to this RFP will be sent only to Respondents that return the Notice of Intent to Respond.

2.2 Clarifications

To Respondents - Respondents desiring any clarification or explanation regarding this RFP may write, phone, fax, or e-mail to:

Roby Roberts
 PacifiCorp
 825 NE Multnomah Avenue, Suite 600
 Portland, Oregon 97232
 503 813-5975 voice
 503 813-6260 fax
roby.roberts@pacificorp.com

Insofar as practicable, questions concerning the RFP should be submitted with the Notice of Intent to Respond. All questions will be answered in writing or over the telephone.

To PacifiCorp - PacifiCorp will perform an initial review of the proposals to determine if all required information has been provided. Where deficiencies are not material, PacifiCorp may, at its sole discretion, grant a period of five (5) working days to the Respondent to cure such deficiencies.

2.3 Proposal Submittal

Four (4) copies of the proposal are required and shall be delivered to:

ROUTINE MAIL & OVERNIGHT DELIVERY

PacifiCorp
 Attn: Roby Roberts
 825 NE Multnomah Avenue, Suite 600
 Portland, Oregon 97232

HAND DELIVERY

PacifiCorp
 Attn: Roby Roberts
 825 NE Multnomah Avenue, Suite 600
 Portland, Oregon 97232

The proposal shall be sealed in an envelope and the exterior marked with the following, to distinguish it from routine mail:

RFP - CONFIDENTIAL
 TRADABLE RENEWABLE CREDITS AND ASSOCIATED MARKETING
 Proposal Due Date and Time: SEPTEMBER 20, 2001 – 2:00 p.m. PDT

No oral or telephonic Proposals will be considered.

It is the sole responsibility of the Respondent to see that its proposal is received by the date and time due. Any proposal received after the stated deadline will be rejected.

All proposals shall be prepared and submitted in accordance with these instructions and all proposals submitted shall become the property of the Company.

Each proposal shall be effective for a minimum of 180 days after the response deadline. Respondents may be requested to extend their proposal until an agreement is reached.

3 DEFINITIONS

"Green Tag" means: (i) the Non-Power Attributes associated with a Specified Resource or the generation of power therefrom and (ii) the Green Tag Reporting Rights arising therefrom or connected therewith. One Green Tag represents the Non-Power Attributes and Green Tag Reporting Rights associated with 1 MWh generated by the Specified Resource. All Green Tags must be fully transferable to PacifiCorp, free from any rights of others.

"Customer Care" means direct and indirect contact with customers in response to such items as general information requests, enrollment processing and retention activities. This includes web, written correspondence and phone contact.

"Green Tag Reporting Right" means the right of PacifiCorp to report to any agency, authority or other party, including without limitation under Section 1605(b) of the Energy Policy Act of 1992, or under any present or future domestic, international or foreign emissions trading program, that it owns the Non-Power Attributes.

"Marketing" means all mass media, customer communications and outreach activities associated with increasing and maintaining customer participation in these products.

"Non-Power Attributes" are the environmental, power source, and emission characteristics, credits, allowances, reductions, offsets and benefits of a Specified Resource or the generation of power therefrom and include without limitation any avoided emissions of substances to air, soil or water, including without limitation nitrogen oxides (NOx), carbon monoxide (CO), mercury (Hg), carbon dioxide (CO₂), methane (CH₄), other greenhouse gases (GHGs) designated as such by the United Nations Intergovernmental Panel on

Climate Change, and any other pollutant that is now or may in the future be regulated or tradable anywhere, whether or not any such legislation, regulation or trading program is ever enacted, implemented or promulgated. Notwithstanding the foregoing, Non-Power Attributes do not include anything that PacifiCorp, in its sole judgment, deems to expose it to the threat of liability. Non-Power Attributes are expressed in MWh, and are not a calculation of the quantity of avoided emissions.

"Respondent" means a qualified person or entity proposing to provide Green Tags.

"Proposal" means a response to this RFP by a Respondent.

"Specific Resource" means the facility designated by Respondent from which power is to be generated.

NOTE: Sales of Green Tags are not sales of physical power. PacifiCorp is buying only the Green Tags from the Specified Resources. Respondent may use or sell the power from the Specified Resources to third parties, but may not represent such power as possessing its Non-Power Attributes, and may not resell the Green Tags for the same power to other parties.

4 SCHEDULE

4.1 Tentative Schedule of Events

An approximate schedule for proposal evaluation and Respondent selection is as follows:

- RFP Release Thursday, August 23
- Proposals Due Thursday, September 20
- Agreements Executed by PacifiCorp after obtaining necessary board approval no later than Thursday, October 18
- Tariffs filed with Commission, Monday, October 22

5 EVALUATION

5.1 Proposal Evaluation and Discussions

PacifiCorp may award a contract on the basis of proposals submitted, without discussions, or may negotiate further with those Respondents at its sole discretion.

Proposals should be submitted on the most favorable terms the Respondent can provide.

The authority for any agreement to contract rests with PacifiCorp's Board of Directors.

PacifiCorp will perform an initial review of the proposals to determine if all required information has been provided. Where deficiencies are not material, PacifiCorp may, in its sole discretion, grant a period of five (5) working days to the Respondent to cure such deficiencies.

Proposals should support the Considerations for Designing Portfolio Options adopted by the Portfolio Advisory Committee and attached by Commission Order 01-337 (<http://www.puc.state.or.us/orders/2001ords/01-337.pdf>).

Respondents will be qualified based on:

- Creditworthiness
- Experience in renewable energy and retail marketing
- Demonstrated ability to provide adequate verification of Green Tag authenticity
- Ability to deliver the proposed product meeting or exceeding renewable resource standards for the options as adopted by the Commission on March 20, 2001

Once qualified, subject to the requirements of this RFP, Proposals will be evaluated based on the following factors:

Weight	Evaluation Factor
50%	Competitive overall price, including implementation cost
15%	TRCs Appeal to consumers (sources, age, and location of TRCs) may impact the marketability of the product. PacifiCorp will accept TRCs generated from any location but will give preference to TRCs generated within the WSCC. PacifiCorp, may also give preference to renewable type (wind, solar, biomass, and geothermal) and age of generation.
10%	Risks associated with the proposal, including exposure to market prices
20%	Quality of retail marketing services including presentation of a practical marketing approach that demonstrates an understanding of how to effectively sell these products in PacifiCorp's predominately rural Oregon market at a competitive price and ability to work with PacifiCorp and other involved parties.
5%	Demonstration of the experience and ability to address customer issues

After the proposals have been reviewed and evaluated, selected Respondents may be asked to make a presentation of their proposal to PacifiCorp personnel and field questions concerning the proposal. After the interviews and the evaluation are completed, one or more Respondents may be requested to enter into contract negotiations.

In order to ensure proper consideration to special provisions of the proposal, respondents should explain in detail any provisions that may not be obvious. Clearly mark portions of a proposal that are variances of a base proposal. It is critical that proposals be clear and concise as to what is offered.

5.2 Awards

The Successful Respondent will commence the process of contracting to provide Green Tags and RMS to PacifiCorp under the following procedure: PacifiCorp will deliver a form of contract, which the parties will then negotiate. No obligations or legal relations shall exist between PacifiCorp and Respondent until the definitive execution of final documentation acceptable to PacifiCorp in its sole discretion.

PacifiCorp will work with the successful bidder to estimate the total Green Tags and RMS it will need for the 22-month term of the contract, although PacifiCorp shall not be obligated to purchase any minimum number of Green Tags and RMS from anyone.

The successful Respondent will be able to deliver attestations for all Green Tags. The Green Tags must match actual customer demand and will not be paid for until PacifiCorp receives required attestations. [For an example of an attestation, see Appendix C.]

6 DETAILED PROPOSAL REQUIREMENTS

6.1 Provide the following information:

Retail Marketing:

- a. Describe your experience in successfully marketing block and blended green power products. Provide samples of marketing literature.
- b. Provide your high-level marketing plan describing your approach to marketing the Oregon portfolio Blended Renewable and/or Habitat Mitigation options. Show consideration you will give to marketing in Pacific Power's Oregon non-urban rural markets. What strategies will you use to make renewable energy tangible and more appealing to the mainstream vs. the greenest of consumers? Provide examples.
- e. How would you propose working in collaboration with the utility and, if proposing to supply the Habitat Restoration portfolio option, PacifiCorp's selected nonprofit agency? Provide a general outline of the expected roles and responsibilities of each party.
- c. How would you plan to coordinate with Pacific Power's portfolio customer education initiatives?
- d. Describe your expected use of the following possible marketing channels. Include reasons why or why not and estimated budgets (by option if different):
 - Mass media (radio/newspaper/television)
 - Direct Mail
 - Telemarketing
 - Affiliation/Relationship marketing
 - Event outreach
 - Door-to-door canvassing
 - Other
- f. Describe your expected participation results by option, over time.

- g. Describe what market research, if any, you plan on executing and how you will evaluate your marketing effectiveness.
- h. Describe your suggested approach to customer relations, including any training processes and expected ongoing customer contact.
- i. Please provide letters of endorsements or a list of references demonstrating support of your work by environmental organizations:
- j. Do you have the proper licensing in place to do business in the State of Oregon?

Green Tags:

- a. Certainty of the availability of Green Tags sufficient to meet our demand requirements.
- b. Describe any potential constraints to deliver the Green Tags according to the 5.2 Awards Section.
- c. Describe any other operational constraints of which PacifiCorp should be aware.
- d. Describe your process for acquisition of Green Tags and the source, whether it is from market purchases and contracts or from owned or shared generation resources.
- e. Describe the contract chain used for demonstrating the Green Tags Reporting Rights.
- f. Provide information regarding creditworthiness as required by PacifiCorp including the name of the legal entity making the proposal, 2 years of financial statements (if-audited and if available) and three credit references.
- g. All Green Tags must meet the renewable resource standards for the blended renewable and habitat mitigation option as adopted by the Commission and meet Renew 2000's definition of New Renewable Resource Power and Renewable Resources requirements (Appendix B).
- k. All Green Tags must contain documented reporting rights for authenticity purposes provided by a third party.
- l. Bidders must deliver TRCs within one or two years of consumer's purchases of energy under the respective portfolio option.

6.2 Pricing

a-State the price per MWh for the entire 22-month term of the Green Tags and RMS contract.

~~b.PacifiCorp shall review the contract under which the proposer's services are provided by January 1, 2003, and may at its discretion terminate the contract based on its evaluation~~

~~of performance, regulatory, and market factors. If the contract is terminated, PacifiCorp will issue a new RFP and competitive select a contractor to provide Green Tags and marketing for the period of January through December 2003.~~

6.3 Guarantees:

- a. Describe any guarantees or other forms of security for performance, such as a bond or similar security.
- b. Performance and other guarantees that are made as part of the RFP may be incorporated into the ultimate contract and used for contract compliance.

7 CONTENT OF RESPONSE

All proposals should be in the format described herein. All requested information applicable to the Respondent's proposal should be supplied. Additional or separate information submitted will be accepted without prejudice to the proposal and will be considered in its applicable context, however, Respondents should avoid including extraneous information.

Proposals should include the following information in the order listed:

7.1 Letter of Transmittal.

7.1.1 Briefly state the Respondent understands the proposal and what is being offered to PacifiCorp.

7.1.2 The address used in the proposal shall be considered the legal address of the Respondent and shall be changed only by written notice to the PacifiCorp. The Respondent shall supply an address to which certified mail can be delivered. The delivery of any communication to the Respondent either personally, or to such address deposited in the United States Mail, registered or certified with postage prepaid, addressed to the Respondent at such address, shall constitute a legal service thereof.

7.2 Table of Contents

Include a clear identification of the proposal by section and by page number.

7.3 Contractor's Qualification

Identify the facility(s) or project(s). Briefly describe the facility or project making sure it meets the Oregon Public Utility Commission's Definition of Renewable Energy (included in Appendix "B").

PacifiCorp reserves the right to require, in PacifiCorp's sole opinion, adequate credit assurances which may include, but may not limited to, a corporate parental guaranty and/or a letter of credit in a form, amount, and from a financial institution acceptable to PacifiCorp.

8 DISCUSSIONS AND RIGHT TO REJECT PROPOSALS

8.1 PacifiCorp's Rights and Options

This RFP contains only an invitation to make Proposals to PacifiCorp. No Proposal is a binding contract unless the parties execute definitive and complete documentation so providing.

PacifiCorp may in its sole discretion do any one or more of the following:

- a. Determine which Proposals are eligible for consideration in response to this RFP.
- b. Issue additional subsequent solicitations for information, and conduct investigations with respect to the qualifications of each Respondent.
- c. Disqualify Proposals contemplating Specified Resources that do not meet the Oregon Public Utility Commission's definition of renewable energy products containing significant new resources or any other renewable portfolio standards.
- d. Supplement, amend, or otherwise modify this RFP, or cancel this RFP with or without the substitution of another RFP.
- e. Negotiate with Respondents to amend any Proposal.
- f. Select and enter into agreements with the Respondents who, in PacifiCorp's sole judgement, are most responsive to the RFP and whose Proposals best satisfy the interests of PacifiCorp and its customers, and not necessarily on the basis of price alone or any other single factor.
- g. Issue additional subsequent solicitations for Proposals.
- h. Waive any irregularity or informality on any Proposal to the extent not prohibited by law.
- i. Reject any or all Proposals in whole or in part.
- j. Vary any timetable.
- k. Conduct any briefing session or further RFP process on any terms and conditions.
- l. Withdraw any invitation to submit a response.
- m. Order all or none or part of the Green Tags or RMS, and in any quantity for delivery without providing reasons and without being liable for any compensation to any party except to the extent of the services ordered and satisfactorily provided pursuant to the terms of an executed agreement.

8.2 Basis for Rejection

Proposals may be rejected for any of the reasons including but not limited to:

- a. Receipt of the proposal by PacifiCorp after the Response Deadline.
- b. Failure to meet the requirements described in this RFP.
- c. Failure to submit a complete proposal with pertinent information necessary for evaluation.
- d. Failure of the Respondent's authorized officer to sign the proposal.
- e. Inability or unwillingness of the Respondent to provide any security or surety required for performance.
- f. If the Proposal is not a firm offer for at least 180 days from the Response Deadline.
- g. Misrepresentation.
- h. Failure to permit disclosure of information contained in the Proposal to PacifiCorp agents, contractors or Commission.
- i. Any attempt to influence PacifiCorp's evaluation of the Proposals outside the solicitation process.
- j. Any change in regulation or regulatory requirements.
- k. Failure of the Specified Resource to meet the Oregon Public Utility Commission's definition of renewable energy products containing significant new resources or any other renewable portfolio standards.
- l. Any matter impairing Respondent, Specified Resources or the generation of power or Non-Power Attributes therefrom or the delivery of Green Tags, ~~including without limitation the Specified Resource not yet being operational.~~

9 EXPENSES OF PREPARING PROPOSALS

Each Proposal will be prepared at the sole cost and expense of the Respondent and with the express understanding that there will be no claims whatsoever for reimbursement from PacifiCorp. PacifiCorp is not liable for any costs incurred by Respondents in responding to this RFP or for any damages arising out of or relating to PacifiCorp's rejection of any Proposal for any reason. Respondent shall bear all costs and expenses of any response to PacifiCorp in connection with its Proposal, including providing additional information and Respondent's own expenses in negotiating and reviewing any documentation.

10 DISPOSITION OF PROPOSALS AND OWNERSHIP OF DATA

PacifiCorp Marketing and Green Tags RFP
 New Amended RFP
 DRAFT July 24, 2001
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All Proposals belong to PacifiCorp and will not be returned. PacifiCorp will use reasonable efforts to protect information clearly and prominently marked as proprietary and confidential on the page it appears, but reserves the right to release such information to agents or contractors to help evaluate the Proposal. PacifiCorp shall not be liable for any damages resulting from any disclosure of such information, howsoever occurring.

11 CONTRACT PERIOD

PacifiCorp wants Green Tags and RMS sufficient to serve the electricity demands of customers who select the Blended Renewable and Habitat Mitigation portfolio options for the period from March 1, 2002 to December 31, 2003. PacifiCorp estimates customer demand for Green Tags to be 15,000 to 30,000 MWh (actual amount will depend on customer participation). The final contract will include performance requirements to assure compliance with contractual commitments.

~~PacifiCorp shall review the contract under which the proposer's services are provided by January 1, 2002, and may at its discretion terminate the contract based on its evaluation of performance, regulatory, and market factors. If the contract is terminated, PacifiCorp will issue a new RFP and competitive select a contractor to provide Green Tags and marketing for the period of January through December 2003.~~

12 SIGNATURES AND DECLARATIONS

Proposals must be submitted in the legal name of the Respondent who would be bound by any agreement with PacifiCorp, and must include the following declaration:

"This proposal is genuine, and not sham or collusive, nor made in the interest or on behalf of any person not herein named; the Respondent has not directly or indirectly induced or solicited any other Respondent to put in a sham bid, or any other person, firm, or corporation to refrain from submitting a proposal; and the Respondent has not in any manner sought by collusion to secure for themselves an advantage over any other Respondent."

Appendix A

Notice of Intent to Propose

This is to declare that the undersigned intends to respond to PacifiCorp's:

**REQUEST FOR PROPOSAL FOR TRADABLE RENEWABLE CREDITS (GREEN TAGS)
AND ASSOCIATED MARKETING OF THE BLENDED RENEWABLE AND/OR HABITAT
MITIGATION OPTIONS.**

Please include:

Company _____

Mailing Address/Phone/Fax/Email _____

Contact Person _____

Authorized Signature and Date _____

Return by mail or fax within 7 days of the date of this document on the cover page to:

Roby Roberts
PacifiCorp
825 NE Multnomah Avenue, Suite 600
Portland, Oregon 97232

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APPENDIX C
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503 813-5975 voice
503 813-6260 fax
roby.roberts@pacificorp.com

Appendix B

Definition of a Significant Renewable Energy Product (from Renew 2000 requirements):

- Levels for a renewable energy product containing "significant new" resources. That is, a block product must contain 100 percent new renewable resources, and a blended product must contain at least 15 percent new renewable resources.

Definition of a Blended Renewable Resource Product (from Renew 2000 requirements):

- Product must contain a minimum of 50 percent renewable resources. The minimum required use of new renewable resources is 15 percent of the total content.
- The new renewable energy requirement may be counted toward the overall 50 percent renewable energy requirement.
- The remaining 50 percent must have air emissions and spent fuel rates that do not exceed the kilowatt averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt rate for carbon dioxide must meet the Oregon siting standard.
- The blended renewable resource product provides 100 percent of the customer's load.

New Renewable Resource Power: certified products must meet certain minimum standards for the supply of new eligible renewable energy (kWh). Renewable energy generated in response to any federal or state statutory requirement to construct or contract for the renewable energy is not eligible as new. New renewable resources are those (1) placed in operation (generating electricity) on or after May 1, 1999, therefore excluding electricity generated by that part of the Wyoming, Foote Creek Wind Project fully in service before May 1, 1999; (2) repowered on or after May 1, 1999 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to May 1, 1999, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

Renewable Resources: Eligible renewable technologies that may be used to supply certified green power marketing programs include the following: low emissions biomass - including landfill and sewage gas, geothermal, certified low impact hydroelectric, solar, wind and fuel cells using a renewable fuel.

Appendix C

Example of a Green Tag Attestation

Generator Name	Generator ID Number	Fuel Type	KWh of Energy	Period Delivered

As an authorized agent of Selling Company Name ("the Power Provider"), I declare under penalty of perjury, that the information provided on this form is true and correct to the best of my knowledge. I further declare that the green tags environmental attributes a) are from eligible renewable generators where energy is claimed as renewable, b) were not sold to any end-use customer, c) were not used for on-site generation, and d) were sold to PacifiCorp and only to PacifiCorp. I attest that the above statements are true and correct.

Signature: _____ Date: _____

Name: _____ Title: _____

Place of Execution: _____

The information provided in this Form may be used by PacifiCorp and PacifiCorp's auditors, on a confidential basis, to substantiate and/or verify the accuracy of advertising and/or product content claims of PacifiCorp or its customers. This information will remain confidential to PacifiCorp unless a state or federal government agency specifically requests verification of the accuracy of advertising and/or product content claims of PacifiCorp or its customers. PacifiCorp shall be entitled to disclose publicly the fact that it purchased energy or environmental

attributes from the generating units identified herein. For additional release of information in this form, PacifiCorp must obtain the approval from the authorized agent.

Appendix D

Background Information

As directed in Commission Order 01-337, PacifiCorp must offer each residential and small nonresidential customer a portfolio of product and pricing options. Five options have been developed and are currently under Commission review. Those options are Time of Use, Market Rate, Renewable Block, Renewable Blended and Habitat Mitigation Block. This RFP pertains only to the last two options.

PacifiCorp will work with other Oregon utilities to implement a comprehensive customer education and awareness program to introduce SB1149 portfolio options to customers prior to March 1, 2002. This portfolio education and awareness campaign will include direct mail and mass media to educate residential and small business customers about portfolio options. On a yearly basis, PacifiCorp will send enrollment information on all options to the approximately 430,000 residential and 70,000 small non-residential eligible Oregon customers. In addition, at a minimum, portfolio enrollment information will be sent on a routine basis to all new customer accounts and information will be available on the Pacific Power web site. Additional marketing may include periodic bill inserts, articles in the VOICES customer newsletter and bill messages.

PacifiCorp currently markets the Blue Sky block program. Ongoing marketing of this product includes bill inserts, work with environmental organizations and customer newsletters.

The Blended Renewable and Habitat Mitigation options may be described to customers in the following way:

Blended Renewable is for customers who have an interest in supporting renewable energy resources and want their actual usage tied to renewable power. Customers who choose this option would be billed for the electricity they use at a rate equal to the cost of service plus the cost of Green Tags. Under this option, 100% of the power will be matched with environmental attributes from renewable resources.

Habitat Mitigation offers customers the opportunity to help restore fish habitat and reduce their reliance on electricity sources that are harmful to fish. Under this option, a customer's actual energy use is billed at the cost-of-service rate plus the cost of green tags plus a premium to support habitat restoration. As a result, a portion of the charge goes directly toward the restoration of fish habitats and a portion goes toward the purchasing the environmental attributes of fish-friendly renewable power, such as wind, geothermal or low impact hydroelectricity. The Green Tags and habitat restoration premiums are billed on a "block" basis, a fixed

monthly amount that does not vary with usage. Consumers may buy multiple 100 kWh blocks, allowing them to increase their level of support for renewable resources and habitat restoration. The Commission's rules do not require that TRCs for the Habitat Mitigation be from new resources.

For each of these two options, the environmental attributes will be obtained via the TRCs sought by this RFP. These options are both new. It is difficult to predict how many customers will choose the available options, how long any customer will remain with any particular option, and how many blocks a participant in the Habitat Mitigation option may choose.

APPENDIX D

Portland General Electric Company

REQUEST FOR PROPOSALS

Issued: August 22, 2001

INTRODUCTION

Portland General Electric Company (PGE) is requesting bid proposals for retail marketing services and renewable power or tradable renewable credits (TRCs) sufficient to meet the needs of PGE customer enrollments for the period from March 1, 2002 to December 31, 2003. Proposals are due by 5:00 p.m. on September 28, 2001.

Pursuant to the Oregon Public Utility Commission (OPUC) adoption of Portfolio Options contained in ORS 757.603(2), OAR 860-038-0220 (refer to OPUC Order 01-337 at <http://www.puc.state.or.us/orders/2001ords/01-337.pdf>.) PGE is seeking to purchase Marketing Services and Renewable Energy or TRCs in support of the Company's portfolio option offers of (1) a blended renewable product and (2) a habitat friendly block product.

TRCs consist of the non-energy attributes associated with the power generated from a qualified renewable resource and are expressed on a one megawatt-hour (mWh) basis. Appendix A contains a description of TRC's. TRC's and their aggregated attributes are generated remotely and provided to PGE renewable portfolio customers. TRCs or Renewable Energy must meet or exceed the requirements for the blended and the environmental mitigation portfolio options per OPUC Order 01-337 discussed below.

Retail marketing services and Renewable Energy or TRC resources obtained from these RFPs will be used for the Renewable Energy blended portfolio option and the environmental mitigation option block product. Bidders can propose to provide marketing and energy products for any one or both of these portfolio options. These retail-marketing requirements have been developed in cooperation with the Oregon Public Utility Commission and the Portfolio Advisory Committee.

PGE in conjunction with another Oregon utility will conduct a comprehensive customer education and awareness program to introduce Senate Bill (SB) 1149 portfolio options to residential and small commercial customers prior to March 1, 2002. This portfolio education and awareness campaign will include direct mail and mass media.

PGE currently markets several renewable power products, including Salmon Friendly Power, within its service territory. Ongoing marketing of these renewable energy products involve bill inserts, booths at exhibitions and environmental events, direct mail, coupon promotions, co-promotions with natural food stores and customer newsletters. Several non-profit partners also provide marketing support.

PGE believes that renewable power products certified by the Center for Resource Solutions (CRS) Green-e program provide a superior consumer product that will increase customer participation.

PGE in cooperation with other Renew 2000 stakeholder are currently working to make Green-e certified renewable energy product available to Oregon utility customers.

Bids proposing to supply energy products that conform to all CRS's Green-e standards in a cost-effective manner will be given preference.

~~Respondents may elect to use renewable energy for the environmental mitigation offer. This~~ The environmental mitigation offer consists of a block of renewable energy or TRCs bundled with a \$2.50 donation to For the Sake of the Salmon. Respondents are responsible for working collaboratively with For the Sake of the Salmon and other non-profit groups who may become responsible for the habitat mitigation portfolio offer through future portfolio bidding processes.

Respondents will be required to work cooperatively with PGE's ongoing portfolio education program. PGE has budgeted approximately \$440,000 for marketing of portfolio options to customers within its service territory beginning October 1, 2001.

REQUESTED ENERGY PRODUCTS

Blended Renewable Energy Option. For purposes of this RFP a renewable energy blend refers to the Renew 2000 definition of the blended Renewable Energy product (see Appendix B).

Bids to supply renewable energy for either of these two portfolio options must be delivered to a mutually agreeable point in PGE's Service Territory during on peak and/or off peak. Renewable energy for the blended product must be equal to 50% of the customer's load, with the remainder of the energy for that product provided by PGE.

Tradable Renewable Credits (TRCs) Option. Bids to supply TRCs for either or both the blended product and the habitat mitigation offer must describe the contract chain used to assist in documenting reporting rights for the TRCs.

TRCs for the blended renewable product must be of sufficient quantity to equal 50% of the enrolled customer's energy usage. Energy for that product will be provided by PGE.

- TRCs for the habitat friendly portfolio option must be sufficient to equal 100 kWh per month for each block purchased by a customer.

RETAIL MARKETING SERVICES REQUIREMENTS

Successful bidders will have a direct financial incentive to provide effective marketing of these options since revenues from these offers are a function of increased customer participation. Effective marketing includes increased customer knowledge and awareness of these portfolio options.

Bidders will submit detailed marketing plans for one or both of these offers. These marketing plans may involve the use of mass media, customer communications and public outreach activities

associated with the goal of increased customer participation. However, respondents are at liberty to suggest additional methods, channels or approaches.

Respondents should have demonstrated experience partnering with local environmental and community groups as a means of validating PGE's renewable power portfolio options. Specific requirements for these retail-marketing services are listed below under RFP Requirements.

RFP REQUIREMENTS

- Bidders must describe respondent's demonstrated success in marketing energy services to the green consumer, including; number of years experience, description of green products (including blended and/or block products), industry recognition and trade group awards, references from environmental and community groups and governments.
- Respondents must include market research that supports the bidder's customer satisfaction and perceived value claims.
- Bids that do not propose to deliver renewable energy to a mutually agreeable point in PGE's service territory during on peak and/or off peak periods will not be considered.
- Proposals must at a minimum meet the renewable resource standards for the blended and environmental mitigation options as adopted by the Commission. Bids to provide renewable resources for both the blend and the environmental mitigation option that meet the Green-e standards are preferred.
- Proposals to provide TRCs must describe the contract chain used to assist in documenting reporting rights for TRCs. Appendix C contains a Sample Green Tag Attestation.
- Proposals must contain a detailed description of marketing services and their costs.
- Information regarding creditworthiness including the names of the legal entity making the proposal, two years of audited financial statements (if available), and three credit references.
- Proposals must state the source of the energy or TRCs, whether from contracts, market purchases, or owned or shared generation resources. The resource must be specifically identified.
- Proposals may be submitted for either the blended renewable option or the environmental mitigation option or both.
- Bidders should demonstrate knowledge of the western wholesale and retail energy market with specific emphasis on renewable portfolio options in Oregon.
- Respondents should document market experience providing renewable energy or TRC's by including actual penetration rates over specified periods, including clients lists indicating the supply duration and amount where this information is not deemed proprietary or confidential by contracts. Include buyer references, if available.
- Bidders must deliver renewable energy or TRCs ~~at a minimum~~ of within two years from the date of purchase of the renewable portfolio option. Bids to deliver renewable energy or TRCs within the Green-e required one-year "true-up" period are preferred.
- Bidders must deliver to PGE renewable energy or TRCs in amounts that meet the renewable energy content associated with the actual quantity of energy (or blocks) purchased by enrolled customers during the term of the agreement.
- Prices for TRCs and energy (expressed as a price per mWh) should be either fixed for the delivery period or stated as "not to exceed" price.

- Respondents of renewable energy must be a member of WSPP (Western Systems Power Pool) or document their ability to schedule power and operate under industry standards established by FERC, WSCC, and NERC.

EVALUATION CRITERIA AND WEIGHTINGS

Bid proposals will be evaluated as follows:

- (1) Overall price of renewable portfolio offer will carry a weighting of 20%.
- (2) Ability to work in collaboration with PGE Portfolio Education and Renewable Power marketing programs will carry a weighing of 5%.
- (3) Weighting for bids that contain renewable energy or TRC's that meet the requirements contained in OPUC Order 01-337 for the blended and the environmental mitigation offer is 15%.
- (4) Respondents' demonstrated ability to market and deliver renewable energy products will carry a weighting of 10%.
- (5) Evaluation of proposed marketing plan will carry weighting of 10%.
- (6) Respondent's experience in developing renewable energy product markets will carry a weighting of 10%.
- (7) Bidders' appeal to consumers will carry a weighting of 5%.
- (8) Implementation costs will carry a weighting of 5%.
- (9) Creditworthiness will carry a weighting of 15%.
- (10) Origin of TRCs or renewable energy resources with preference to those located within WSCC will carry a weighting of 5%.

PGE may award a contract on the basis of proposals submitted, without discussions, or may negotiate further with those Respondents at its sole discretion. Proposals should be submitted on the most favorable terms the Respondent can provide.

PGE will perform an initial review of the proposals to determine if all required information has been provided. Where deficiencies are not material, PGE may, in its sole discretion, grant a period of five (5) working days to the Respondent to cure such deficiencies.

- After the proposals have been reviewed and evaluated, selected Respondents may be asked to make a presentation of their proposal to PGE and respond to questions concerning the proposal. After the interviews and the evaluation are completed, one or more Respondents may be requested to enter into contract negotiations.

In order to ensure proper consideration to special provisions of the proposal, Respondents should explain in detail any provisions that may not be obvious. It is critical that proposals be clear and concise as to what is offered.

Upon completion of the selection process, all bidders will be advised of the status of their bid and, if unsuccessful, encouraged to participate during the next bid process.

~~PGE will on or about January 1, 2002 complete a review and evaluation of the winning bidder's performance under the contract and may at its discretion terminate the contract based on the performance evaluation including regulatory and market (supplier and retail) factors. If the contract is terminated, PGE will issue a new RFP to select a new provider. The final contract will include performance requirements to assure compliance with contractual commitments.~~

PGE estimates that the total required quantity of TRCs or energy for the term of the agreement is 20,000 to 40,000 mWh; however, this estimate should not be construed to establish upper or lower limits for the RFP.

VALIDITY OF PRICE AND QUANTITY

The bidder's price and quantity proposals shall cover the period from March 1, 2002 until 12:00 p.m. PDT on December 31, 2003.

CREDIT AND BIDDER QUALIFICATIONS

Proposals should include the legal name of the entity making the proposal, two years of audited financial statements (if available) and three credit references as well as the RFP requirements listed above. All transactions are contingent upon the Bidder meeting and maintaining the credit requirements established by the PGE Credit Department. All information required to evaluate and establish credit will remain strictly confidential between the Bidder and PGE.

SPECIFIC BID PROPOSAL INFORMATION

Proposals should include the following information:

- The bidder's complete legal name.
- Two years of audited financial statements (if available).
- Three credit references.
- The address of the bidder's principal place of business.
- The name, address, telephone number and facsimile number of a representative who is authorized to represent the bidder in all communications with PGE.
- The name, address, telephone number and facsimile number of a representative who is authorized to execute letter agreements, MOUs, or contracts under the submitted proposal with PGE.
- A description of the bidder's general background and principal business.
- A detailed marketing plan for the Blended and Salmon Friendly Power program in the PGE service territory
- Proposed marketing channels and rationale.
- Bidders will deliver attestations for all of the Green Tags within 30 days of generation of the actual MWh with which said Green Tags are associated. Green tags will not be paid for until PGE receives such attestation. Appendix C contains an example of a required attestation.
- Documented retail-marketing experience including average customer acquisition costs.
- Proposed customer service plan for signups, customer inquiries and integration with PGE customer service center.

TECHNICAL QUESTIONS

Technical questions regarding this RFP should be directed to Thor Hinckley in one of the following ways:

(503) 464-8089 Telephone
 (502) 464-7863 FAX
thor_hinckley@pgn.com E-MAIL

SUBMISSION OF BIDS

Respondents should provide an original bid document, signed by a duly authorized representative of the bidder, to PGE no later than 5:00 p.m. PDT on September 28, 2001 at the following location:

Portland General Electric Co.
 Thor Hinckley
 121 S.W. Salmon Street, 1WTC-0801
 Portland, Oregon 97204

Respondents may also submit E-MAIL copies of their proposals addressed to thor_hinckley@pgn.com by the due date followed up with an original hardcopy in accordance with the terms specified above. No oral or telephonic Proposals will be considered.

Bids received after the deadline may be considered at PGE's sole discretion, but first priority will be given to bids received by the deadline.

PGE intends to review the bids received and notify successful bidders by 5:00 p.m. October 15, 2001. At that time, PGE and the successful bidders will execute a letter of confirmation of the principal terms and conditions of the transaction. The parties would then proceed expeditiously to finalize and execute a definitive agreement covering the transaction. The executed agreement would be filed with any appropriate regulatory agencies.

PGE DISCLAIMER

This RFP shall not be construed as an offer, and PGE is not bound, to purchase Marketing Services, Renewable Energy or TRCs from any Bidder pursuant to this RFP. No rights shall be vested in any bidder, individual or entity by virtue of its preparation to participate in, or its participation in, such process. No binding commitment shall arise on the part of PGE to any bidder under this RFP until and unless the parties' sign a definitive written agreement that becomes effective in accordance with its terms and which is filed with any appropriate regulatory agencies.

PGE shall not be responsible to pay any costs incurred by bidders in the preparation of their proposal. The bids received will be evaluated and selected based on the supplied information, including any supplemental information, submitted pursuant to this RFP. PGE expressly reserves

the right to modify, or withdraw from, the processes initiated and described herein, or modify the schedule and any provision contained herein, for any reason at its sole discretion.

PGE reserves to itself the selection of winning bidders, if any, in the exercise of its sole discretion; the right to reject any and all bids, and any portion of a specific bid for any reason, as well as the right to waive any informality or irregularity in any bid received by it. PGE also reserves the right to award an agreement to a bidder based on factors other than price.

PGE will make available to the Public Utility Commission of Oregon documentation on the evaluation process and scoring utilized to determine the winning bid and supporting its selection. This information will be subject to appropriate confidentiality.

Appendix A

Tradable renewable credits (TRCs) or Green Tags consist of the non-energy attributes associated with the power generated from a qualified renewable resource. TRCs represents the non-power attributes made available by the generation of renewable resources. TRCs are typically denominated in 1 MWh increments, during a calendar year, by either one or more Endorsed Resources.

Reporting Right(s) refers to the report accumulated annual non-power attributes in compliance with Federal or state law, if applicable, and to a Federal or state agency or any other party at the Green Tag Purchaser's discretion.

Non-Power Attributes means the fuel, emissions, or other environmental characteristic of an Endorsed Resource deemed of value by a TRC purchaser. Non-Power Attributes do not include any energy, reliability, scheduling, shaping or other power attributes used by Seller to provide electricity services. Non-Power Attributes include but are not limited to any avoided emissions of pollutants to the air, soil or water such as sulfur oxides (SOx), nitrogen oxides (NOx), carbon monoxide (CO), and any other pollutant that is now or may in the future be regulated under the pollution control laws of the United States; and further include any avoided emissions of carbon dioxide (CO2) and any other greenhouse gas (GHG) that contributes to the actual or potential threat of altering the Earth's climate. Non-Power Attributes are expressed in MWh, and are not a calculation of the quantity or value of avoided emissions from such attributes.

Seller certifies that the Non-Power Attributes that are the subject of the certified Green Tag have not been sold, reserved, or conveyed to any other party, and that the electric power generated in association with Green Tags has not been represented to retain or possess such Non-Power Attributes.

Appendix B

Definition of a Significant Renewable Energy Product (from Renew 2000 requirements):

- Levels for a renewable energy product containing "significant new" resources. That is, a block product must contain 100 percent renewable resources, and a blended product must contain at least 15 percent new renewable resources.

Definition of a Blended Renewable Resource Product (from Renew 2000 requirements):

- Product must contain a minimum of 50 percent renewable resources. The minimum required use of new renewable resources is 15 percent of the total content.
- The new renewable energy requirement may be counted toward the overall 50 percent renewable energy requirement.
- The remaining 50 percent must have air emissions and spent fuel rates that do not exceed the kilowatt averages for the electricity generating system as defined by state requirements or regional practice, except that the average kilowatt rate for carbon dioxide must meet the Oregon siting standard.
- The blended renewable resource product provides 100 percent of the customer's load.

New Renewable Resource Power: certified products must meet certain minimum standards for the supply of new eligible renewable energy (kWh). Renewable energy generated in response to any federal or state statutory requirement to construct or contract for the renewable energy is not eligible as new. New renewable resources are those (1) placed in operation (generating electricity) on or after May 1, 1999, therefore excluding electricity generated by that part of the Wyoming, Foote Creek Wind Project fully in service before May 1, 1999; (2) repowered on or after May 1, 1999 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to May 1, 1999, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of a fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate.

Renewable Resources: Eligible renewable technologies that may be used to supply certified green power marketing programs include the following: low emissions biomass - including landfill and sewage gas, geothermal, certified low impact hydroelectric, solar, wind and fuel cells using a renewable fuel.

For the purposes of the Certification process a system benefit charge (SBC), a requirement to collect funds, is not considered a statutory requirement to construct or contract.

Appendix C

SAMPLE Green Tag Attestation

Generator Name	Generator ID Number	Fuel Type	KWh of Energy	Period Delivered

As an authorized agent of Selling Company Name ("the Power Provider"), I declare under penalty of perjury, that the information provided on this form is true and correct to the best of my knowledge. I further declare that the green tags environmental attributes a) are from eligible renewable generators where energy is claimed as renewable, b) were not sold to any end-use customer, c) were not used for on-site generation, and d) were sold to PGE and only to PGE. I attest that the above statements are true and correct.

Signature: _____ Date: _____

Name: _____ Title: _____

Place of Execution:

The information provided in this Form may be used by PGE and its auditors, on a confidential basis, to substantiate and/or verify the accuracy of advertising and/or product content claims of PGE or its customers. This information will remain confidential to PGE unless requested by a state or federal government agency. PGE shall be entitled to disclose publicly the fact that it purchased energy or environmental attributes from the generating units identified herein, provided that it will not disclose the quantity thereof or the specific generation period, except as otherwise permitted pursuant to this paragraph.