REQUEST FOR PROPOSALS

RENEWABLE ENERGY

Up to 35 Average Megawatts

AVISTA CORPORATION

September 23, 2009

I. INTRODUCTION

Avista Corporation, doing business as Avista Utilities, (Avista) is issuing this Request for Proposal (RFP) to interested parties with the intent of securing electricity and associated renewable energy certificates that meet the requirements of RCW 19.285, Washington's Energy Independence Act (RECs) and other local, state and federal Environmental Attributes[1] This RFP is consistent with Avista's 2009 Integrated Resource Plan (2009 IRP) found at http://www.avistautilities.com/inside/resources/IRP/pages/default.aspx . The 2009 IRP was filed with the Washington State Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC) on August 31, 2009.

This RFP is open to parties who currently own, propose to develop or hold rights to eligible renewable resource generating facilities with a minimum net output of 1 MW alternating current (AC).

Under this RFP, Avista intends to acquire up to 35 average megawatts from the following eligible renewable resources:

- Wind
- Solar
- Geothermal
- Biomass
- Hydroelectric
- Other eligible renewable resource as defined by RCW 19.285 or other law or regulation.

Avista's objective is to secure eligible renewable resources under terms and conditions that are economical, favorable to its customers, provide the greatest benefit to its energy portfolio and are consistent with the 2009 IRP. Energy delivery from wind projects must commence prior to December 31, 2012, and delivery from other eligible renewable resource projects must commence prior to December 31, 2013. For clarification, Bidder must be prepared to assume all risks related to missing these delivery dates.

In addition, as previously announced, 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. Avista has engaged an independent third party evaluator to oversee the RFP process.

For purposes of this RFP, each party that responds by submitting a proposal is a Bidder, each response is a Proposal and the renewable energy generation proposed is a Project.

Proposals may take different forms. While Avista will consider alternative approaches that are consistent with the stated objectives of this RFP, Avista anticipates three (3) primary Proposal scenarios:

1. **Power Purchase Agreement.** Bidder may submit a Proposal under a Project already in commercial operation or under an arrangement where Bidder will acquire the site, construct, retain ownership and operate the Project, and Avista will purchase some or all of the energy and capacity, including the associated RECs and all Environmental Attributes, at an agreed delivery point under a long term power purchase agreement, preferably a contract term of 20 years, however, longer contract terms will be considered.

[1] Environmental Attributes means generally the credits, benefits, reductions, offsets and other beneficial allowances with respect to fuel, emissions, air quality or environmental characteristics resulting from the use of certain resource generation or the avoidance of emissions.

2. **Power Purchase Agreement with a Purchase Option.** Bidder may submit a Proposal under which an initial Power Purchase Agreement grants Avista the option to purchase the Project during or at the end of the term of the Power Purchase Agreement, including all assets, properties and rights in the Project. Avista will consider Projects where energy delivery is prescheduled as firm, hour-ahead firm, shaped by season or during all months or integrated directly in Avista's balancing authority; and

3. **Avista Ownership of the Project.** Bidder may submit a Proposal under which Bidder will develop the Project and Avista would purchase the Project, either wholly or in part, upon commercial operation or another mutually agreed date. Avista ownership Proposals may include (i) a turn-key Project, (ii) joint development and co-ownership, or (iii) another mutually beneficial arrangement. Under an ownership arrangement, Avista will acquire title to the Project, will own all associated RECs and will realize tax credits and other available incentives.

In all cases, Bidder must include a term-sheet describing the pricing and other significant details of the Proposal, including, but not limited to:

- general ownership structure
- pricing
- taxes
- closing
- performance specifications and guarantees
- representations and warranties
- billing and payment
- scheduling
- title and risk of loss
- insurance
- damages (including performance based damages)
- default and termination
- limitation of liability
- indemnification
- dispute resolution
- allocation of costs and expenses
- proposals for ongoing operations and maintenance

Bidder must hold pricing firm for at least ninety (90) days.

II. TARGET SCHEDULE AND SUBMITTAL GUIDELINES

1. Avista intends to complete the RFP process by Monday, February 1, 2010, however the type and number of Proposals received may delay this schedule. Avista therefore notifies Bidders that **this schedule is subject to change.**

Target Date	**Action**
September 23, 2009	Avista issues RFP
September 30, 2009	Preliminary Telephone Conference
October 7, 2009	Notice of Intent to Respond Due
October 16, 2009	Mutual Confidentiality Agreement Deadline
October 23, 2009 5:00 pm Pacific Standard Time	Proposal Submittal Deadline

October 26, 2009 11:00 Pacific Standard Time)	Open Proposals at Avista Corporation Headquarters, Spokane, WA
November 13, 2009	Short List Selected and Selected Bidders Notified
November 2009 – January 2010	Clarifications, Evaluation, Due Diligence and Negotiations
February 1, 2010	Process Complete and Final Decision Announced

2. **Submittal of Proposals.** Preparation and submittal of each Proposal will be at the sole expense of the Bidder. All Notices of Intent to Respond must include Bidder's name and Project information including size, location and resource type. Notices of Intent to Respond should be delivered via email to 2009renewablesRFP@avistacorp.com. All Proposals will remain sealed until the first regular business day after the Proposal Submittal Date. For each Proposal submitted, Bidder must provide one complete, signed original Proposal as well as four (4) paper copies and one CD-Rom copy of all Proposal. Proposals must be delivered to the following address:

Avista Utilities
ATTN: 2009 RENEWABLE ENERGY RFP
C/O Steve Silkworth, MSC-7
1411 E Mission Avenue
Spokane, WA 99202-3727

Questions regarding the 2009 Renewable Energy RFP may be directed to **2009renewablesRFP@avistacorp.com.** Avista will post questions and answers for the benefit of all Bidders on Avista's RFP website at www.avistautilities.com/resources/renewable_rfp.asp.

3. **Modification of Proposals.** Bidder may modify their Proposal(s) in writing, provided that such modifications are made prior to the Proposal submittal Deadline.

III. EVALUATION PROCESS

1. Proposals will not be opened in public, however, representatives of the Washington Utilities and Transportation Commission (WUTC) and the Idaho Public Utilities Commission (IPUC) will be invited to attend.

2. Proposals will be evaluated and ranked against other Proposals submitted in response to this RFP. Proposals will first be screened to ensure they meet threshold criteria of the RFP including but not limited to site control, major component procurement, and a transmission solution to the Avista system. Avista may disqualify any Proposal from further consideration if the Proposal contains, in its sole discretion, material deficiencies or if the Proposal does not meet Avista's needs for any reason. Avista may grant an extension to cure minor deficiencies in a Proposal, in its sole discretion. Selection for further consideration will be based both on qualitative and quantitative factors consistent with the 2009 IRP, including but not limited to:

- **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%**

- **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%**

- **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%**

- **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%**

3. After completion of the initial evaluation process, those Proposals deemed to provide the greatest benefit to Avista's portfolio will be placed on a short list for further evaluation (Short List). Bidders whose Proposals are placed on the Short List will be notified and should be prepared to meet at Avista's corporate headquarters in Spokane, Washington to review their Proposals. Bidders must remain prepared to deliver the Project indicated in their original Proposal, subject to any changes mutually agreed to as part of the negotiation process. Failure by a Bidder to adhere to the original Proposal terms will be justification for Avista to cease negotiations and reject the Proposal at any time.

4. All Proposals will be retained by Avista and will not be returned to Bidder.

5. **LIMITATIONS**

AVISTA RESERVES THE RIGHT TO CANCEL OR MODIFY THE RFP, THE RFP SCHEDULE AND THE RFP PROCESS AS IT DEEMS NECESSARY OR TO COMPLY WITH REGULATORY ORDERS, RULES, REGULATIONS OR GUIDELINES WITHOUT LIABILITY OR OBLIGATION TO ANY BIDDER. AVISTA RETAINS SOLE DISCRETION TO DETERMINE WHICH PROPOSAL(S) WILL BE SELECTED FOR FURTHER REVIEW AND NEGOTIATION. ASPECTS OF BIDDER'S PROPOSAL MAY BE SUBJECT TO FURTHER INQUIRY TO SPECIFICALLY DEFINE THE OPERATION OF THE PROJECT, TO ENSURE ADEQUATE FINANCIAL AND CREDIT SUPPORT FOR BIDDER, TO ENSURE THAT THE PROJECT IS CONSISTENT WITH AVISTA'S REQUIREMENTS OR FOR ANY OTHER REASON. FURTHER INQUIRY SHALL NOT IMPLY THAT A PROPOSAL WILL BE SELECTED.

THERE SHALL BE NO BINDING CONTRACT UNTIL AVISTA AND BIDDER HAVE EXECUTED A FINAL DEFINITIVE AGREEMENT AND ANY APPICABLE IPUC AND/OR WUTC REVIEW HAS BEEN COMPLETED. IN ITS SOLE DISCRETION AND AT ANY TIME, AVISTA MAY SUBMIT ANY FINAL DEFINITIVE AGREEMENT TO THE IPUC AND/OR THE WUTC FOR REVIEW BEFORE SUCH AGREEMENTS ARE ENFORCEABLE BY BIDDER. IN ADDITION, AVISTA IS REGULATED BY THE FEDERAL ENERGY REGUALTORY COMMISSION (FERC) UNDER THE FEDERAL POWER ACT. ACCORDINGLY, AVISTA WILL CONSIDER THE REQUIREMENTS OF THE FEDERAL POWER ACT IN EVALUATING EACH PROPOSAL.

NEITHER THIS RFP, NOR ANY FURTHER CORRESPONDENCE OR DISCUSSION SHALL CONSTITUTE AN OFFER BY AVISTA, AND SUBMITTAL OF A PROPOSAL SHALL NOT BE DEEMED AN ACCEPTANCE. AVISTA RESERVES THE RIGHT IN ITS SOLE DISCRETION TO (i) NEGOTIATE ONLY WITH THOSE BIDDERS WHOSE PORPOSALS AVISTA BELIEVES IN ITS SOLE DISCRETION ARE REASONABLY

LIKELY TO LEAD TO A FINAL DEFINITIVE AGREEMENT SUBSTANTIALLY AS PROPOSED AND (ii) REJECT ANY AND ALL PROPOSALS AT ANY TIME BEFORE EXECUTION OF A FINAL DEFINITIVE AGREEMENT.

IV. CONFIDENTIALITY AGREEMENT

Each Bidder is required to enter into a confidentiality agreement with Avista by submitting two (2) executed originals of the Mutual Confidentiality Agreement, Exhibit 1, at least one (1) week before its Proposal is submitted. Avista will countersign and return one fully executed Mutual Confidentiality Agreement to Bidder. Avista may submit any Proposals to the WUTC and/or the IPUC for review, and Avista will take reasonable precautions to protect the confidentiality of confidential information disclosed to the WUTC and the IPUC. Refusal to allow Avista to release any information to the WUTC or IPUC will adversely affect consideration of a Proposal.

V. PROPOSAL REQUIREMENTS

All Proposals must adhere to the format provided below. Bidder must provide all information. If the information requested is not known, is unavailable, or is not applicable to the Proposal please indicate and provide a detailed explanation for any absences or omissions. Each Proposal must include a Title Page that identifies the renewable energy resource (i.e. wind, solar, geothermal, biomass, hydroelectric or other renewable resource) and states Bidder's name and contact information.

Proposal Requirements Table of Contents

1. Data Summary (Exhibit B)

1.1 General Information

1.2 Technical Information

1.3 Cost Information

2. Project Information

2.1 Location, Size, and Site Control

2.1.1 Identify the Project location. Provide a map with township, range, and sections that identifies the location of all key facilities, all transmission lines, roads, etc.

2.1.2 Describe the Project site in terms of the acreage required along with any adjacent land areas that are owned or controlled by Bidder. Identify opportunities to expand the Project and the requirements associated with any planned or potential expansion.

2.1.3. List all ownership documents, leases or easements, and certify that Bidder has control of the property and the legal right to construct and operate the Project. Specify the term of each such agreement.

2.1.4 Provide copies or a status of all site plans, land use analysis and permits related to the Project, including Conditional Use Permits.

2.2 Site Restrictions/Conditions

2.2.1 Identify all known and /or potential structures, reserves, parks, archeological or cultural sites, animal life, flora and fauna whose proximity to the Project could impact or jeopardize its commercial operation. Describe in detail potential impediments to construction and any proposed mitigation.

2.3 Project Capability, Availability

2.3.1 Provide resource nameplate capability along with expected net capacity, expressed in MW, delivered to Avista's transmission system. Describe any guaranteed minimum production levels.

2.3.2 Identify all major and ancillary equipment required for generation, the manufacturer, availability and status of or copies of supply, warranty, operations, maintenance and service agreements. Provide a brief description of the commercial applications for the equipment proposed.

2.3.3 Identify seasonal and yearly availability including likely planned maintenance schedules.

2.3.4 Provide the projected average net output in MWh in an Excel 12x24 matrix; that is, for each hour of each month, indicate the number of MWh expected to be generated in a typical hour. (See Exhibit 3 for suggested format).

2.3.5 Provide P75, P90 and P95 net output levels on a monthly basis for wind and solar Projects.

2.4 Operating Limitations

2.4.1 Provide a description of the operating characteristics of the resource. Identify any engineering, mechanical or operational limitations with respect to yearly, monthly, daily, or hourly startups. Provide details of any regulatory or permitting requirements that would impact the resource's operations.

2.4.2 Provide anticipated startup/ramp-up requirements and times.

2.4.3 Describe any flexibility that might be offered to Avista (e.g., ability to ramp intra-hour)

2.4.4 Describe existing or proposed procedures and requirements with respect to real time and prescheduled dispatching of the resource.

2.4.5 Describe planned or anticipated down time for maintenance.

2.5 Generation and Pollution Control Technology

2.5.1 Describe the make and model of all generation equipment. If the equipment has been previously used, provide the date of manufacture, previous location, hours of usage, scheduled maintenance requirements and maintenance history.

2.5.2 Identify any heat rejection equipment necessary for the generators operation. Describe the make and model of the equipment. If the equipment has been previously used, provide the date of manufacture, previous location, hours of usage, scheduled maintenance requirements and maintenance history.

2.6 Apprenticeship Program

2.6.1 Describe any labor used or planned during the construction of the Project that meets the requirements of Washington's Apprenticeship and Training Council program authorized by the Washington State Department of Labor and Industries that qualifies for the apprenticeship credit under RCW 19.285.040.

3. Pricing

Proposal pricing must specify all fixed and variable costs, escalation rates to be applied if any, and all other pricing information necessary for Avista to fully evaluate the Proposal.

In all cases, Bidder must include in its term-sheet, the following pricing information:

3.1 If Bidder submits a Proposal based on a Power Purchase Agreement, the Proposal price must include a price per MWh for energy and RECs produced and delivered to Avista's electric system, including any annual or monthly payments related to operations, maintenance and ownership costs, identify fixed plus variable costs or a combination of the above or other suitable pricing alternatives that may be proposed.

3.2 If Bidder submits a Proposal based on a Power Purchase Agreement with a Purchase Option, Bidder must include, in addition to the requirement of Section 3.1, specific pricing and escalation factors, timing, option windows, terms and conditions of sale and all proposed scheduling information and pricing related to training and ongoing operations and maintenance if the purchase option is exercised.

3.3 If Bidder submits a Proposal based on an Avista ownership or co-ownership arrangement, Bidder must include pricing for:

3.3.1 The outright purchase and operation of the Project by Avista at the date of commercial operation, including training to Avista's operating personnel; and/or

3.3.2 Co-ownership of the Project by Avista and the Bidder including either:

(i) Bidder having principle responsibility for continued operation; or

(ii) Avista having principle responsibility for continued operation and Bidder providing training to Avista's operating personnel.

3.4 Combinations of the above or other alternative pricing may be proposed.

4. Resource Supply

In addition to the general Project Information required in Section 2, above, all Bidders shall provide the following resource-specific information.

4.1 Wind

4.1.1 Describe the size, number and manufacturer of wind turbines that will be used. Provide a summary of the commercial operating experience for the turbine chosen. Provide proof of turbine procurement specifying the date when the turbines will be delivered to the site.

4.1.2 For each turbine design, provide the following information:

(i) Technical specifications

(ii) Tower type and proposed hub height

(iii) Design life

(iv) Level of certification achieved

(v) IEC design wind class (I, II or III)

(vi) Summary of performance guarantees and warranty

4.1.3 Describe the status of the turbine vendor review of the site plan.

4.1.4 Describe the availability of all ancillary equipment.

4.1.5 Specify the location and height for the towers and turbines (topography map of Project layout, showing anticipated placement of turbines and other Project facilities).

4.1.6 Provide a copy of completed or a status of in-progress studies and reports, including but not limited to:

(i) Conditional Use Permit and other land use studies and permits

(ii) FAA studies and permits

(iii) Long-range radar studies

(iv) Microwave beam path studies

(v) Radio wave interference studies

4.1.7 Identify the locations of anemometers used to assess the site's generation capabilities. Provide information regarding anemometer mounting configuration details (in particular, describe the distance the anemometer was located from the tower structure).

4.1.8 Provide a table containing measurements made at each on-site anemometer. Include the parameters measured at each height, the date each mast was commissioned, the date each was decommissioned, the data recovery rate from each instrument, and the period of record used for the wind resource assessment.

4.1.9 Provide all raw wind data files (RWD files) in electronic form. Avista requires at least one (1) year of raw wind data.

4.1.10 Describe the method of estimating the long-term energy resource characteristics of the site. If an off-site, long-term record or other technique, such as long-term numerical modeling study, is used for the adjustment, provide details of the correlation or other study method and indicate the amount that such method raised or lowered and energy estimate based on on-site data alone.

4.1.11 Provide a summary report of the energy estimate for the site, whether by independent meteorological consultant or in-house analysis. Provide a summary of qualifications of the analyst(s) for performing such work.

4.1.12 Provide a table that quantifies factors used to adjust a gross energy estimate to the net energy estimate. Include estimates for the following:

(i) Adjustment of on-site data to reflect a projected long-term resource;
(ii) Topographic adjustments;
(iii) Array (wake) losses;
(iv) Electrical losses between turbines and the point of Project revenue metering, and specify clearly the point of metering (e.g., on the low side of the Project transformer or the point of interconnection with the transmission provider);
(v) Availability;
(vi) Icing and blade degradation;
(vii) High wind hysteresis;
(viii) Substation and infrastructure maintenance;
(ix) Power curve adjustment; and
(x) Wind sector management.

4.1.13 Provide the calculated site annual mean wind speed at hub height.

4.1.14 Provide a table and graph in Excel depicting the typical annual hub-height wind speed distribution in 0.5 m/s intervals. Such distribution should be consistent with the energy data supplied for the above requests.

4.1.15 Provide a wind rose for all available wind data.

4.2 Solar

4.2.1 Describe the proposed solar technology type.

4.2.2 Provide summary of all collected solar data.

4.2.3 Describe the sources of insolation data, either onsite, satellite, or a nearby station. If using a nearby station, state the exact distance from that station. Provide all data.

4.2.4 Identify the number of years of solar data, and the accuracy of the data. Avista requires at least one (1) year of solar data.

4.2.5 Describe the method used to calculate the estimated generation from the solar insolation data.

4.2.6 Identify the source of solar panel supply and the level of certainty in the pricing provided.

4.3 Geothermal

4.3.1 Provide all collected geothermal data.

4.3.2 Provide an assessment of the geothermal resource quality, quantity and projected production levels.
4.3.3 Identify other projects that use the same or similar technology.
4.3.4 Describe any other existing geothermal facilities in the resource area and characterize their production and their anticipated impact, if any, on the Project.

4.4 Biomass

4.4.1 Describe if and how the Project qualifies for the Washington State RPS under RCW 19.285.
4.4.2 Identify the fuel, its inherent benefits to the Project and the long-term supply plan. Provide assessments of quantity and quality of supply, transportation distances and costs related to the delivery of fuel supplies. Identify all associated risks.
4.4.3 Describe on-site storage requirements, on-site delivery mechanisms, and backup fuel or co-firing requirements along with associated costs and personnel needs.
4.4.4 Identify any aspects of the fuel source that are unique or have special acquisition, handling, storage or firing requirements and how those issues will be addressed.
4.4.5 If the fuel is woody biomass, provide the source of the wood and percentage that is old-growth vs. new-growth in accordance with requirements of RCW 19.285.

4.5 Hydroelectric

4.5.1 Describe if and how the Project qualifies for the Washington State RPS under RCW 19.285.
4.5.2 Identify if the Project is run-of-river or has storage capability. Identify the volume of the storage and any hourly, daily or seasonal restrictions to the use of the storage for power production.
4.5.3 Provide monthly flow duration curves based upon daily streamflow records.
4.5.4 Provide all streamflow gauging records associated with the site in electronic form.
4.5.5 Hydroelectric Projects located in protected areas as designated by the Northwest Power and Conservation Council must demonstrate qualification for an exception or exemption.

4.6 Other Renewable Resources

4.6.1 Describe if and how the Project qualifies for the Washington State RPS under RCW 19.285.
4.6.2 Provide a description of the fuel source. Identify its thermal, delivery and storage characteristics.
4.6.3 Provide an estimate of the average generation expected from the fuel source over the life of the Project. Describe the methodology and expertise used to arrive at the generation estimates.

4.6.5 Identify any other aspects of the fuel source that are unique or have special acquisition, handling, storage or firing requirements.

5. Environmental Permits

Bidder must include information regarding all steps taken to comply with local, state and federal environmental permitting requirements including, but not limited to, the areas listed below. In addition, each Proposal must include a summary of the actions Bidder has taken to develop and encourage public, local, state and federal governmental entities and where applicable, Native American nations', support for the Project, including testimonials or other written expressions of support.

5.1 Inspections and Compliance

5.1.1 Provide copies of all state and federal environmental inspection reports or audits related to the Project issued to the Bidder during the last three years.

5.1.2 Provide a list of all Notices of Violations, fines or penalties paid by the Bidder or any of its subcontractors during the last three years.

5.1.3 Provide a summary of all active enforcement orders, consent decrees or other enforcement actions referring to regulations, site cleanup or liability.

5.2 Emissions

5.2.1 Provide estimates of expected emissions for the primary pollutants, including greenhouse gases. These estimates should be stated in pounds per hour per pollutant and in tons per year per pollutant based upon the highest, most optimum and lowest expected operating levels for the resource. Any limits on emissions must be stated.

5.2.2 Describe any emission control equipment. Provide an overview of technical specifications of the emission control equipment.

5.2.3 Describe any greenhouse emissions offsets or programs associated with this Proposal.

5.3 Air Quality

5.3.1 Identify applicable air quality standards, permitting requirements, and how the current plans meet or exceed those requirements. Provide documentation.

5.3.2 Describe if the Project will be in compliance with NSR and/or PSD compliance standards.

5.3.3 Describe what type of continuous emission monitoring system (CEMS) will be installed at the resource.

5.3.4 Describe any impact the Clean Air Mercury Rule will have on the resource.

5.3.5 Describe the resource's plan for implementation or adherence to any applicable regional haze rules.

5.4 Solid Waste and By-Products

5.4.1 Describe the solid wastes produced by the resource. Include a disposal plan and identify necessary permits with estimated costs that include disposal costs, transportation and tipping fees.

5.4.2 Describe the types and quantity of any other wastes (solid or hazardous) and how they will be managed.

5.4.3 Describe any co-products and by-products, including but not limited to:

- Quantities per year
- Firm existing markets
- Long-term contracts for co-products or by-products (including pricing)
- Existing or planned permits for land application
- Whether the Project is financially viable if future markets fail and the co-products or by-products require disposal at a permitted waste site

5.5 Wastewater and Storm Water

5.5.1 Describe the Project's wastewater treatment system.

5.5.2 Provide a copy of all water permits including Clean Water Act, underground injection, Publicly Owned Treatment Works or land application authorization.

5.5.3 Provide cost estimates for the wastewater plan.

5.6 Emergency Planning

5.6.1 Provide a list of hazardous chemicals or substances that will be kept on site.

5.6.2 Provide a copy of the Project's Risk Management Plan.

5.7 Spill Prevention

5.7.1 Describe whether the facility will maintain distillates on site for backup generation.

5.7.2 Describe the types of dikes and liners used for tank farm spill containment if applicable.

5.7.3 Provide a copy of the Project's Spill Prevention Plan.

5.8 Environmental Siting, Construction, and Land Use

5.8.1 Provide copies of any environmental impact or assessment studies relating to the Project.

5.8.2 Provide copies of all permits or other governmental approvals or disapprovals related to Project siting or construction activities.

5.8.3 Describe known and anticipated issues with respect to the Project's visual impact and baseline issues. Describe any mitigation efforts or plans.

5.9 Avian and Wildlife Issues

5.9.1 Provide copies of any environmental impact or assessment studies relating to avian and wildlife issues and the Project.

5.9.2 Provide copies of all permits, or permit applications and agreements with Fish and Wildlife agencies.

5.9.3 Describe known and anticipated issues with respect to loss of wildlife habitat, mortality, and in the case of wind, specific information about the impact to avian mortality and all mitigation efforts or plans.

5.9.4 Provide documentation that all necessary studies have been satisfactorily completed, or a current status, to meet Project permitting, construction and delivery time frames.

5.10 Environmental Attributes/Renewable Energy Certificates

5.10.1 Identify the quantity and type of environmental attributes and RECs that the Project will generate. Bidder must assign all RECs associated with the Project to Avista.

6. Interconnection Points and Transmission

Avista will consider Projects located both inside and outside of Avista's transmission system and/or Avista's balancing authority area.

6.1 For Projects that will not directly interconnect with Avista's transmission system, Bidder must identify all long term, firm, point-to-point third party transmission service arrangements that are in place or will be in place to facilitate the delivery of the electricity to Avista's transmission system. Bidder shall specify that Avista shall have the right to designate the Project resource as a network resource and attest to this designation as required. Bidder shall identify the point of delivery where the electricity will be delivered to the Avista transmission system, as well as the maximum capacity (MW) to be delivered. Bidder shall specify the balancing authority area in which the Project will reside. Bidder shall be responsible for all costs related to transmission services (including losses) and delivery of electricity to the point of delivery.

6.1.1 For Projects that reside outside of Avista's balancing authority area, describe the acquisition plan for the following:

(i) Supply of operating reserves;

(ii) Scheduling Agent services

(iii) Supply of regulating reserves

(iv) Any other required ancillary services

6.2 For Projects that will directly interconnect to Avista's transmission system, Bidder must provide a point of interconnection as determined independently by Avista's transmission department. Projects directly interconnected to Avista's transmission system shall be designated as a network resource.

6.3 In all cases, Bidders must demonstrate that:

6.3.1 the Project is in the generation interconnection queue and/or transmission service queue for any and all relevant transmission provider(s), including Avista. Bidder must include the queue number;

6.3.2 if the Project is directly interconnecting to the Avista transmission system, the Bidder has requested Network Resources Interconnection Service for the Project under Avista's Open Access Transmission Tariff;

6.3.3 for generation interconnection, Bidder must include the status of the necessary interconnection feasibility studies, interconnection system impact studies and interconnection facilities studies required to interconnect the Project. If the studies are complete, copies of such studies must be included in the Proposal;

6.3.4 if the Project is not directly interconnected to Avista's transmission system, Bidder has requested generator interconnection service from a host system and long term firm point-to-point service from the Project point of interconnection to a point of delivery on the Avista transmission system and that activities associated with these requests are complete or in progress. Bidder must include the status of the necessary long term firm point-to-point transmission service request from the host system to a point of delivery on the Avista transmission system. If it has been determined that transmission capacity is not available, include the status of the transmission system impact studies and transmission facilities studies associated with the firm point-to-point transmission service request. If the studies are complete, copies of such studies must be included in the Proposal.

Additional information regarding generation interconnection may be obtained from Warren Clark of Avista's transmission department at 509.495.4186, warren.clark@avistacorp.com or at the following website http://www.oatioasis.com/avat/index.html under Generation Interconnection Process. Transmission limitations will be considered during the selection process.

7. Legal and Financial

Each Proposal must contain the following information:

7.1 Description of the current or proposed legal status of Bidder, the state of incorporation and all affiliated companies, including holding companies, subsidiaries, and predecessor companies presently or in the past engaged in developing and/or implementing similar projects.

7.2 Any known commercial affiliations, partnerships, alliances or conflicts of interest with Avista Corporation, any of its affiliates, and their respective employees, officers or directors.

7.3 A list of all material lawsuits or contested proceedings, known or reasonably anticipated, in which there were adverse results to Bidder or where adjudication is pending.

7.4 Audited financial statements for the past three years of operation.

7.5 The structure and status of a plan for Project financing. Include major provisions of the plan along with any milestones the Project must meet for ongoing financing.

7.6 All anticipated credit support arrangements and parental, subsidiary, and venture relationships that are pertinent to the Project, including Bidder's ability to provide a parent company guaranty, performance bond, letter of credit or other form of security.

7.7 Pro forma financial projections that include all financing assumptions along with projected cash flow, income statements, balance sheet, use of funds, and a schedule for construction draws for Bidder's proposed Project(s).

7.8 A summary of major capital and operating expenses along with a budget for projected capital costs, site acquisition, improvements, permitting, construction, testing and commissioning, operating and maintenance along with other appropriate inclusions.

7.9 A summary of the implications of federal Production Tax Credits, Investment Tax Credits or similar incentives on the viability of the resource and delivery.

7.10 A list of any current credit issues raised by rating agencies, banks, or accounting firms and a list of all credit ratings from the major rating agencies, if available. A credit worthiness evaluation will be conducted on each Bidder.

8. Experience and Qualifications

Each Bidder shall provide:

8.1 Three or more references from similar projects where Bidder, or its affiliates, has implemented similar technology. Provide telephone numbers for these references. If Bidder has completed fewer than three projects, Bidder shall identify the projects and provide references from each former project.

8.2 A general description of Bidder's background and experience in projects similar to this Proposal, including a list of projects developed, financed and operated by Bidder.

8.3 A list of prior organizations for which key management team members have worked if such organizations have developed and/or implemented energy projects in the form of a short biography.

8.4 Any other pertinent information regarding Bidder's experience and qualifications related to its Proposal.

9. Maintenance and Operations

9.1 Maintenance and Operations Plan

9.1.1 Describe the operations and maintenance plan and any logistical issues.
9.1.2 Identity entities or persons responsible for key activities.
9.1.3 Describe procedures or plans to ensure availability of spare equipment.
9.1.4 Provide copies of any executed Operations, Maintenance and other Project related services contracts or agreements.

9.2 Maintenance and Operations Qualifications

9.2.1 Provide a description of Bidder's experience providing maintenance and operations for the same or similar Project or equipment. If Bidder intends to use a third party provider, include that party's qualifications.
9.2.2 Provide three or more references from projects where Bidder is either currently providing maintenance and operation services or has provided such services in the past. Provide telephone numbers for these references. If Bidder has fewer than three projects, Bidder shall provide references from each project.

10. Project Status and Schedule

10.1 Project Development Status

10.1.1 Provide Project schedules for the following:

(i) site acquisition
(ii) permitting
(iii) construction
(iv) initial delivery
(v) commercial operation

10.1.2 Include a separate schedule for each major Project activity.

10.1.3 Describe all Project related arrangements and commitments, including but not limited to, contracts related to supply, warranty, maintenance and services, letters of intent and memoranda of understanding. Provide copies of executed, long lead-time supply contracts including, but not limited to Turbine Supply Agreements and other generation supply agreements.

10.1.4 Describe measures that have been taken to assure that the schedule will be met, such as purchase of equipment with long lead times, incentives, etc.

11. Other Requirements

11.1 Bidder must be responsible for the Project and each Bidder must sign, date and certify their bid. Such certification must state in writing that:

11.1.1 The Proposal is signed by a duly authorized officer or agent of the Bidder;

11.1.2 The Proposal is genuine, truthful, lawful and not submitted on behalf of any other party; and

11.1.3 Bidder has not directly or indirectly solicited any other Bidder to refrain for submitting a Proposal or sought for itself an illegal advantage over any other Bidder or induced another Bidder to submit a false or misleading Proposal.

12. Exhibits (Also provided as separate documents)

12.1 Exhibit A – Mutual Confidentiality Agreement

12.2 Exhibit B – Data Summary

12.3 Exhibit C – Energy Delivery and Capacity Data

EXHIBIT A

MUTUAL CONFIDENTIALITY AGREEMENT

_____ ("Bidder") and Avista Corporation ("Avista") acknowledge and agree to abide by the terms of this Confidentiality Agreement related to Avista's 2009 Renewable Energy Request for Proposal ("RFP").

Confidential Information. The term Confidential Information shall mean all confidential or proprietary documents, materials and information revealed by one party (as the "Disclosing Party") to the other party (as the "Receiving Party") related to the RFP, Proposal(s), subsequent correspondence, discussions and negotiations including, but not limited to, information regarding generating equipment, technology, data, leases, sites, plans, studies, schedules, transmission arrangements, costs, pricing, financial statements, marketing, customer lists and the terms of proposed business arrangements involving electric power resources. All Confidential Information must be marked "Confidential" or otherwise clearly identified in writing as Confidential Information. If Confidential Information is disclosed in a form other than writing, its confidential nature shall be confirmed in writing by the Disclosing Party within ten (10) business days after the date of disclosure.

Exclusions. Confidential Information shall not include information which (a) is publicly available when disclosed; (b) becomes publicly available without breach of this Confidentiality Agreement; (c) is rightfully acquired and in the Receiving Party's possession without restriction, or (d) is independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information.

Obligations and Use. To the extent permitted by law, each party shall protect any shared Confidential Information from disclosure to others, using the same degree of care used to protect its own confidential or proprietary information, but in any case, no less than reasonable care. The Receiving Party may use the Disclosing Party's Confidential Information only for purposes related to the RFP provided however that Avista may use Confidential Information in its communications and filings with the Washington Utilities and Transportation Commission, the Idaho Public Utilities Commission, the Federal Energy Regulatory Commission (collectively, the "Commissions") and as required under any other state or federal law or regulation. Avista shall take reasonable precautions to protect the confidentiality of Confidential Information so disclosed. No licenses or rights under any patent, copyright, trademark, or trade secret are granted or are to be implied by this Confidentiality Agreement.

Disclosure Pursuant to Legal Requirements. Notwithstanding any provision to the contrary, a disclosure that otherwise would be prohibited by this Confidentiality Agreement shall be permitted if such disclosure is required by a judicial, regulatory or administrative body of competent jurisdiction. A party that receives any such demand shall:

(a) provide the Disclosing Party prompt notice of the demand; and
(b) take reasonable steps and provide reasonable assistance to the Disclosing Party to preserve the confidentiality of the Confidential Information.

Return of Information. If the Bidder is not selected by Avista to negotiate a definitive agreement, or if Bidder determines at any point in time after receipt of the RFP that it does not wish to submit a proposal to Avista in response to the RFP, the Bidder shall return all Avista Confidential Information to Avista and shall certify in writing that it has not retained any copies or made any unauthorized use or disclosure of the information contained therein. Avista shall be entitled to retain Bidder's Confidential Information subject to the terms of this Confidentiality Agreement.

Term. This Confidentiality Agreement shall become effective on the date last executed below (the "Effective Date") and shall terminate one (1) year following the effective date, provided however that the obligation of confidentiality shall extend two (2) years from the date that the Confidential Information is disclosed.

Remedies. Each party acknowledges that any breach of the provisions of this Confidentiality Agreement could cause irreparable injury to the Disclosing Party for which monetary damages may not be an adequate remedy. Accordingly, if

a breach occurs or is imminent, the Disclosing Party shall be entitled to seek injunctive relief as it deems necessary to prevent or remedy such breach. **IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL OR INDIRECT LOSSES OR DAMAGES (IN TORT, CONTRACT OR OTHERWISE) UNDER OR IN RESPECT TO THIS CONFIDENTIALITY AGREEMENT OR FOR ANY FAILURE OR PERFORMANCE RELATED HERETO HOWSOEVER CAUSED.**

Integration and Modification. This Confidentiality Agreement constitutes the entire understanding between the parties concerning the Confidential Information and supersedes any previous written or oral agreements regarding the same. No change, modification, addition to or waiver of any provision of this Confidentiality Agreement shall be binding unless in writing and signed by an authorized representative of each party.

Choice of Law. This Confidentiality Agreement shall be binding upon the parties and their respective legal successors and shall be governed by and interpreted in accordance with the laws of the State of Washington, excluding its conflict of laws rules.

Counterparts. This Confidentiality Agreement will be signed in separate counterparts. The effective date shall be the date upon which it is last signed by a party.

Agreeing to be legally bound, the signatories represent that they are authorized to enter into this Confidentiality Agreement on behalf of the party for whom they sign:

Bidder	**Avista Corporation**
By: _____	By: _____
(Signature)	*(Signature)*
_____	_____
(Printed Name, Title)	*(Printed Name, Title)*
_____	_____
(Date)	*(Date)*

EXHIBIT B
DATA SUMMARY

Bidder must complete the template below and return it to Avista as part of their Proposal submittal.

General Information	
Primary Contact	
Contact Name	
Name of Company	
Address	
Phone	
E-mail	
Alternate Contact	
Contact Name	
Name of Company	
Address	
Phone	
E-mail	
Project	
Project Name	
Location	
Developer(s)	
Owners(s)	
Expected Date to Begin Construction	
Expected Commercial Operation Date	

Proposed Commercial Arrangement (price, terms, and conditions summary)	
Asset Purchase and Sale Agreement	
Power Purchase Agreement	
Exchange Agreement	
Other	

Technical Information	
Proposal Technology Type (Wind, solar, biomass, geothermal, etc.)	
Nominal Capacity (Capability in MWs AC) of Generation Source; number and size of units and manufacturer	
Estimated Annual Energy (aMW)	
Annual Capacity Factor (%)	
Average annual minimum and maximum Heat Rate values (Btu/kWh, HHV) at the project location	
Expected Equivalent Availability Factor (%)	
Describe resource dispatchability	
Expected Annual Forced Outage Rate (%) (This should include only forced outages and unplanned maintenance)	
Expected Average Annual Planned Maintenance Requirements (days/ year)	

Capacity Information			
Start up time for hot, warm and cold starts (hours)			
	Hot	**Warm**	**Cold**
Minimum on-line time (hours)			
Minimum down time (hours)			
Minimum operating load (MW)			
		Baseload	
Heat rate (Btu/kWh)			

Fuel Supply			
Fuel Requirements at Nominal Capacity			
	MMBtu/hr	**MMBtu/lb**	**cfs**
Fuel Type (primary fuel and backup, if any)			
Fuel Supply quantity and term			
Fuel Transportation (e.g. rail, truck, etc)			
Is Transportation Secured?			

Interconnection and Transmission	
For wind generation projects, do the proposed generating machines comply with FERC Order No. 661-A? If not, how can they be modified to comply?	
Interconnection Point	
Point of Delivery	
Transmission Provider(s)	
Describe transmission arrangements for delivery to Avista's system	

Permitting	
Permits and approvals that have been received	
Permits still outstanding	

Other	
Other Matters of Note	

Cost Information (in USD; specify valuation year if not 2009 dollars)	
Capital Costs (Total $)	
Estimated EPC Capital Cost (based on Nominal Capacity)	
Interest During Construction	
Other Financing Costs	
Taxes	
Development Fee	
All Other Capital Costs (including real estate, development, permitting, transmission interconnection and system upgrade costs)	
Capital Cost (Total $ and $/kW)	
Operating Costs (Total $ and $/MWh)	
Estimated Fixed Annual O&M Cost and Escalation	
Estimated Variable O&M Cost and Escalation	
Estimated Annual Fuel Cost and Escalation	
Estimated Annual Property Taxes and Escalation	
Estimated Annual Insurance and Escalation	
Other Annual Operating Costs and Escalation (include all taxes)	
Transmission Estimated Annual Cost (Total annual $ and $/kW-month) and % losses	
Total Operating Cost as Delivered to Avista's System	

EXHIBIT C
Energy Delivery
MWh/h at the Project's Point of Interconnection

Sponsor: _____

Project: _____

Date: _____

Hour	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
1													
2													
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													
21													
22													
23													
24													
Average													

Capacity
in MW at the Project's Point of Interconnection

Sponsor: _____

Project: _____

Date: _____

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
MW Capacity													