

NV Energy 2010 Request for Proposals for Renewable Resources

RFP Protocol and Bid Information

David N. Hicks

*Director of Renewable Energy Procurement
and Technical Services*

March 11, 2010



Agenda

- NV Energy Overview
- 2010 RFP Timeline
- 2010 RFP Acquisition Target
- Eligible Resource/Products
- Key 2010 RFP Elements
- Bid Submittal Information
- Evaluation Protocol
- Intermission - Lunch
- Q&A

NV Energy 2010 Request for Proposals for Renewable Resources

NV Energy Overview



NV Energy, Inc.

- Ticker symbol “NVE”
- Throughout this presentation, the Company will be referred to as “NV Energy” or “NVE”
- Parent of two operating utility companies:
 - Nevada Power Company (NV Energy South)
 - Sierra Pacific Power Company (NV Energy North)



NV Energy at a Glance

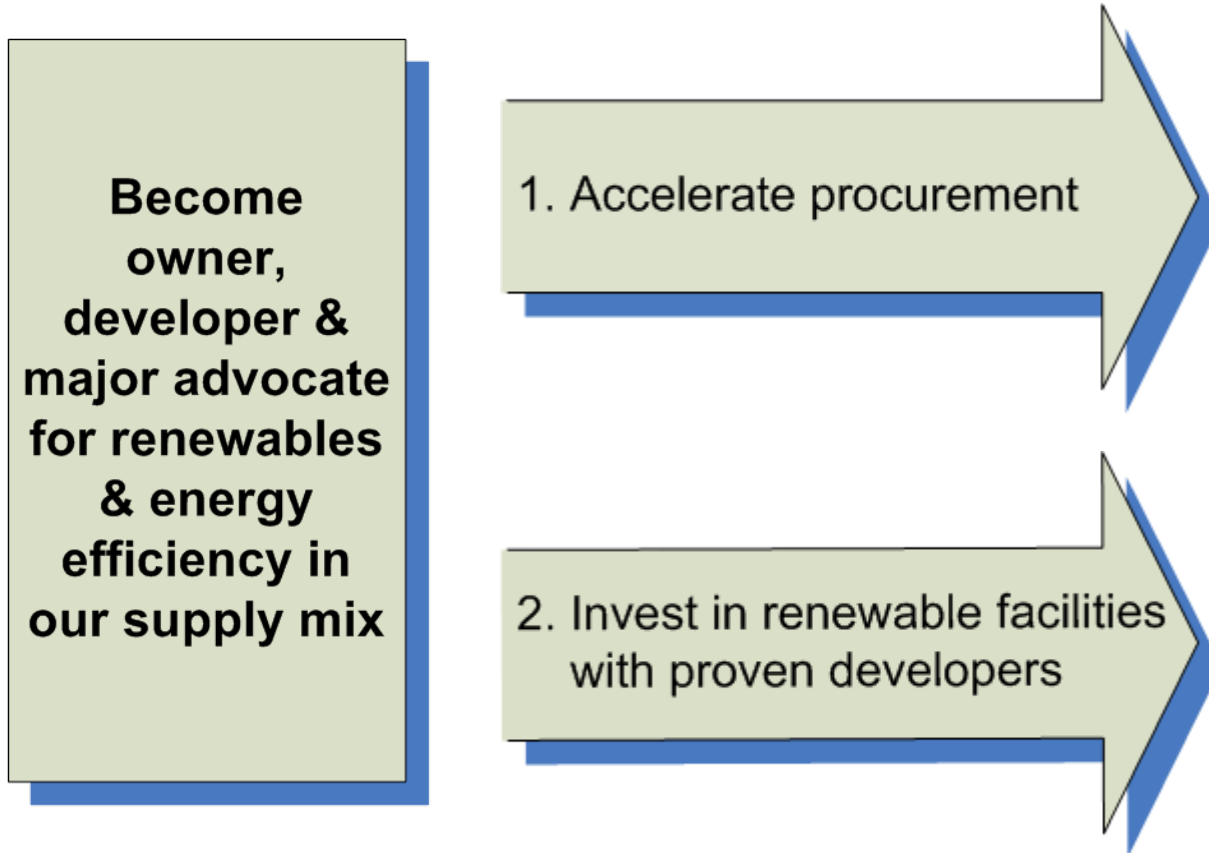
- Serves Nevada, Lake Tahoe area of California
- Serves about 1.2 million customers, roughly 90% of Nevada retail load, and 40 million annual visitors
- 54,500 square miles
- 2009 Nevada Power peak 5,586 MW (summer peak)
- 2009 Sierra Pacific peak 1,554 MW (winter peak)
- 5,581 MW consolidated generation in 2009



Key NV Energy Goals

- Provide customers with clean, safe, reliable energy at predictable prices
- Respect the environment while controlling customers' energy costs through three part strategy:
 1. Increase energy efficiency and conservation programs
 2. Expand renewable energy initiatives and investments
 3. Add new generation using clean, cutting-edge technologies

Part #2 of Strategy: Increase Supply of Renewable Energy



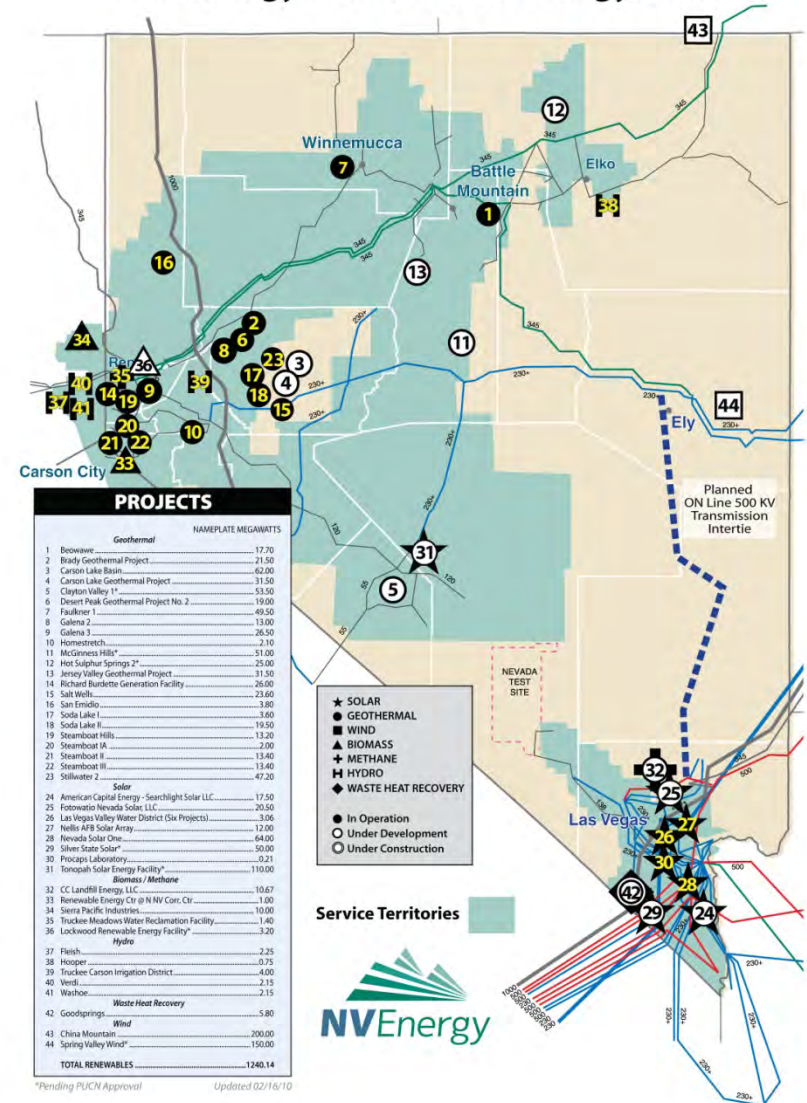
Nevada's Portfolio Standard

- Nevada Legislature approved statute establishing Renewable Performance Standard (“RPS”) in 1997
 - One of first three states to adopt standards
 - Nevada’s RPS one of the most progressive statutory requirements for renewable resources in United States
- RPS requires 20% of kWh sales by 2015 from renewables; 25% by 2025
- Up to 25% of RPS can be met through energy efficiency and conservation

Current Portfolio of Renewable Supplies

- Current portfolio of 44 projects totaling 1,240 MW; over 430 MW in-service
 - 315 MW of geothermal projects in operation
 - 255 MW in advanced development
- Ten new projects (259 MW) completed through 2007-09
- Portfolio expected to reach 689 MW in-service by end of 2012
- Five PPAs executed from 2008 Renewable RFP
- Seven additional PPAs executed in late 2009 and 2010

NV Energy's Renewable Energy Sources



NV Energy 2010 Request for Proposals for Renewable Resources

2010 RFP Timeline



Completed 2009 RFP Timeline

- RFP Release Date: August 5, 2009
- Bidders Conference: September 3, 2009
- Bids Due: October 2, 2009
- Compliance List: October 2009
- Second Stage List: November 2009
- Shortlist Notification: December 2009
- Enter Negotiations: December 2009
- End Negotiations: January 2010
- Internal Approval: February 2010
- PUCN Application: March 2010

PPAs Executed Jan/Feb 2010

- Clayton Valley 1, LLC (Ram Power, Inc.)
 - 20-year PPA with 53.5 MW geothermal project
- Spring Valley Wind (Pattern Energy)
 - 20-year PPA with 150 MW wind project
- ORNI 42, LLC (Ormat)
 - 20-year PPA with 25 MW geothermal project
- WMNRE, LLC (Waste Management, Inc.)
 - 20-year PPA with 3 MW landfill gas project

February 2010 PPAs (cont.)

- Silver State Solar, LLC (NextLight)
 - 25-year PPA with 50 MW (AC) solar PV project
- The aforementioned PPAs include NV Energy investment options or exclusive rights to future project expansions
- Additional projects from the 2009 Renewable RFP are currently in negotiation

2010 RFP Timeline

- RFP Release Date: February 17, 2010
- Bidders Conference: March 11, 2010
- Final Questions: April 12, 2010
- **Bids Due: April 16, 2010**
- Compliance List: May 2010
- Second Stage List: June 2010
- Shortlist Notification: August 2010
- Enter Negotiations: August 2010
- End Negotiations: October 2010
- Internal Approval: November 2010
- PUCN Application: December 2010

All dates are tentative and subject to change

NV Energy 2010 Request for Proposals for Renewable Resources

2010 RFP Acquisition Target

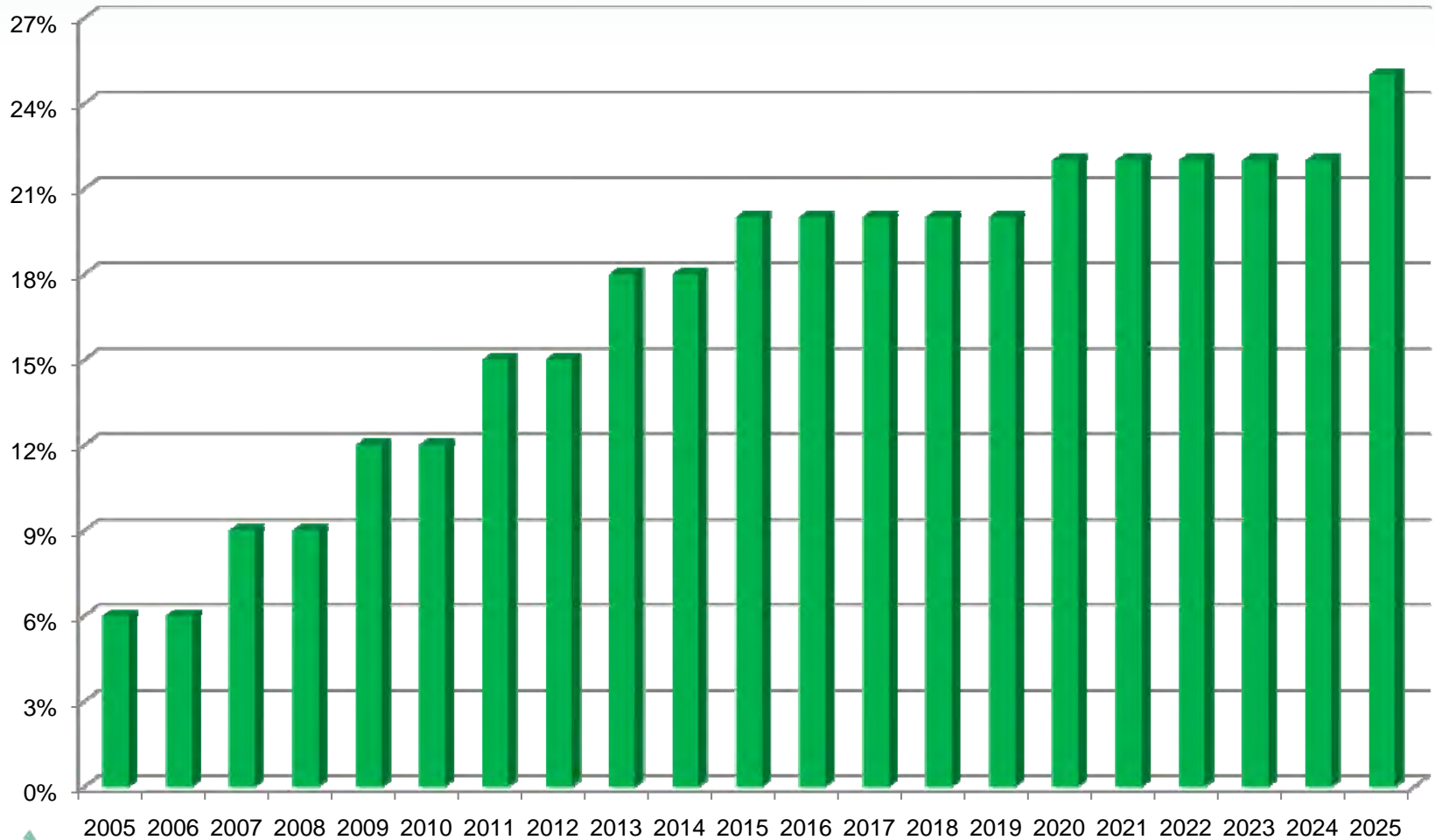


Acquisition Target

- NV Energy targets through the RFP process:
 - Renewables to, at a minimum, meet the RPS
 - **Quality projects** with competitive pricing; either power purchase, joint venture, or ownership
- Target impacted by ongoing assessment of current projects in NVE's renewable energy portfolio pipeline
- Target impacted by updated NV Energy load forecast filed in February 4, 2010 NPC Integrated Resource Plan Filing

NV Energy RPS Targets

RPS Target as a Percentage of Retail Sales



NV Energy 2010 Request for Proposals for Renewable Resources

Eligible Resources/Products



Eligible Resources/Products

- As defined in Nevada Statute 704, includes:
 - Wind
 - Biomass/Biogas
 - Waste Heat Recovery
 - Hydroelectric (< 30 MW)
 - Geothermal Electric
 - Solar
 - Other resources defined by regulation
- Respondents advised to complete legal review of relevant Nevada statutes prior to bid submittal

Eligible Resources/Products (cont.)

- Product (as defined by pro forma PPA) must include:
 - Renewable energy
 - Portfolio energy credits
 - All renewable energy benefits (including benefits from station service electricity)
- Renewable Resources can be located:
 - Southern or Northern Nevada
 - Outside NV Energy control area if bundled renewable energy and portfolio credits (i.e., RECs) are delivered to NV Energy transmission interface

Eligible Resources/Products (cont.)

- Both firm and intermittent products are eligible for the RFP
- **Projects bid into this RFP must be from a facility of 1 MW (AC) or greater**
- **This RFP will not consider demand side, energy efficiency, or Portfolio Credit-only proposals**

NV Energy 2010 Request for Proposals for Renewable Resources

Key 2010 RFP Elements



Key 2010 NVE RFP Elements

- Initial bid package (including pro forma PPA)
- Bidders Conference
- Bidders submission
 - Complete and thorough response
 - Mark-up of pro forma PPA
- Evaluation Process
 - Multiple Stages
 - Supplemental 3rd party evaluation
 - Selection of Shortlist
- Contract Negotiation
- Internal and External Approval

Contractual Relationships

- Four types of relationships that renewable energy developers may propose in the RFP:
 - Power purchase agreement
 - Turnkey Project/Project Sale
 - NVE buys completed project or purchases development assets and completes project
 - Joint Venture
 - NVE and project developer jointly develop and own project; NVE purchases developer's output under long-term PPA
 - Resource Sale/Lease
 - NVE purchases or leases resource rights and constructs generation project

NV Energy 2010 Request for Proposals for Renewable Resources

Bid Submittal Information



Bid Submission Information

- Bid proposal must be submitted in electronic and paper formats
 - Four (4) bound hard copies of bid proposal must be submitted in paper format
 - In addition, PDF of proposal, along with 2010 Technical Proposal Form, in Excel format, must be submitted on a USB flash drive
- **Bidders who require buyer security should not bid into this RFP**
- **Bidders who cannot post seller security in the form of a Letter of Credit or cash should not bid into this RFP**

Bid Deposits

- Bidders may submit up to three separate, unique proposals for the same generating facility at a single site with one bid deposit
- Projects bid into the 2009 RFP, **which included a non-refunded bid deposit**, and are bid from the same site with the same technology:
 - Bid deposit of \$7,500 if 2009 project \geq 10 MW
 - Bid deposit of \$3,500 if 2009 project $<$ 10 MW
- For all other projects bid into Spring 2010 RFP:
 - Bid deposit of \$10,000 if project \geq 10 MW
 - Bid deposit of \$5,000 if project $<$ 10 MW
- **All bid deposits are non-refundable**

Bid Deposits (cont.)

- Bid deposits must be in the form of an Automatic Clearing House (“ACH”) or wire transfer
 - Send e-mail to RenewablesRFP@nvenergy.com with “2010” Bid Deposit in subject line for ACH or wiring instructions
- All bid deposits must be received by the close of business on April 16, 2010
- Any proposal that does not include required hard copies, jump drive, and bid deposit will be deemed non-compliant

Organization of Proposal

- Cover Letter
- Executive Summary
- **Technical Proposal Form**
- Respondent Information
- **Technical Description of Facility**
- **Transmission Interconnection Information**
- **Resource Supply**
- Assurance of Equipment Supply
- Operation and Maintenance Plan
- **Project Schedule**
- Financing Plan
- **Contract Terms and Conditions**

Proposal Sections

- **Cover Letter**
 - Executed by agent of Respondent with authority to commit respondent to proposal
 - Specific declarations (see Page 4-2 of Bid Protocol Document)
- **Executive Summary**
 - Highlight content and major features of proposal
- **Respondent information**
 - Profile of Respondent's company
 - Qualifications and project experience
 - Credit and financial information

Facility Technical Description

- Description of generating facility forming basis of proposal
 - Type of facility
 - Configuration
 - General layout diagrams
 - Preliminary site plan showing site boundaries and plant layout
- Existing facility should include historical data
- New facility should include results of studies to determine feasibility of proposed project
- **Information should be consistent with Technical Proposal Form**

Site Control - Private Land

- **Proposal must conclusively demonstrate exclusive site control**
 - Provide legal description of site
 - Site aerial photo and/or Google Earth image
- For private land, exclusive site control is demonstrated one of the following:
 - Demonstrated direct ownership
 - Fully executed lease consistent with the time period associated with the proposed development, construction, and operation of the facility
 - Fully executed option agreement with a unilateral right to strike on property

Site Control - BLM Land

- **Proposal must conclusively demonstrate exclusive site control**
 - Provide legal description of site
 - Site aerial photo and/or Google Earth image
- For Projects sited on BLM land, site control demonstrated by:
 - A fully completed copy of the SF299 application with assigned “N” number or listing of the assigned “N” number; and
 - BLM GeoCommunicator website indicates Bidder is responding timely to data requests from the BLM

2010 Technical Proposal Form

- Bid form must be complete and accurate
 - 2010 Form has changed from previous RFP; compliant bid submittal must include the 2010 form
- Form must be submitted both in paper format and electronically in Microsoft Excel format
- Pricing must be bid as a first year price in \$/MWh with 1% escalation
 - No other pricing options are accepted
- PPA proposals must be for 20 year term

2010 Technical Proposal Form (cont.)

- Time of delivery profile (12 x 24) must be completed with precise accuracy
 - Integral component of evaluation
 - Will become the supply table in any contractual agreement
 - Time of delivery profile will become first year supply table in any executed PPA
 - Subsequent supply degradation expressed as a percentage of first year table.

Bid Submittal Transmission Information

- NV Energy will consider responses located both in NV Energy control area or that are able to deliver to NV Energy interface point
- For deliveries originating outside NV Energy's control area, strong preference for delivery by static schedule; NV Energy may consider dynamic schedules in very limited circumstances

Bid Submittal Transmission Information

- Respondents must demonstrate either:
 - Proposal is in relevant generation interconnection queue(s) and if necessary, has requested interconnection service under relevant Open Access Transmission Tariff; or
 - Respondent has submitted generation interconnection request with relevant transmission provider(s)
- PPAs will not be executed with respondents who have not completed, at a minimum, an interconnection feasibility study

Bid Submittal Transmission Information (cont.)

- Respondents must submit the following documentation in conjunction with the Spring 2010 RFP bid:
 - Summary of current status of interconnection process
 - Copies of all completed interconnection and/or transmission service studies
 - Indication of interconnection point
 - Expected transmission losses from the source to the point of delivery

NVE Transmission Delivery (i.e., Interface) Points

- NV Energy South delivery points:
 - Mead 230kV
 - McCullough 230kV or McCullough 500kV
 - Harry Allen 230kV
 - Crystal 500kV
- NV Energy North delivery points:
 - Midpoint 345kV
 - Gonder 230kV
 - Hilltop 345kV
- **NVE South delivery points strongly preferred**

NVE Transmission Planning Contact

Gary Porter

Manager, Transmission Interconnection &
Transmission Planning

775-834-4582

gporter@nvenergy.com

Environmental Compliance/Permitting Plan

- Demonstrate how facility will comply with all applicable environmental laws or regulations
- Detailed list of all applicable state, local and federal permits for construction and operation of facility
- Permitting progress to date; copies of permits already secured
- Copies of environmental studies (e.g., Phase I and/or II environmental site assessments)
- **Evidence of airspace and radar clearance (coordination with military)**
- Community support efforts and results

Resource Supply

- Sufficient information to provide assurance that facility will meet proposed supply table in Technical Proposal Form
 - Collected geothermal exploration and testing data
 - Identify other geothermal facilities near proposed site, and potential impact
 - Biomass fuel makeup and source; identify contracts or letters of intent to procure resource
 - Collected solar insolation data; data source(s)
 - Summary of all collected wind data and at least one (1) year of actual wind data
 - Wind data collection sites and proximity to facility site

Proposal Sections (other)

- Assurance of equipment supply
 - Demonstrated equipment access or completed sourcing
- Operation and Maintenance Plan
 - O&M provided by Respondent or contracted to third party
- Project Schedule
 - Schedule to support proposed facility's Commercial Operation Date
- Financing Plan
 - Include status of plan and expected contingencies

PPA Terms and Conditions

- Price of product
- Supply service obligations (12x24 Supply Table)
- Compensation for failure to perform; recovery of energy and renewable credit replacement costs
- Emergency and curtailment
- Project milestone schedule
- Termination without liability in the event PUCN approval is not obtained
- Assurance that renewable energy credits will comply with applicable law
- Adequate supplier credit support during development and operations

PPA Security

- Development Security
 - \$10/MWh
 - Due five (5) business days after contract countersignature
- Operating Security
 - \$20/MWh
 - Due at Commercial Operation
- **Development and operating security amounts and timing are non-negotiable**

NV Energy Contractual Entities

- NV Energy signatories to executed contractual arrangements from this RFP are:
 - Nevada Power Company d/b/a NV Energy (i.e., “NV Energy South”)
- Sierra Pacific Power Company d/b/a NV Energy (i.e., “NV Energy North”), is RPS compliant, and therefore will not execute PPAs from this RFP process

NV Energy 2010 Request for Proposals for Renewable Resources

Evaluation Protocol



General Evaluation Criteria

- Cost
- Respondent experience/demonstrated capability
- Timing
- Location
- Diversification
- Technology
- Project Certainty
- **Respondents who submit bids in the 2010 RFP agree to all provisions contained in Bid Protocol's "Notice of Disclaimer"**

Maximizing RFP Success

- Comply with RFP requirements
- Competitive pricing
- Experience and track record of respondent
- Well-structured project
 - Site control
 - Resource identification and control
 - Properly addressed project and technology risks
 - Satisfactory transmission interconnection/service progress
- Mature technology and equipment
 - Sound suppliers
- Minimize proposed changes to pro forma PPA

One Nevada Transmission Line

- February 4, 2010 Integrated Resource Plan Filing by Nevada Power Company requested PUCN approval of the One Nevada Transmission Line (“On-Line”) which will provide 500 kV link between Nevada Power and Sierra Pacific
- Recently executed PPAs with projects in NV Energy North control area include termination rights in the event that On-Line is not approved
- Due to RPS compliant position of Sierra Pacific, continued procurement of renewable energy in the NV Energy North control area is dependent on the approval of On-Line

Communication

- Website:
 - <http://www.nvenergy.com/RenewableRFP>
- Email:
RenewablesRFP@nvenergy.com
- Questions will be taken via email through April 12
- Answers to questions will be posted on the website for all bidders to view



Please submit your questions via Webinar or through supplied cards

We will reconvene at 12:30PM to provide answers to questions





NVEnergy™