

Questions and Answers for the NV Energy 2009 Renewable RFP
2nd Set: September 28, 2009

Following are the second set of questions received and the answers to those questions, related to the 2009 NV Energy Renewable RFP.

The 2009 NV Energy Renewable RFP website will include a link to this set of questions and answers.

NV Energy will provide updates as additional questions are received and answers are developed.

Please note that bids into the RFP are due at 5PM PDT on Friday, October 2.

Regards,

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NV Energy

QUESTIONS AND ANSWERS

I. RFP Website

Q42. Could you please provide me with a copy (or www link) to the 2009 NV Energy Renewable RFP?

A42. The 2009 NV Energy Renewable RFP can be found at the following URL:

<http://www.nvenergy.com/company/doingbusiness/rfps/renewable.cfm>

II. RFP Eligibility

Q43. If a party submits a bid for this current RFP and is not selected, will it be able to carry over its bid deposit to a subsequent RFP, as was the practice with this one?

A43. Please see Page 2-7 of the 2009 RFP Bid Protocol Document:

“Solely for this 2009 RFP, NV Energy will permit any Respondent who submitted a bid in the 2008 RFP, submitted a non-refunded bid deposit payment with the bid response, did not execute a power purchase agreement with NV Energy resulting from the 2008 Renewable RFP, and who wishes to submit a bid from the same site utilizing the same technology, to be exempt from the Bid Deposit requirement outlined above. In order to be exempted, the Respondent must propose

the same site and technology proposed in the 2008 RFP, both of which must be clearly stated and precisely identified in the 2009 Proposal, and confirmed by NV Energy after comparison with the 2008 proposal from the Respondent. **Please note that this accommodation is for 2009 only with respect to the 2008 bid deposit** and Respondents should not assume that any similar accommodation will be made in future RFPs.” (Emphasis added)

Q44. In the case of a joint venture, what is the maximum and/or minimum ownership percentage?

A44. There is no set maximum/minimum NV Energy ownership percentage with respect to NV Energy investment in projects; the Company will review and evaluate each proposal individually and ownership percentage is one of several factors that will be used in evaluating proposals.

Q45. If we have a PV facility that is larger than 50MW, can we sell NV Energy up to 50MW and sell the remaining to another buyer?

A45. NV Energy’s power purchase agreement contains a dedication clause requiring all output from a project to be dedicated to the Company. However, it may be possible for the Respondent to divide the PV project so that one part of the project is dedicated to NV Energy and separately metered, then, depending on the plant’s configuration, the remainder of the project could be segregated from the NV Energy PPA.

Q46. Would a proposed project sized at 400 MW or greater be acceptable?

A46. The acceptability of the size of any particular proposal would be dependent on many factors, including, but not limited to, location, transmission, technology type, supply shape, and in-service date.

Q47. We are in the final phase of developing our facility. We will be grid connected in California and our current contract is expired. We are looking for a new contract for a 2 MW gross production base load. Could you please reply with indication of your interest and the Price range that you may be able to offer?

A47. Please see the NV Energy 2009 Renewable RFP website for information on how to submit a bid into the RFP.

Q48. Can we submit a bid that consists of a site bid into the 2008 Renewable RFP, augmented by additional property and resulting in a larger project, and avoid the non-refundable bid deposit?

A48. Page 2-7 of the Bid Protocol Document states that, “Solely for this 2009 RFP, NV Energy will permit any Respondent who submitted a bid in the 2008 RFP, submitted a non-refunded bid deposit payment with the bid response, did not execute a power purchase agreement with NV Energy resulting from the 2008 Renewable RFP, and who wishes to submit a bid from the same site utilizing the same technology, to be exempt from the Bid Deposit requirement outlined above.” An augmented site resulting in a larger project does not fit the criteria outlined above and therefore will require a new non-refundable bid deposit.

Q49. I have a question, how would a small person like me get into the renewable energy business? I have 4 things going for me, including (1) a large piece of land; (2) lots of wind year round; (3) lots of sun year round; and (4) a geothermal well on my land. With this in mind which way do I go?

A49. There are a number of ways to proceed with regard to due diligence as to the efficacy of a renewable energy system on a particular piece of property, including but not limited to, attending renewable energy seminars and conferences, internet-based renewable webinars, researching renewable energy publications and websites, and hiring an energy consultant to assist in the aforementioned due diligence.

Q50. Will projects selected for a PPA under this solicitation be included in the TRED Program?

A50. Projects selected will not be included in the TRED program

Q51. At this time, is NV Energy looking for only peak load electricity sale time or 24 hour sale time?

A51. NV Energy will evaluate both peak load and base load renewable energy bids.

Q52. Would energy output that has been firmed and shaped (similar to the way that wind farms in WA and OR deliver power to CA) be eligible under the NV RPS? SB 358 seems open to interpretation on this. NV Energy would receive energy and RECs at, say, Mead, but, in the short term, it would not match exactly what was produced at the wind farm.

A52. SB358 is not explicitly instructive with regard to this type of transaction. Transactions of this type can be deemed compliant (if they meet all other requirements of the RFP) and will be evaluated by NV Energy. Given the lack of explicit clarity in SB358 regarding this type of transaction, the Respondent assumes all risk with regard to a denial of this type of transaction due to clarification of the intent of SB358 or rejection of the PPA by the PUCN.

III. Pro Forma PPA

Q53. Is the pricing fixed for 20 years?

A53. The first year PPA price is fixed, with 1% escalation per calendar year.

Q54. What is the flat price rate and/or initial product rate NV Energy is offering per kWh (kilowatt hour)?

A54. The purpose of this RFP is to obtain competitive pricing terms from the Respondent and the first year price would be as bid by the Respondent; NV Energy's PPA would include escalation beginning in the 2nd contract year of 1% per annum.

Q55. What is the Excess Product Rate per MWh?

A55. The Excess Product Rate is \$29.79/MWh (See Exhibit 2A of the pro forma Power Purchase Agreement).

Q56. For a 2 MW solar power plant, what would be the liquidated Daily Delay Damage? What would be the maximum daily amount/limit?

A56. The amount of Daily Delay Damages would be proposed by NV Energy after a review of the entirety of the Respondent's bid (See Section 8.4 of pro forma PPA).

IV. September 3 Bidders Conference Presentation

Q57. Will a sign-in sheet be published for those attending the Renewable Energy Bidders conference? If so, will it include the webinar attendees?

A57. No, a sign-in sheet will not be provided to the public.

Q58. Were there any bidders from last year's RFP that were acceptable to NV Energy and are moving forward?

A58. On August 15, 2009 NV Energy filed the 12th Amendment to the NPC 2007-2026 IRP. The Amendment included a request for approval of three power purchase agreements that originated from the 2008 NV Energy Renewable RFP.

V. Transmission Issues

Q59. The RFP suggests a preference for static scheduling. For renewables such as wind and solar, is as-available delivery acceptable?

A59. Transmission related questions should be addressed to NV Energy's Transmission Planning Department. The contact person for the NV Energy Transmission Planning Group is Chris Tomchuk, Director, Transmission Policy and Contracts, (775) 834-5876.

Q60. Our review of the information provided in the RFP seems to be missing the desired protection and relaying that is necessary when connecting into your 120 KV system east of Reno, NV. Our proposal will be for a system between 10 and 20 megawatts. This does have an impact on our technical proposal and cost estimate. Can you please provide that information or indicate where it can be found on your website?

A60. Transmission related questions should be addressed to NV Energy's Transmission Planning Department. The contact person for the NV Energy Transmission Planning Group is Chris Tomchuk, Director, Transmission Policy and Contracts, (775) 834-5876.

Q61. What are the legal and mechanical requirements in regards to connecting to the power grid?

A61. Inside the NV Energy control area, the intent is to designate the project a network resource. Outside of the NV Energy control area, NV Energy's preference is for a static schedule.

Q62. We are interested in developing a 1MW solar plant in Nevada. I have land owners near Fernley if that area falls in the grid criteria? Please reply with information and options pertaining to the RFP.

A62. Transmission related questions should be addressed to NV Energy's Transmission Planning Department. The contact person for the NV Energy Transmission Planning Group is Chris Tomchuk, Director, Transmission Policy and Contracts, (775) 834-5876.

Q63. Would the NV Energy transmission department be willing to assist in identifying areas of the grid that are most congested?

A63. Transmission related questions should be addressed to NV Energy's Transmission Planning Department. The contact person for the NV Energy Transmission Planning Group is Chris Tomchuk, Director, Transmission Policy and Contracts, (775) 834-5876.

Q64. How long does the interconnection study usually take?

A64. The duration of the interconnection process varies from project to project, depending upon a number of factors. Respondents should contact NV Energy's Transmission Planning Group for further information regarding the interconnection process. The contact person for the NV Energy Transmission Planning Group is Chris Tomchuk, Director, Transmission Policy and Contracts, (775) 834-5876.

Q65. NV Energy has signed some solar contracts as a result of its 2008 RFP. Is there a technical limit to the additional amount of solar PV the NV Energy system can accommodate?

A65. NV Energy has limited capability to follow fluctuations in intermittent resource output. Any adverse impact to the operations or reliability of NV Energy's system due to the intermittent nature of any proposed facility that may interconnect with NV Energy will be addressed, taking into consideration the overall impact on the system of the facility's size and timing, and that of facilities of similar characteristics.

Q66. I was wondering if there is language somewhere defining what an Interface Point is, or if there is a list of NV Energy's Interface Points available.

A66. An interface point in the context of the 2009 Renewable RFP refers to a NV Energy control area transmission delivery point that provides an entry into the NV Energy control area from another transmission system. Interface points are listed on Page 4-20 of the Bid Protocol Document under the heading, "Delivery Points".

Q67. With site and interconnect for 50MWs for PV, what should be maximum MWs bid (in terms of line regulation) and would 50MWs be considered in conjunction with gas turbine placed on site? i.e., would you buy gas generation power with capacity energy payments?

A67. If the maximum capacity of the PV unit is 50 MW (AC), then the Respondent should bid 50 MW, along with the associated supply table. Nevada Statutes do not define gas-fired generation as a renewable energy system, so energy from a gas turbine would not appear to be eligible for submission in this RFP for Renewable Energy. Please refer to the Nevada Statutes for the definition of a Renewable Energy System.

Q68. Is NV Energy's transmission system able to support all renewable energy projects being contemplated in Nevada? If not, who will incur upgrade costs?

A68. The cost responsibility for transmission interconnection and service costs are determined through the interconnection and transmission service requests processes.

Q69. The RFP states a preference for delivery at Mead 230kV. Is delivery at Mead 500kV also an option? Is 230 kV preferred?

A69. Respondents can provide proposals with the point of delivery at the Mead 500kV voltage level. NV Energy has no particular preference with regard to interconnection voltage, but generally the cost to interconnect at 230kV is less costly than at 500kV.

Q70. The RFP suggests a preference for static scheduling. For renewables such as wind and solar, is as-available delivery acceptable?

A70. Inside the NV Energy control area, project will be deemed network resource. Outside of the NV Energy control area, the Company's preference is for a static schedule.

Q71. Will NV Energy accept delivery of power at Reid Gardner and if so, will power delivered at that point be disadvantaged from that delivered to the preferred delivery points listed on the RFP?

A71. NV Energy will accept proposals for interconnection at Reid Gardner if inside NV Energy control area. Costs associated with delivery at Reid Gardner will be determined through the interconnection process.

VI. Bid Preparation

Q72. At the bid conference, it was mentioned that the Project Schedule required per section 4.10, should be based on submittal to PUCN for approval in March 2010 and then allow the 135 days for PUCN approval – so the project schedule start date should be based on this. Can you please clarify/verify the date on which the project schedule should be based?

A72. For illustrative and general planning purposes, the Respondent should assume that executed PPAs will be submitted to the PUCN on March 15, 2010 with a 135 day approval time line. Note that these dates are subject to change and the actual submittal of any executed contracts from proposals submitted in the 2009 Renewable RFP may differ from the aforementioned illustrative date.

Q73. If one of the partners on our proposed project is a utility will there be a need for construction or production surety?

A73. The development Security under a PPA arrangement is \$10/MWh for one year's projected output, regardless of the identity of the counterparty or counterparties.

Q74. For a 2 Megawatt solar power plant, what is the required Development Security?

A74. \$10/MWh for one year's projected output.

Q75. For a 2 megawatt solar power plant, what is the required Operating Security?

A75. \$20/MWh for one year's projected output.

Q76. For a plant not yet built (our situation), is a letter of credit required, or can this be generated after approval of the power purchase agreement?

A76. A letter of credit or cash deposit for the development security amount is required five (5) business days after execution of the PPA by NV Energy.

VII. Proposal Location

Q77. How strong is your preference for projects in south over those in the north?

A77. All other things being equal, NV Energy prefers locations inside the NV Energy South control area, or that deliver to an NV Energy South interface point. In the RFP process, all other things are not held equal and other factors may outweigh a project location; therefore NV Energy will evaluate all proposals to determine the best options to meet the needs of the Company and its customers.

VIII. Proposal Technology

Q78. How do you feel about biomass gasification power plants using an alternative fuel to replace the use of fossil fuels?

A78. Biomass is generally considered a renewable energy system under the Nevada statutes, and therefore would be eligible to be bid into this RFP. Nevertheless, individual Respondents should carefully review the Nevada statutes prior to the submission of a bid and carefully consider the supply amount that such a project would be able to generate.

Q79. Would NV Energy be interested in an electromagnetic technology with zero emissions, not reliant on natural resources?

A79. NV Energy will evaluate all compliant bids in the 2009 Renewable RFP process that meets the requirements of Renewable Energy under Nevada Law.