

Evaluation of Non-Wires Proposals  
Respondent A

| ISO Evaluation Criteria  | Respondent Information  | Management's evaluation  |
|--|---|--|
| <p>1) The Qualified Resource's capability to commence providing peak capability or peak load management service on the Availability Date (4/1/01).</p>   | <p>Respondents states that it will be able to deliver up to 91 MW of the requested service as of April 1, 2001. Respondent has included a Project Schedule that indicates that all necessary land rights, permits, fuel and water arrangements and all other necessary arrangements will be completed by March 2001.</p>  | <p>Management is satisfied that Respondent A has satisfied criteria (1).</p>   |
| <p>2) The Qualified Resource's operating characteristics, including such Resource's capability to fully meet the reliability concerns addressed by the transmission expansion alternative.</p>   | <p>Respondent proposes to utilize standard combustion turbine and integrated photovoltaic technology (up to 200 kW). Respondent indicates that the natural gas combustion turbine equipment is in stock and indicates that equipment may be one of four reputable manufacturers. Respondent indicates that the photovoltaic technology will provided from proven vendors and California operations.</p> | <p>Management is satisfied that Respondent A has satisfied criteria (2).</p>   |
| <p>3) For proposals to provide service through Grid Generation Facilities, Respondent's agreement to execute a PGA in the form of the PGA Pro Forma attached as Exhibit B and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C"; and for proposals to provide service through Peak Load Management Projects, Respondent's agreement to execute a PLA in the form of the PLA Pro Forma attached as Exhibit D and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C".</p> | <p>Respondent has not indicated its agreement to execute either the Pro Forma PGA or the Pro Forma Pilot Agreement.</p>   | <p>As noted, Respondent has not explicitly indicated its willingness to execute the necessary agreements with the ISO. Management believes that it is critical that each respondent execute the applicable agreements. To the extent that the Board selects Respondent A, Management recommends that as a condition of such selection, Respondent be required to execute the Pro Forma PGA and Pilot Agreements.</p> |

## Evaluation of Non-Wires Proposals

## Attachment C

|  |   |  |
|--|---|--|
| 4) The adequacy of the type and amount of performance security Respondent proposes to provide to secure its performance of contractual commitments made under any awarded agreement. | Respondent has stated that it shall provide a corporate guarantee from its parent company in an amount and form mutually agreeable to Respondent and the ISO.   | Management is satisfied that Respondent A has satisfied criteria (4).  |
| 5) The adequacy of Respondent's cost justification for the locational incentive proposed in its bid.   | Respondent states that because the type of service the ISO has requested is peaking service, the ISO is targeting the use of peaking technologies. Respondent states that Energy plants are typically larger in capacity, utilizing machines of different characteristics and have low heat rates, run long hours and have different impacts and therefore are not well situated to provide the requested service. Respondent states that because the ISO targeting peaking capacity, the plant is likely to run only a limited number of hours and, because of its location near urban areas, is subject to more stringent air and use restrictions. Respondent believes that because of the limited market opportunities and that fact that the project has to be attractive to the developer, the locational incentive equals the total cost of equipment, construction, O&M and salvage and removal costs, less the limited revenues to be extracted from the market. | Management believes that Respondent A's proposal should be considered. |
| 6) Ability to provide proposed services.   |   | Management is satisfied that Respondent A has satisfied criteria (6).  |

Respondent B

| ISO Evaluation Criteria  | Respondent Information   | Management's evaluation  |
|--|--|--|
| <p>1) The Qualified Resource's capability to commence providing peak capability or peak load management service on the Availability Date (4/1/01).</p>   | <p>Respondents states that it will be able to deliver up to 85 MW of the requested service as of June, 2001. Respondent has <u>not</u> included a Project Schedule that indicates that all necessary land rights, permits, fuel and water arrangements and all other necessary arrangements will be completed by requested service date.</p> | <p>Management is <u>not</u> satisfied that Respondent B has satisfied criteria (1). To the extent that the Board selects Respondent B, Management recommends that as a condition of such selection, Respondent be required to demonstrate that it can provide the requested service on the date requested.</p>   |
| <p>2) The Qualified Resource's operating characteristics, including such Resource's capability to fully meet the reliability concerns addressed by the transmission expansion alternative.</p>   | <p>Respondent proposes to utilize standard combustion turbine technology. Respondent indicates that the natural gas combustion turbine equipment (LM 600) is scheduled for delivery in May 2001.</p>   | <p>Management is satisfied that Respondent B has satisfied criteria (2) and that the specified technology is capable of providing the requested service. However, Respondent has indicated that the generating equipment will not be delivered by the Manufacturer until May 2001.</p>   |
| <p>3) For proposals to provide service through Grid Generation Facilities, Respondent's agreement to execute a PGA in the form of the PGA Pro Forma attached as Exhibit B and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C"; and for proposals to provide service through Peak Load Management Projects, Respondent's agreement to execute a PLA in the form of the PLA Pro Forma attached as Exhibit D and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C".</p> | <p>Respondent has not indicated its agreement to execute either the Pro Forma PGA or the Pro Forma Pilot Agreement.</p>  | <p>As noted, Respondent has not explicitly indicated its willingness to execute the necessary agreements with the ISO. Management believes that it is critical that each respondent execute the applicable agreements. To the extent that the Board selects Respondent B, Management recommends that as a condition of such selection, Respondent be required to execute the Pro Forma PGA and Pilot Agreements.</p> |
| <p>4) The adequacy of the type and amount of performance security Respondent proposes to</p>   | <p>Respondent has <u>not</u> provided information as to the amount and form of performance security it is willing to</p>   | <p>Management is <u>not</u> satisfied that Respondent B has satisfied criteria (4).</p>  |

## Evaluation of Non-Wires Proposals

## Attachment C

|  |   |  |
|--|---|--|
| provide to secure its performance of contractual commitments made under any awarded agreement.       | provide to the ISO.   |  |
| 5) The adequacy of Respondent's cost justification for the locational incentive proposed in its bid. | Respondent has <u>not</u> provided cost justification for the locational incentive proposed in its bid. | Management is <u>not</u> satisfied that Respondent B has satisfied criteria (5). |
| 6) Ability to provide proposed services.   |   | Management is satisfied that Respondent B has satisfied criteria (6).            |

| ISO Evaluation Criteria  | Respondent Information  | Management's evaluation  |
|--|---|--|
| <p>1) The Qualified Resource's capability to commence providing peak capability or peak load management service on the Availability Date (4/1/01).</p>   | <p>Respondents states that it will be able to deliver the requested service in the following power blocks: 5 MW by 4/1/01; 15 MW by 4/02; and a minimum of 30 MW by 4/03. Respondent has included a Project Schedule with respect to the first 5 MW that indicates that all third-party contracts, equipment, necessary land rights, permits, fuel and water arrangements and all other necessary arrangements will be completed by requested service date.</p> | <p>Management is satisfied that Respondent C has satisfied criteria (1). To the extent that the Board selects Respondent C, Management recommends that as a condition of such selection, Respondent be required to file monthly reports as to its progress in contracting with the necessary customers in the targeted area and therefore it ability to provide the requested service.</p> |
| <p>2) The Qualified Resource's operating characteristics, including such Resource's capability to fully meet the reliability concerns addressed by the transmission expansion alternative.</p>   | <p>Respondent proposes to utilize on site generation to provide Peak Load Management Service in prescribed blocks beginning in 2001. Respondent states that upon direction of the ISO, Respondent will start up gas fired generation and remove a portion or all of the customer load from the distribution grid.</p>   | <p>Management is satisfied that Respondent C has satisfied criteria (2) and that the specified technology is capable of providing the requested service. However, Respondent indicates that while it currently serves 36 MW in the area, it will pursue new customers in the area with significant loads during the peak periods.</p>  |
| <p>3) For proposals to provide service through Grid Generation Facilities, Respondent's agreement to execute a PGA in the form of the PGA Pro Forma attached as Exhibit B and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C"; and for proposals to provide service through Peak Load Management Projects, Respondent's agreement to execute a PLA in the form of the PLA Pro Forma attached as Exhibit D and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C".</p> | <p>Respondent has indicated its agreement to execute both the Pro Forma PGA and the Pro Forma Pilot Agreement.</p>  | <p>Management believes that Respondent C satisfies Criteria (3).</p>   |

4) The adequacy of the type and amount of performance security Respondent proposes to provide to secure its performance of contractual commitments made under any awarded agreement.

Respondent has stated that it will secure arrangements with its customers and/or suppliers in the required areas and with other necessary jurisdictions to permit electric generation in an amount equal to or greater than the amount committed but not ready by April 1 of each year.

Management is not satisfied that Respondent C has satisfied criteria (4). The Respondent has not provided or committed to provide the up front performance security necessary to secure its performance under any awarded contract. Management recommends that acceptance of Respondent's proposal be conditioned on Respondent obtaining performance security in a form and amount satisfactory to the ISO.

5) The adequacy of Respondent's cost justification for the locational incentive proposed in its bid.

Respondent has provided cost justification for the locational incentive proposed in its bid. Respondent states that such incentive should be based on the cost differences resulting from the use of specific technology needed to provide the requested service.

Management recommends that Respondent C's bid be considered.

6) Ability to provide proposed services.

Management is satisfied that Respondent C has satisfied criteria (6).

| ISO Evaluation Criteria   | Respondent Information   | Management's evaluation   |
|---|--|---|
| <p>1) The Qualified Resource's capability to commence providing peak capability or peak load management service on the Availability Date (4/1/01).</p> <p>2) The Qualified Resource's operating characteristics, including such Resource's capability to fully meet the reliability concerns addressed by the transmission expansion alternative.</p> | <p>Respondents states that it will be able to deliver up to 44 MW (Unit 1) of the requested service as of April 1, 2001. Respondent states that it can provide an additional 44 MW (Unit 2) as of April 2003. Depending on he ISO's desire for the second unit, Respondent also recommends an upgrade to the existing transmission system that will address system reliability concerns through 2015, the date build out of the area is expected.</p> <p>Respondent has included a Project Schedule with respect to the Unit 1 (44 MW) that indicates that all third-party contracts, equipment, necessary land rights, permits, fuel and water arrangements and all other necessary arrangements will be completed by requested service date.</p> <p>Respondent proposes to utilize standard combustion turbine technology. Respondent indicates that the natural gas combustion turbine equipment is scheduled for delivery in September 2000.</p> | <p>Management is satisfied that Respondent D has satisfied criteria (1).</p> <p>Management is satisfied that Respondent D has satisfied criteria (2) and that the specified technology is capable of providing the requested service.</p> |

3) For proposals to provide service through Grid Generation Facilities, Respondent's agreement to execute a PGA in the form of the PGA Pro Forma attached as Exhibit B and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C"; and for proposals to provide service through Peak Load Management Projects, Respondent's agreement to execute a PLA in the form of the PLA Pro Forma attached as Exhibit D and Pilot Agreement in the form of the Pro Forma attached as "Exhibit C".

Respondent has not indicated its agreement to execute both the Pro Forma PGA and the Pro Forma Pilot Agreement.

As noted, Respondent D has not explicitly indicated its willingness to execute the necessary agreements with the ISO. Management believes that it is critical that each respondent execute the applicable agreements. To the extent that the Board selects Respondent D, Management recommends that as a condition of such selection, Respondent be required to execute the Pro Forma PGA and Pilot Agreements.

4) The adequacy of the type and amount of performance security Respondent proposes to provide to secure its performance of contractual commitments made under any awarded agreement.

Respondent states that it will secure the necessary performance security once the ISO has awarded the contract and specific financing is arranged. Respondent states that it will work with the ISO to demonstrate its ability to honor and backstop the contract but that it is premature to put forth a specific LOC or bond.

Management is not satisfied that Respondent C has satisfied criteria (4). The Respondent has not provided or committed to provide the up front performance security necessary to secure its performance under any awarded contract. Management recommends that acceptance of Respondent's proposal be conditioned on Respondent obtaining performance security in a form and amount satisfactory to the ISO.

5) The adequacy of Respondent’s cost justification for the locational incentive proposed in its bid.

Respondent has provided cost justification for the locational incentive proposed in its bid. Respondent states that large combined cycle plants, that can compete in the open PX market, have low heat rates, run long hours and would have impacts in the area that would not be supported by the local community. Respondent states that the combustion turbine technology is well situated to provide the requested service. Respondent states that to locate a less efficient, but community-friendly, plant in the area requires a locational incentive that would enable the project to be financially viable to its owner. Respondent states that the proposed locational incentive is necessary to ensure that the project is financially viable and to reflect the high cost of land and high cost of conducting business in the area.

Management recommends that Respondent D’s bid be considered.

6) Ability to provide proposed services.

Management is satisfied that Respondent D has satisfied criteria (6).