

Second Stage Evaluation Criteria in Draft RFP

December, 2003

(First Stage Evaluation Criteria will continue to apply during this stage)

	Criteria in RFP	Explanation
A	Portfolio Analysis	<p>Evaluation Criteria: <i>Cost Minimization, Compatibility with Need</i></p> <ul style="list-style-type: none"> • The net impacts of each proposal on cost and risk for the Company's overall electric resource portfolio <ul style="list-style-type: none"> • How proposed resource interacts with other existing and planned resources in PSE's overall portfolio and with PSE's retail electric loads • Includes: <ul style="list-style-type: none"> • Imputed debt • Integration costs • Transmission costs (See separate sheets) • Proposals and combinations of proposals that result in the lowest impact on PSE's revenue requirements and rates when included into PSE's existing generation resource portfolio are preferred. • Proposals which provide PSE control of project output acceptable to PSE to respond (i.e., displacement) to system reliability events are preferred, including the ability for PSE to elect to displace for reliability purposes generation output that would otherwise have been used by the other owner. • The ability to transmit power from the project site to one or more points on PSE's electric system is a requirement (particularly to points on its system at which the deliveries may be effected and used to serve load with no or limited transmission congestion). PSE will use information provided in response to the RFP to assess whether and to what extent required transmission will be available and whether and to what extent the necessary transmission paths are subject to constraint.
B	Risk	<p>Evaluation Criteria: <i>Risk Management</i></p> <ul style="list-style-type: none"> • Cost uncertainty, price volatility, production uncertainty and other such quantitative factors which can be included into the Portfolio Analysis • Qualitative risk associated with factors such as technology, performance, operations, transactional, vendor support, construction, project completion, schedule, capital cost, and others. • Proposals and combinations of proposals will be

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		evaluated to determine the impact of the proposal(s) on the overall risk position with respect to PSE's generation asset base. Risk scenarios will include such factors as hydroelectric production variation, fuel price volatility and price scenarios, and market price volatility and price scenarios. Other considerations will include exposure to transmission congestion and costs. All other factors being equal, PSE prefers proposals that result in lower generation portfolio performance risk.
C	Ability of Project to Deliver as Proposed	<p>Evaluation Criteria: <i>Risk Management, Compatibility with Need</i></p> <ul style="list-style-type: none"> • Probability of meeting the proposed commercial operation date <ul style="list-style-type: none"> – Financing commitments – Permit status and difficulty – Long lead time equipment commitments – Probability of financing – reasonableness of project budgets and pro forma – Project schedule reasonableness – Availability and cost of transmission – Ability to document proposed transaction within schedule requirements • Confidence in long-term energy projections <ul style="list-style-type: none"> – Quality and quantity of on-site data – Long-term reference data – Experience of the parties making the energy projections – History of proposed turbines – Written opinion and analysis of a nationally recognized meteorological consultant as to the reasonableness of the amount and shape of energy production.
D	Experience of the Project Team	<p>Evaluation Criteria: <i>Risk Management</i></p> <ul style="list-style-type: none"> • The organizations and key personnel responsible for implementing the project including identification of the project manager, his/her tenure, and scope of responsibility. • A legal entity organization chart. • A managerial organization chart • Existing projects owned, developed and/or operated by the respondent • The personnel or organizations responsible for the following areas: <ul style="list-style-type: none"> – Project wind resource assessment and energy projections – Project financing

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		<ul style="list-style-type: none"> – Project design, engineering, procurement and construction specifications – Interconnection and substation design – Project environmental assessments – Project land use and zoning approval – Permits and related approvals – Project construction and commissioning – Risk management and insurance – Project operations – Project maintenance • A brief description of relevant experience of the key personnel and organizations for their responsibility area listed above. • Contacts and references (name, title, address, telephone, e-mail and fax numbers) knowledgeable about the previous wind project experience of the key participants in the project.
E	Guarantees, Security and Credit Worthiness	<p>Evaluation Criteria: <i>Strategic and Financial</i></p> <p>This evaluation criteria will include an assessment of the credit worthiness of respondent and any person that would provide any guarantees and security offered to PSE in the proposal.</p> <p>PSE will consider the information received in response to this RFP in determining risk associated with the financial condition of and performance by a respondent and any third parties depended upon by respondent.</p> <p>PSE may require additional guarantees or security pursuant to Section 9 of this RFP.</p> <p>Lower-risk respondents are preferred.</p>
F	Environmental and Public Purpose	<p>Evaluation Criteria: <i>Public Benefit</i></p> <p>This criterion will include an assessment of the magnitude of potential environmental impacts, the thoroughness of the plan to identify and mitigate those impacts regardless of whether the proposal results in a new wind resource being added to the Northwest region.</p> <p>Proposals with lower environmental impacts are preferred. Environmental impacts refer to the full range of issues evaluated in an environmental impact statement (EIS) or environmental assessment (EA).</p> <p>Proposals that demonstrate support from public, local, state and federal government entities and Native American nations, if applicable, are preferred.</p>