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PUBLIC SERVICE COMMISSION

January 19, 2012

To Whom It may Concern:

Re: Case No. 9214 Request for Proposals – Evaluation of a Request for Proposal for Generating Capacity Resources Under Long-Term Contract

ADDITIONAL QUESTIONS RECEIVED

Q1. A number of parties have filed requests to modify or reconsider the RFP. These include a request to modify and expand the geographic area for new generation under the RFP. How will this request be handled procedurally? What will the timing and procedure be for a determination of this issue? Does the commission contemplate hearing testimony on this issue on January 31, even though that is after bids will have been submitted?

A. Please see Section 2.2 of the Agreement. Eligible New Generation Resources under this RFP must be physically located in SWMAAC. The Commission will rule on pending Motions to Reconsider.

Q2. In the document entitled "Changes to RFPGC & Contract (12/07/2011) item 10, deleted a defined heat rate as a function of fuel, load, ambient temperature, and output degradation factor, and replaced it with a defined annual heat rate. Therefore suppliers are to provide a single heat rate for each capacity delivery year as part of their proposal. To cover all possible conditions including ambient temperature, prior operating hours (degradation), etc., suppliers would need to specify a high heat rate in anticipation of all possible conditions. This would seem counter to the MDPSC's goal of achieving the lowest possible cost for the consumer. Could the PSC provide a basis for requiring a single heat rate value for each capacity delivery year?

A. Suppliers must provide a Contract Annual Heat Rate as indicated in Attachment 7 to the RFP.

Q3. Further, item 38 describes the requirement for an annual heat rate test and states that if the tested heat rate is greater than the Contract Annual Heat Rate listed in Exhibit C to this Agreement for specific Site and atmospheric conditions at the Facility during the test by more than 5%, it is a Supplier Event of Default. Will the tested heat rate be adjusted for temperature, operating hours and other conditions that typically effect tested heat rate and is this consistent with the definition provided in item 10?

A. Please see Section 3.1(g)(3) of the Agreement.

Q4. Can a Supplier, either before or after its bid goes into submission, transfer its right and obligations under the RFP to its affiliate entity, which is a special purpose entity formed specifically for contracting and bidding for this RFP? Also, would it make any difference that this affiliate entity is a different entity from the one the Supplier used to respond to the eligibility document submission?

A. Yes, assuming the SPE assumes all rights and obligations of the supplier. Please see Article 12.1 of the Agreement.

Sincerely,

/s/ Doline M. Serra

Doline M. Serra
Procurement Officer