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July 26, 2004

To: Interested Parties

Subject: Addendum 1 to Request for Proposal (RFP) Renewable Energy Supply

The Los Angeles Department of Water and Power (Department) hereby notifies interested parties that the Request for Proposals for Renewable Energy Supply issued June 30, 2004 is amended as follows:

**A. Changes to Environmental Compliance Plan requirements**

Section 4.2.5 on page 4-3 of the RFP is amended to read as follows:

**4.2.5 Environmental Compliance Plan**

Include a description of how the facility and linear facilities comply or will comply with all applicable environmental laws and regulations. For any new facilities, provide a schedule showing when permits and approvals will be secured and describe how this will be coordinated within the overall construction and development schedule. Describe any existing on-site environmental issues of concern such as site contamination, lack of waste disposal area, species of concern, emissions compliance (if applicable), and any other known environmental issues potentially having a negative impact on the ability to complete project acquisition or meet the long-term obligations of a power supply agreement. Describe the land uses adjacent to and in proximity of the site. Describe current or planned efforts to build local community support.

**For projects in California in which LADWP will either own, have partial ownership or where the project will be transferred to LADWP, LADWP will be the lead agency under the California Environmental Quality Act.**

**Water and Power Conservation ...a way of life**

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## B. Schedule Extension

We have extended the schedule. Table 6-1 on page 6-1 of the RFP is amended to read as follows:

**Table 6-1. RFP Schedule.**

1	Issuance of RFP	June 30, 2004
2	Pre-Proposal Conference	July 13, 2004, 1:00 pm
3	Latest Date for Questions to be Submitted	<del>July 26, 2004</del> <b>August 23, 2004</b>
4	RFP Proposal Due Date	<del>August 13, 2004,</del> <b>September 13, 2004, 3:00 pm</b>
5	RFP Evaluation Period	<del>10 weeks</del> <b>8 weeks</b>
6	Issue RFP Results/Short-List	<del>October 22, 2004</del> <b>November 8, 2004</b>
7	Start Negotiations with Short-Listed Respondents	November 22, 2004

All other references to the schedule in the RFP document are adjusted accordingly.

## C. Proposal Security

Section 6.6 is amended as follows:

### 6.6 Proposal Security

All proposals must also indicate agreement with LADWP's measures to ensure performance of the Respondent's obligations. LADWP requires a Respondent placed on the proposal short-list and chosen to begin negotiations to furnish in favor of LADWP an irrevocable letter of credit or bank guarantee, issued by a reputable financial institution or commercial bank satisfactory to LADWP, in the amount of \$5/MWh of the estimated annual net electricity generation (consistent with information supplied in the Technical Proposal Form). This Proposal Security must remain in full force and effect for the lesser of: A) a period lasting 270 days from the start of negotiations, or B) until an Agreement is executed. **The 270 days will commence at the start of negotiations, which is defined to be the date on which LADWP receives a proof that the Proposal Security is in place. This action indicates that the bidder accepts LADWP's shortlist and is prepared to enter into negotiations. Bidders will have 10 days to produce the Proposal Security once notice of shortlisting has been made.** The Proposal Security can be called upon by LADWP up to the full amount if negotiations are not completed

within 270 days and if, in LADWP's sole judgment, the Respondent has not negotiated in good faith or in accordance with the pricing parameters set forth in its proposal. The 270- day negotiating period may be extended by LADWP at its discretion and upon consent of the Respondent; if the negotiating period is so extended, the Proposal Security must be likewise extended.

#### **D. Delivery Point Correction**

The RFP Appendix A mistakenly identified **Midpoint 500 kV** as a potential Delivery Point. This should be **Midway 500 kV**.

Further, the Pine Tree Wind Development Project interconnection stations (Barren Ridge Switching Station 230 kV and Pine Tree Switch Yard 34.5 kV) are added as an acceptable Delivery Points. (For more information on the Pine Tree Wind Development Project interconnection points go to: <http://www.ladwp.com/ladwp/cms/ladwp004156.jsp>.) These stations are expected to be in-service by the end of 2005.

Therefore, the list of power delivery points provided in Page A-1 is amended as follows:

- Malin 500 kV
- ~~Midpoint~~ **Midway** 500 kV
- Celilo for delivery at NOB ± 500 kV
- Sylmar 230 kV
- Owens Gorge 230 kV
- **Barren Ridge 230 kV**
- **Pine Tree 34.5 kV**
- Gonder 230 kV
- Mona 345 kV
- Adelanto 500 kV
- Victorville 500 kV
- Victorville 287 kV
- Mead 230 kV
- Mead 500 kV
- McCullough 500 kV
- Marketplace 500 kV
- Eldorado 500 kV
- Mohave 500 kV
- Westwing 500 kV

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- Palo Verde 500 kV
- Navajo 500 kV

### **E. Draft Agreements**

The RFP Appendices B is amended as follows:

Appendix B.1. Draft Power Purchase Agreement

Appendix B.2. Terms for LADWP Project/ Facility Ownership

These documents will be available in the RFP website within ~~two~~ **seven** weeks of the issuance of the RFP. Copies may also be obtained by sending request to the contact emails provided in the RFP Section 6.3.

### **F. Insurance Requirement**

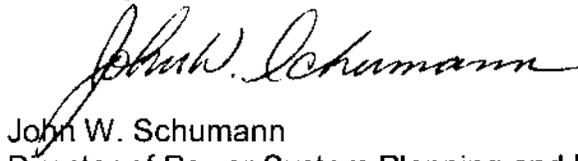
The RFP Appendices K is amended as follows:

This document will be available in the RFP website within ~~two~~ **seven** weeks of the issuance of the RFP. You can also request copies from the contact emails provided in the RFP.

All other requirements set forth in the original RFP remain in effect.

The Department appreciates your continued efforts and looks forward to your response. Questions related to the RFP above should be directed to Mr. Mohammed Beshir at [mohammed.beshir@ladwp.com](mailto:mohammed.beshir@ladwp.com).

Sincerely,



John W. Schumann  
Director of Power System Planning and Projects

c: Mr. Mohammed Beshir