



2008 MAY 12 PM 4:33

P. O. Box 840  
Denver, Colorado 80201-0840

May 12, 2008

Doug Dean, Director  
Colorado Public Utilities Commission  
1560 Broadway, Suite 250  
Denver, CO 80202

Re: Docket No. 07A-447E – Report on Bids Received by Public Service Company of Colorado in Response to the 2008 Wind Resource Request for Proposals

Dear Mr. Dean:

The enclosed report provides information about the bids submitted to Public Service Company of Colorado (“PSCo”, or “Company”) in response to our 2008 Wind Resource Request for Proposals (“RFP”). This RFP, which was released in February 2008, is a component of the 2007 Colorado Resource Plan (“CRP”) dated November 15, 2007.

In accordance with Section 3614 (b)(1) of the Resource Planning (“RP”) rules, within 30 days after bids are received by the Company in response to a request for proposals, the Company must report to the Commission: (1) the identity of the bidders and the number of bids received, (2) the quantity of MW offered by bidders, (3) a breakdown of the number of bids and MW received by resource type, and (4) a description of the prices of the resources offered. For the RFP, which sought only wind generation resources, item 3 will be covered by items 1 and 2. For purposes of clarification, the pool of respondents to this RFP is similar to that which has responded to previous solicitations for wind generation resources and is composed of most of the major national and several international wind power generation development companies as well as some smaller development companies.

Table 4 is a confidential list of bidders which submitted proposals and is being filed under seal.

Very truly yours,

Priya Burkett  
Manager, Regulatory Administration

Enclosure

Report to the Colorado Public Utilities Commission on  
Bids Received by Public Service Company of Colorado In  
Response to the 2008 Wind Resource Request for Proposals

May 12, 2008

## **Introduction**

This report provides information about the bids submitted to Public Service Company of Colorado ("PSCo", or "Company") in response to our 2008 Wind Resource Request for Proposals ("RFP"). This RFP, which was released in February 2008, is a component of the 2007 Colorado Resource Plan ("CRP") dated November 15, 2007.

In accordance with Section 3614 (b)(1) of the Resource Planning ("RP") rules, within 30 days after bids are received by the Company in response to a request for proposals, the Company must report to the Commission: (1) the identity of the bidders and the number of bids received, (2) the quantity of MW offered by bidders, (3) a breakdown of the number of bids and MW received by resource type, and (4) a description of the prices of the resources offered. For the RFP, which sought only wind generation resources, item 3 will be covered by items 1 and 2. For purposes of clarification, the pool of respondents to this RFP is similar to that which has responded to previous solicitations for wind generation resources and is composed of most of the major national and several international wind power generation development companies as well as some smaller development companies.

The body of this report provides general information about the number and type of bids received.

## **Background**

PSCo released this RFP as part of its resource acquisition plan associated with the "High Section 123" case presented in the CRP. Through this solicitation, the Company requested proposals for approximately 100 to 150 megawatts ("MW") of wind resources that would achieve commercial operation prior to December 31, 2012. For this solicitation, the Company was requesting that bidders propose projects that would sell their power to the Company under the terms of a Power Purchase Agreement a model of which was included as a portion of this RFP and which was filed with the Commission on February 22, 2008.

## **Proposal Solicitation Process**

The RFP was released on February 22, 2008 and the RFP project website ([http://www.xcelenergy.com/XLWEB/CDA/0,3080,1-1-1\\_41994\\_42118\\_48420-44892-0\\_0\\_0-0,00.html](http://www.xcelenergy.com/XLWEB/CDA/0,3080,1-1-1_41994_42118_48420-44892-0_0_0-0,00.html)) containing the RFP documents and other communications about the RFP was launched the week of February 25. In

addition, a dedicated email address was created in order to provide a single point of contact for interested parties. A pre-bid conference call was held in lieu of the traditional pre-bid meeting on March 11, 2008. While an exact count of the number of attendees to the conference call is not available, 56<sup>1</sup> individuals registered to participate in the call. A transcript of this call was posted to the RFP website on March 20, 2008. In addition, in an effort to prepare for receipt of proposals, a non-binding, non-mandatory Notice of Intent to Bid ("NOI") was requested from potential bidders prior to March 21. As it was not mandatory, all NOI's received, regardless of when we received them, were recorded. In all, we received 34 NOI's from 24 potential bidders.

Bids were submitted to the Company on April 11, 2008. Since then, the Company has been conducting eligibility assessments, communicating with bidders to clarify aspects of the proposals, developing static economic screening tools (which are ongoing), and beginning to look at proposed interconnection locations.

### **Proposal Summary**

Response to the RFP was strong. We received a total of 21 proposal documents from a total of 19 suppliers. Many of the suppliers offered greenfield development projects while several of the suppliers offered the opportunity to expand existing facilities. Geographically, the bid pool was quite diverse with offers located in many of the Energy Resource Zones ("ERZ") as identified in the SB100 report as well as in non-ERZ areas outside of Colorado.

The 21 proposals referenced above include each proposal for which a bid fee was received. Several proposals offered two or more mutually exclusive alternatives, including multiple project sizes, alternative in-service years, and multiple points of interconnection and delivery. For proposals offering multiple sizes this table uses the MW which appeared to be the "primary" proposal as identified on the Bid Form C or with the pricing on Bid Form D.

Proposals for new wind generation development totaled nearly 2,785 MW from the 21 projects. Confidential Table 4 identifies the bidders who submitted proposals into this solicitation as identified in Form B of the RFP bid forms. This table is provided in Confidential form in order to preserve as confidential the names of the bidders participating in this RFP process<sup>2</sup>.

---

<sup>1</sup> Includes representatives of the Colorado PUC staff, outside attorneys not engaged by PSCo and other interested parties.

<sup>2</sup> Consistent with their notation that all components of the bids, including bidder name, are confidential, we have requested permission from the bid pool make public this Table 4 which simply contains the names of the bidding parties as identified in Bid Form B. Upon receipt of responses to this request and provided this permission is granted, it is PSCo's intent to make this table public.

## **Proposal Eligibility review**

A proposal eligibility review was conducted for all of the proposals to confirm that they met the minimum bid eligibility standards as defined in the RFP. Based on this review, bidders were notified by email on Saturday, April 26 whether or not their proposals had met the minimum bid eligibility requirements. Generally, proposals fell into 3 categories. These were:

- 1) Compliant proposals. For these proposals, no action was required from bidders to establish eligibility.
- 2) Non-compliant but whose non-compliance or ineligibility could be cured. For these proposals, the bidders were informed what steps they could take to make their proposal eligible.
- 3) Non-compliant. For these proposals, bidders were notified that their proposal was no longer under consideration.

At the time of this report, all of the bidders who were required to take action have taken the necessary steps to complete the bid eligibility requirements of the RFP. Three bidders were notified that their proposals were non-compliant and that they would no longer be under consideration for this RFP and that their bid fees along with 7 copies of their proposals would be returned to them. One copy is being retained by PSCo for its records and a second copy is being retained for potential use by the Independent Evaluator. Table 1 describes the reasons why these three proposals were excluded from further consideration.

**Table 1. Summary of bids which were not eligible for further consideration**

	<b>Size (MW)</b>	<b>Reason for Exclusion</b>
<b>Excluded Proposal A</b>	200-400	The minimum proposed project size was greater than the 150 MW maximum project size allowed under this RFP. In addition, other elements of this bidders proposal appeared to require contracting structures beyond the PPA structure being sought through this RFP
<b>Excluded Proposal B</b>	150	The proposed site for this project is located in the Southwest Power Pool. This location would not be deliverable without procuring transmission from the project to the SPS side of the Lamar DC tie. In addition, insufficient transfer capability exists to transmit the 150 MW across the Lamar DC tie.
<b>Excluded Proposal C</b>	150	This proposal had a point of delivery north of the TOT 3 boundary, currently there is insufficient ATC on TOT 3, and to our knowledge, the proposed solutions to the TOT 3 constraint will not be operational during the 2010-2012 in-service dates required in this RFP.

There were three primary issues which PSCo worked with bidders to address during the initial eligibility screening in order to make their bids compliant. All of these were addressed to PSCo's satisfaction during the eligibility screening process. These were:

- 1) Proposals offering multiple points of interconnection. Proposals which included multiple points of interconnection were asked to either select a single point of interconnection for consideration or to provide additional bid fees for each additional point of interconnection to be studied.
- 2) Proposals offering a busbar product. Proposals which did not propose a point of delivery on the PSCo system or a system which could be wheeled to the PSCo system were required to modify their proposals to provide a product meeting these delivery requirements.
- 3) Proposals not providing pricing without the Production Tax Credit ("PTC"). Proposals which did not include pricing under a scenario where the PTC was not extended were required to provide this pricing.

As a result of this work, two additional proposals related to alternative points of interconnection were created based on direction from the bidders. After the initial eligibility screening, the bid pool consisted of 20 proposals from 16 bidders. These 20 proposals totaled almost 2400 MW. Tables 2 and 3 segregate the bid pool by Energy Resource Zone as well as by proposed commercial operation date in an effort to communicate more information about the bid pool to the Commission.

**Table 2. Eligible proposals received by nameplate capacity and number**

Energy Resource Zone	Nameplate (MW)	Count
Zone 1	641	5
Zone 2	698	5
Zone 3	473	5
Zone 5 <sup>3</sup>	551	5
<b>Total</b>	<b>2,363</b>	<b>20</b>

**Table 3. Eligible proposal summary by commercial operation date**

Quarter	MW	Count
3Q09	150	1
4Q09	654	6
4Q10	1,308	11
1Q11	101	1
4Q11	150	1
<b>Total</b>	<b>2,363</b>	<b>20</b>

<sup>3</sup> Includes 2 proposals which were sited in New Mexico but which had an ultimate point of injection onto the PSCo system in ERZ 5

## Proposal Pricing

In order to preserve bidder confidentiality and file this as a public document, specific and precise bid prices are not being provided in this report. Pricing varied broadly within the bid pool with prices (assuming the PTC is extended) ranging from around \$50 to around \$110/MWh<sup>4</sup>. Some proposals offered flat, fixed pricing while others offered escalating fixed pricing. In addition, some proposals offered the option of either flat or escalating pricing. No bidders proposed index based pricing. Proposed power purchase agreement terms ranged from 10 years to 25 years. Bidders were required to include pricing assuming the PTC would be extended as well as pricing under a scenario where the PTC was not extended. Without the extension of the PTC, proposed pricing ranged from around \$70/MWh to \$130/MWh<sup>5</sup>.

---

<sup>4</sup> This levelized cost includes the cost of the radial line, but does not include losses or the costs associated with interconnection, imputed debt, wheeling, integration and delivery upgrades or ECC extensions for proposals of less than 25 years. This pricing is associated with a scenario where the PTC has been extended under the current terms.

<sup>5</sup> Same assumptions and inclusions/exclusions as the "with-PTC" case but based on the bidder provided "non-PTC" pricing.

**Table 4. List of bidders which submitted proposals**

***Please see the attached document for Confidential Table 4.***