

**2009 Avista Renewable Energy Request for Proposals
Pre-proposal Telephone Conference
Agenda**

**10:00 AM PST
September 30, 2009**

Timeline

September 23, 2009 – RFP Released

September 30, 2009 -- Pre-proposal Telephone Conference

October 7, 2009 – Notice of Intent to Respond Due

October 16, 2009 – Mutual Confidentiality Agreement Deadline

October 23, 2009 – Proposal submittals due

October 26, 2009 – Bid opening

November 13, 2009 – Short list selected and Selected Bidders notified

November 2009 through January 2010 -- Clarifications, Evaluation, Due Diligence and Negotiations

February 2010 – Process complete and final decision announced

Agenda

Contacting Avista

We will answer questions during this conference all but Avista's official response to the questions will be posted on the RFP website. You can also send your question via email to 2009renewablesrfp@avistacorp.com. Answers will be posted on the website.

2009 IRP – Preferred Resource Strategy

- 150 MW of wind power by 2012 to take advantage of renewable energy tax incentives, diversify our fuel mix, and meet renewable portfolio standards.
- An additional 200 MW of wind power over the IRP timeframe.
- Avista's renewable need could be higher depending on RPS requirements
- 26 percent of future load growth is met by new conservation.

- Construction of 750 MW of clean-burning natural gas-fired generation facilities.
- Aggressive energy efficiency measures are expected to save 226 aMW of cumulative energy over the next 20 years.
- 5 MW of hydro upgrades are planned for the Little Falls and Upper Falls hydro projects.
- Transmission upgrades will be needed to add new generation and Avista will continue to participate in regional efforts to expand the region's transmission system.

2009 Renewables RFP Summary

- Secure **up to** 35 aMW of electricity (or 100 MW of wind) by 2012.
- Energy is to be bundled with all renewable energy certificates that meet the requirements of RCW 19.28535
- Seeking projects that are well developed at this time and that will be available by the end of 2012, including the following threshold requirements:
 - Land under control
 - Permitting process complete or near complete
 - Generator interconnect studies underway
 - Firm transmission solution to Avista's system
 - Ability to procure long-lead items
- Avista is evaluating the construction of an Avista –owned wind project at Reardan, WA as a component of the 50 aMW equivalent renewable energy acquisition goal identified in its 2009 IRP.
 - Through this RFP, Avista intends to acquire **up to** 35 aMW from qualifying renewable resources that will be in addition to Reardan and that will complete the remainder of the 50aMW RFP acquisition goal.
 - If the results of this RFP demonstrate that the Reardan wind project is not competitive at this time, Avista may pursue the full 50 aMW from this RFP.
- Preference for proven technologies
- PPA's, PPA's with an ownership option, or Avista ownership of the project(s) will all be considered
- Avista has engaged an independent third party evaluator to oversee the RFP process.

Evaluation and Ranking of Renewable Resource Proposals

The evaluation will be split into the following four principle areas:

1. **Risk Management Characteristics:** the financial stability and credit rating of the Bidder, its ability to fund and complete construction, operation and maintenance of the Project (including related project and managerial experience), availability of a parent company guaranty and/or a performance bond and other credit and financial risks.
Approximate weight: 30%

2. **Net Price and Price Risk Characteristics:** the overall cost of the Project including bid price, integration costs and imputed debt related to PPAs or other financing arrangements, costs of resource integration, transmission, fuel supply, construction and other charges relative to the benefits which Avista expects to receive from the Project such as capacity deferment, REC value and energy value. Avista will also evaluate market volatility risks, price risks, operation and maintenance and all related risks imposed on rate payers. **Approximate weight: 50%**
3. **Electric Power Characteristics:** the ability of the Project to meet size, location, timeline, construction, operational and other technical and commercial characteristics of Avista's requirements, including but not limited to dispatchability and the effect of the resource on Avista's electric system operations. **Approximate weight: 10%**
4. **Environmental/Community Characteristics:** the ability of the Project to meet local, state, and federal agency environmental, land use and other permitting requirements, including carbon dioxide emissions and public policy issues, Project schedule risks, including any known community objections that are likely delay or prevent Project milestones. **Approximate weight: 10%**

Proposal Requirements

Signed Mutual Confidentiality Agreement – October 16, 2009

Bid Proposals – October 23, 2009

- Should include responses to all information requested in the RFP document pertinent to the project proposed
 - Summary data sheets (Exhibit 2)
 - MWh/h and Capacity worksheets (Exhibit 3)
 - Signatures and Verifications

Questions and Answers