



SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

Request for Proposals (RFP)

for

Local Resource Adequacy Resources

The Southern California Public Power Authority (SCPPA) is hereby soliciting competitive proposals for Local Resource Adequacy (LRA) resources through power purchase agreements or equity participation in one or more local generating units.

A. Introduction

1. SCPPA, a joint powers authority and a public entity organized under the laws of the State of California, was created pursuant to the Government Code of California and a Joint Powers Agreement for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy. Membership consists of eleven cities and one irrigation district which supply electric energy to Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. SCPPA is governed by its Board of Directors, which consists of representatives from each of its members. The management of SCPPA is under the direction of an Executive Director, who is appointed by the Board.
2. SCPPA seeks competitive proposals from sellers whereby a Seller would sell, and SCPPA and/or certain SCPPA members would purchase LRA products described in Section C of this transmittal letter.
3. SCPPA reserves the right, without qualification and in its sole discretion, to accept or reject any or all proposals for any reason without explanation to the respondent, or to make the award to that respondent, who, in the opinion of SCPPA, will provide the most value to SCPPA and its members. SCPPA will consider both price and non-price factors in evaluating proposals received.

4. SCPPA and/or certain SCPPA members interested in purchasing LRA products pursuant to this RFP may transact collectively or individually.
5. Any SCPPA member that is a respondent to this RFP shall not have access to the proposals received from other respondents and shall not participate in the evaluation process.

B. Description of Products Solicited

Minimum Requirements

1. Capacity and the associated energy of the offered resources must be identified to specific existing or newly constructed generating resources located in the Los Angeles Basin area of SP15 (LA Basin) as defined by the California Independent System Operator (CAISO) as the geographic area bounded by the following electric substations: Devers 500 kV, Mirage 230 kV, Vincent 230 kV, San Onofre 230 kV, Sylmar 230 kV, Lugo 500 kV as further defined as LA Basin in the CAISO Local Capacity Technical Analysis – Overview of Study Report and Final Results dated September 23, 2005
<http://www.caiso.com/docs/2005/09/23/2005092316492428845.pdf>.

LA Basin is further divided in two sub areas: Western sub area and Eastern sub area.

Types of Products

1. Dispatchable resources from specific existing or newly constructed generating resources in the LA Basin.
2. Non-dispatchable resources from specific existing or newly constructed generating resources that are directly interconnected to the CAISO transmission grid or via distribution system of a transmission provider in the LA Basin.

C. Request for Offers

Please submit offers for up to 150 MW of any combination of the following products:

1. Unit Contingent Dispatchable Resources
 - Seller may offer unit contingent dispatchable resources from generating resources located in the LA Basin.
 - Seller shall offer SCPPA the right to use and to dispatch unit contingent generating, energy, ancillary service capacity, ancillary service energy, and resource adequacy attributes. Seller must certify that it either owns or has a

contractual right to the capacity for the term of the agreement to such generating resources.

- Seller shall specify the fixed and variable costs for its offer. If Seller offers a tolling arrangement tied to a natural gas index then Seller must specify the “gross up” heat rate (inclusive of gas transportation, losses, gas imbalance charges etc.) and the natural gas index to be used.

2. Non-Dispatchable Resources

- Seller may offer non dispatchable resources from generating resources located in the LA Basin.
- Seller must certify that it either owns or has a contractual right for the term of the agreement to such generating resources.
- Seller shall specify the fixed and variable costs for its offer. If Seller offers a tolling arrangement tied to a natural gas index then Seller must specify the “gross up” heat rate (inclusive of gas transportation, losses, gas imbalance charges etc.) and the natural gas index to be used.

3. Daily Dispatch Call Options

- Seller may offer daily dispatch call options from generating resources located in the LA Basin.
- Seller must commit to make its generating resources available to the CAISO for local area reliability purposes in accordance with the generating resources’ operating characteristics, if SCPPA members do not exercise the daily call option(s).
- SCPPA members would make an energy payment on the days when SCPPA members dispatch the generating units, plus a reservation charge for the daily call.
- Seller must certify that it either owns or has a contractual right to the capacity for the term of the agreement to such generating resources.

Daily Exercise of Options:

1. Seller may specify the strike energy price in \$/MWh or based on a specified heat rate and gas price index for a daily exercise by 6:30 AM PPT. In addition, Seller should specify the reservation charge in \$/kW-month.
2. Seller may offer the following call options:

- a. Daily 7x8 Call Option (Monday-Sunday, HE13-HE20), including NERC holidays
 - b. Daily 6x8 Call Option (Monday-Saturday, HE13-HE20), excluding NERC holidays
 - c. Daily 6x16 Call Option (Monday-Saturday, HE07-HE22), excluding NERC holidays
3. Seller shall also specify any operational flexibility it is offering, e.g., (a) whether Call Option can be exercised on a calendar day basis or WECC prescheduling day basis; (b) whether Seller can offer any daily energy shaping capability etc.
4. LA Basin for non-LA Basin Capacity Exchanges
 - Seller may propose like-value exchanges of any of the above products to be delivered within the LA Basin for capacity and/or associated energy to be delivered to Seller at Westwing, Mead, Victorville-Lugo, Palo Verde, Mona, or other mutually acceptable locations.

D. Term

1. For power purchase agreements, the term is expected to commence June 1, 2006 and run through December 31, 2009. Seller may specify quarterly (e.g. Q3 2006), seasonal (e.g., summer from May through October), or annual terms.
2. For equity participation, the term may commence on the date the generating unit(s) is commercially operational through the life of the generating unit.
3. SCPPA may consider other terms if they provide superior benefits to SCPPA and its members, e.g., (a) a local generation project that is in the permitting process and may become available in the foreseeable future and require long term contract(s) to obtain financing; (b) an existing local generation project that requires longer term contract(s) to remain viable in the near term.

E. Proposal Selection Criteria

1. SCPPA, at its sole discretion, shall evaluate responsive proposals and may select proposals, if any, which provide the most value to SCPPA and its customers. SCPPA members may respond collectively or individually to any proposal.
2. Proposals may be combined with other proposals, at SCPPA's sole discretion.
3. SCPPA shall determine at its sole discretion the value of any and/or all proposals.

4. SCPPA shall evaluate any proposals in terms of price and non-price attributes.
5. SCPPA shall perform an initial screening evaluation to identify and eliminate any proposals that are not responsive to the RFP, do not meet the minimum requirements set forth in the RFP, are clearly not economically competitive with other proposals, or are submitted by respondents that lack appropriate creditworthiness, sufficient financial resources, or qualifications to provide dependable and reliable services.
6. SCPPA reserves the right to reject any, all, or portions of the proposals received for failure to meet any criteria set forth in this RFP. SCPPA also may decline to enter into a power purchase arrangement with any respondent, terminate negotiations with any respondent, or abandon the RFP process in its entirety.
7. Those respondents who submit proposals agree to do so without legal recourse against SCPPA, its members, and their directors, officers, employees and agents for rejection of their proposal(s) or for failure to execute a power purchase agreement for any reason. SCPPA shall not be liable to any respondent or party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP.
8. Respondent shall be liable for all its costs, and SCPPA shall not be responsible for any respondent's costs incurred to prepare, submit, or negotiate its proposal, a contract or for any other activity related thereto, except as may be explicitly agreed upon in any power purchase contract arising from a proposal.

F. Resource Adequacy Considerations

SCPPA shall have rights to all available and foreseeable resource adequacy attributes from resources procured pursuant to this RFP to meet SCPPA members' resource adequacy obligations, including local resource adequacy requirements under resource adequacy requirements as promulgated by any relevant body, including the California Public Utilities Commission, Federal Energy Regulatory Commission, or the CAISO.

G. RFP Process and Schedule

The following schedule will be followed for this RFP:

January 3, 2006 RFP Issued

January 26, 2006 Deadline to submit proposals

February 16, 2006 SCPPA to notify Seller(s) shortlisted. Contract negotiations begin (tentative)

March 16, 2006 Conclude all negotiations (tentative)

April 2006 Execution of agreement(s) by SCPPA and Seller(s) (tentative)

H. Submission Requirements

A hard copy of your response should be delivered on or before Thursday, January 26th, 2006 by 3:00 pm PST to:

Bill D. Carnahan
Executive Director
Southern California Public Power Authority
225 S. Lake Avenue, Suite 1250
Pasadena, California 91101

The proposal should also be e-mailed by the deadline to the following individuals:

Bob Tang
Assistant Director of Resource Management
City of Azusa
btang@ci.azusa.ca.us

Steve Sciortino
Integrated Resource Manager
City of Anaheim
ssciortino@anaheim.net

Fred Mason
Power Resource and Revenue Administrator
City of Banning
fmason@ci.banning.ca.us

Steve Johnson
Power Planning Manager
City of Riverside
sjohnson@rvsdpower.org

Manny Robledo
Energy Systems Manager
SCPPA
mrobledo@scppa.org

Please name you electronic file as follows and zip multiple files into one file, if applicable:

[Short Company Name] SCPPA LRA Proposal.

Late or non-responsive proposals will be rejected

No contact should be made with the Board of Directors, SCPPA members' Boards; Commissions; and City Councils or SCPPA Resource Planning Committee members. Any questions regarding this RFP should be directed to Mr. Bob Tang via e-mail at btang@ci.azusa.ca.us and cc: Manny Robledo at mrobledo@scppa.org, Steve Sciortino @ ssciortino@anaheim.net, Steve Johnson @ sjohnson@rvsdpower.org, and Fred Mason @ fmason@ci.banning.ca.us.