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ORIGINAL

December 18, 2001

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

VIA FEDERAL EXPRESS

Re: Florida Power Corporation's Request for Proposals
November 26, 2001

Dear Ms. Bayo:

Pursuant to Rule 25-22.082, Florida Administrative Code, Florida Power Corporation is filing herewith an original and fifteen (15) copies of Florida Power Corporation's Request for Proposals.

We request you acknowledge receipt and filing of the above by stamping the additional copy of this letter and returning it to me in the self-addressed, stamped envelope provided.

If you or your Staff have any questions regarding this filing, please contact me at (727) 821-7000.

Sincerely,

Gary L. Sasso

Enclosures

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CMP
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LEG
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OTH Clerk

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REQUEST FOR PROPOSALS FOR POWER SUPPLY RESOURCES

NOVEMBER 26, 2001

RFP Document
TABLE OF CONTENTS

I. INTRODUCTION

A. *Overview of Request For Proposals (RFP)*

Florida Power is seeking proposals for power supply resources from eligible Bidders to meet the Company's requirements for electric generating capacity and associated energy as described herein. In this RFP, Florida Power is soliciting proposals for approximately 500 MW of capacity available for commercial delivery by December 1, 2005.

Florida Power invites proposals from all potential suppliers who are capable of meeting the conditions of the RFP, including other electric utilities, marketers, exempt wholesale generators, independent power producers, and qualifying facilities. Demand-side proposals are not eligible to participate in the RFP. Florida Power's most recent Ten Year Site Plan has identified an expected requirement for base load or intermediate resources. However, the Company will consider other resource types and evaluate all bids using the same general criteria. The proposals received will compete with Florida Power's self-build alternative.

The RFP is presented in two sections. The first is this RFP Document, which outlines Florida Power's requirements for submission of bids and describes the criteria that will be used to compare and evaluate proposals. The second section is the Response Package, which includes the information required from all Bidders and the schedules that Bidders are required to provide.

B. *Objectives of the RFP*

The overriding objective of the RFP is to solicit competitive resources that provide Florida Power with the most cost-effective generating alternative to meet the Company's projected requirements. Another objective of this RFP is to maintain flexibility in procurement decisions. Florida Power intends to realize this objective by opening the RFP to all supply-side resource alternatives and by allowing option-type provisions in any contract for longer-term resources (*e.g.* termination, buyout, or extension provisions) to provide flexibility.

In this regard, Florida Power reserves the right to select proposals which do not necessarily provide the lowest evaluated cost. While minimum cost is a major criterion, Florida Power will select those resources which, in its opinion, represent the best value to the Company and its customers regarding economic and technical attributes and flexibility for meeting its projected requirements. Florida Power also reserves the right to cancel, modify or withdraw the RFP, to reject any and all responses, and to terminate negotiations at any time during the RFP process.

C. *Florida Power's "Next Planned Generating Unit"*

Rule 25-22.082 of the Florida Administrative Code requires investor-owned utilities to provide a description of the "next planned generating unit" on which the RFP is based. Florida Power's Ten Year Site Plan, which was filed with the Florida Public Service Commission on April 2, 2001, shows the "next planned generating unit" to be the Hines Energy Complex Unit #3, located

in Polk County, Florida. This natural gas-fired combined cycle unit of approximately 530 MW (net) is expected to be in commercial operation by November 30, 2005. A detailed technical description, as well as the financial assumptions and parameters associated with the unit, are provided in Section V of this RFP.

D. Schedule

The solicitation schedule will be approximately an eleven-month process, comprising four phases: (1) Pre-Submission; (2) Evaluation Process; (3) Contract Negotiations; and (4) Regulatory Filings. The schedule is presented below.

1. Pre-Submission (November 19, 2001 – February 12, 2002)

Notice of RFP	11/19/01
Issuance of RFP	11/26/01
Notices of Intent to Bid Due	12/10/01
Bidders Conference	12/18/01
Submission of Bids	2/12/02

2. Evaluation Process (February 13, 2002 – May 31, 2002)

Determination of Short List	4/29/02
Determination of Final List	5/31/02

3. Contract Negotiations (June 3, 2002 – July 30, 2002)

Initiate Contract Negotiations	6/3/02
Award Announcement	7/30/02

4. Regulatory Filings (August 1, 2002 – September 27, 2002)

File contract(s) for certification	9/27/02

Florida Power reserves the right to revise the schedule as necessary. Depending on the number of proposals received, Florida Power may shorten the Evaluation Process schedule and advance the dates associated with the Short List and Final List announcements and the beginning of contract negotiations and regulatory filings. In the event none of the proposals is superior to the Florida Power self-build alternative, the Final List announcement and Contract Negotiations step of the process will not take place.

E. Official Contact

All inquiries or contact about the RFP, including questions of clarification, requests for additional information, and submission of proposals, should be directed in writing to Florida Power's Official Contact listed below:

Daniel J. Roeder
Project Leader
System Planning & Operations Department
Progress Energy Building - 7A
P.O. Box 1551
410 S. Wilmington Street
Raleigh, NC 27601
Telephone number: (919) 546-7966
Fax number: (919) 546-7558
E-mail address: FPC_2005_RFP@pgnmail.com

Unsolicited contact with other Florida Power personnel or employees of Florida Power affiliated companies concerning the RFP is not allowed and will constitute grounds for disqualification. Florida Power reserves the right to provide written responses to all Bidders on the RFP web site (www.fpc.com/rfp) if it is deemed necessary to ensure that all Bidders have equal access to the same information.

II. DEFINITIONS

Presented below are the definitions of critical terms used in this RFP and solicitation process.

Automatic Generation Control (AGC): AGC is the automated regulation, within predetermined limits, of the power output of electric generators within a prescribed geographic area in response to changes in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the scheduled system frequency and/or the established interchange with other geographic areas. This regulation will be accomplished through communication links between Florida Power's Energy Control Center dispatch computer and each generator equipped with such control.

Availability Adjustment Factor (AAF): A Facility's or Bidder's ability to provide capacity in the amount requested by Florida Power. The Availability Adjustment Factor is defined in Section 2 of the Key Terms and Conditions.

Bidder: Any entity that submits a proposal to Florida Power in response to this RFP.

Contract Capacity (CC): The Maximum Net Dependable Capacity (MNDC) that the Facility is required to be capable of delivering at all times.

Equivalent Availability Factor (EAF): Sum of the Equivalent Unplanned Derated Hours (EUDH) and Equivalent Planned Derated Hours (EPDH) subtracted from Available Hours (AH) and divided by Period Hours (PH). The method for calculating the Equivalent Availability Factor is defined in the discussion of Section II.H of the Response Package.

Equivalent Forced Outage Rate (EFOR): Sum of Forced Outage Hours (FOH) and Equivalent Forced Derated Hours (EFDH) divided by the sum of Forced Outage Hours (FOH) and Service Hours (SH). The method for calculating the Equivalent Forced Outage Rate is defined in the discussion of Section II.H of the Response Package.

Facility: All of the equipment, property, buildings, and generation and transmission facilities necessary to allow the Bidder to fulfill its proposal to provide capacity and energy to Florida Power pursuant to this RFP.

Forced Outage: An unplanned component failure (immediate, delayed, postponed, or start failure) or other condition that requires the unit be removed from service immediately, within six hours, or before the end of the next weekend.

Frequency Control: The capability of a generator to automatically respond to frequency deviations by increasing or decreasing its gross real power output as a result of governor action.

For generation located inside the Florida Power control area or dynamically telemetered into the Florida Power control area:

The Bidder's generator(s) shall be equipped with fully functional governors with droop adjustable from 2% to 6% and nominally set at 4%. The governors will be fully responsive to frequency deviations exceeding 0.036 Hertz (Hz).

For generation located outside the Florida Power control area:
The Bidder shall comply with the frequency response requirements of the host control area.

Fully Dispatchable: A generator is Fully Dispatchable when Florida Power makes the sole decision to operate the unit with exceptions granted for maintenance and testing, and the generator is controlled through an AGC link with Florida Power's Energy Control Center. The generating facility must be available for Florida Power's dispatch in accordance with the following operating parameters, as specified by the Bidder in its proposal: ramp rates, start time, maximum starts per year, annual operating hour limit, and minimum run time.

Fully Schedulable: A project is Fully Schedulable when the project's output is determined by a schedule specified by Florida Power. Florida Power will provide the Bidder with a tentative schedule by 4:00 p.m. for deliveries on the following day. Florida Power will revise this schedule as necessary to respond to unanticipated operating requirements subject to normal utility practice.

Greenfield Proposal: A bid to provide capacity and energy from a new unit or block of units which is not currently in commercial operation. The output of the unit(s), if located in the State of Florida, must be committed to Florida Power's (or other utilities serving retail customers) use.

Maximum Net Dependable Capacity (MNDC): The maximum Net Dependable Capacity (NDC) a unit can sustain at any and all times during the contract year.

Minimum Evaluation Requirements: The minimum requirements that all proposals are required to meet and with which a Bidder's compliance will be assessed in Step 4 of the evaluation process.

Net Dependable Capacity (NDC): The maximum capacity (MW) a unit can sustain over a specified period of time, modified for seasonal limitations, less the unit capacity utilized for that unit's station service or auxiliaries and adjusted for losses to the delivery point of the Florida Power control area.

Official Contact: The Florida Power representative, or designee, identified in Section I.E of this RFP to whom all contact regarding this solicitation process must be made.

Response Package: The second section of this RFP that identifies the information and schedules that Bidders are required to provide in their proposals to Florida Power.

Seasonal Contract Capacity (SCC): The Summer Contract Capacity and the Winter Contract Capacity, as applicable, with the summer and winter seasons as defined in Section II.F of the Response Package. For Greenfield and Unit Proposals, the capacities are the values specified by the Bidder in Schedule 4 in the table labeled "Dispatchable Generation Capacity," in the row

labeled "Seasonal Contract Capacity." For System Proposals, the capacities are the values specified by the Bidder in Schedule 2 Sheet A.

Summer Contract Capacity: The maximum capacity (MW) the Facility can sustain during the Summer period, less the capacity utilized for station service or auxiliaries, and adjusted for losses to the delivery point to the Florida Power control area.

System Power Proposal: A bid to provide capacity and energy from a power system.

Strike Date: The date on or before which Florida Power may exercise a specific option.

Threshold Requirements: The minimum requirements that all proposals are required to meet and with which a Bidder's compliance will be assessed in Step 1 of the evaluation process.

Unit Proposal: A bid to provide capacity and energy from a specific commercial operating unit identified by the Bidder.

Voltage Control: The ability to modify generator terminal voltage by varying the current in the generator's field winding either automatically by appropriate control mechanisms or manually by the operator.

Winter Contract Capacity: The maximum capacity (MW) the Facility can sustain during the Winter period, less the capacity utilized for station service or auxiliaries, and adjusted for losses to the delivery point to the Florida Power control area.

III. INSTRUCTIONS TO BIDDERS

A. General Instructions

Bidders are required to meet all the terms and conditions of the RFP to be eligible to compete in the solicitation process. Bidders are required to follow all instructions contained in the RFP. Bidders must respond to all questions contained in the Response Package, use the provided Microsoft Excel schedules, organize their proposals according to the structure specified in the Response Package (*i.e.*, organized by chapter and section in the order specified by Florida Power), and provide supporting documentation in the format requested. Bidders should include the Project Name, chapter and section numbers, and page number on each attachment. If a question is not applicable to the type of proposal submitted, Bidders should so indicate and specify why the requested information is not applicable. It is the Bidder's responsibility to advise Florida Power's Official Contact of any conflicting requirements, omissions of information, or the need for clarification before bids are due. Bidders should clearly organize and identify all information submitted in their proposals to facilitate review and evaluation. **Failure to provide all the information requested in this solicitation process or failure to demonstrate that the proposal satisfies all of the Threshold Requirements and Minimum Evaluation Requirements identified in Section IV will be grounds for disqualification.**

The Bidders should mark all confidential and proprietary information contained in its proposals as "Confidential." While Florida Power will use its best efforts to protect the confidentiality of such information and only release such information to the members of the evaluation team, management, agents and contractors, and, as necessary and consistent with applicable laws and regulations, to its affiliates and regulatory commissions, in no event shall Florida Power be liable to a Bidder for any damages of whatsoever kind resulting from Florida Power's failure to protect the confidentiality of Bidder's information. By submitting a proposal, the Bidder agrees to allow Florida Power to use the results of the RFP as evidence in any proceeding before the Florida Public Service Commission (FPSC). To the extent Florida Power wishes to use information that a Bidder considers confidential, Florida Power will petition the Commission to treat such information as confidential and to limit its dissemination, but Florida Power makes no assurance of the outcome of any such petition.

All correspondence between the Bidder and Florida Power must be through the Official Contact. All questions must be submitted in writing. Florida Power will attempt to respond quickly to Bidders' requests. Florida Power will maintain complete documentation of all questions received from Bidders and its responses, and provide written responses via the RFP web site to all Bidders when deemed necessary to ensure an equitable level of competition.

B. Submission of Proposals

All proposals must be received by Florida Power by 4:00 PM EST on February 12, 2002. Proposals must be submitted to the Florida Power Official Contact. Proposals should be submitted in a sealed package and be marked with the Bidder's name and a label indicating that the package contains a proposal in response to Florida Power's 2005 RFP for Power Supply

Resources. The package should also note the confidentiality status of information contained in the document. For each proposal, Bidders must submit three (3) bound copies and one (1) electronic version (on diskette or CD-ROM) with all text portions of the responses in Microsoft Word 97 (or earlier) or Adobe Acrobat and schedules in Microsoft Excel 97 (or earlier). Each proposal is to be bound separately. Bidders should ensure that the proposals are delivered on time. Delivery by services which cannot guarantee delivery by the time required are discouraged. **Failure to submit a proposal by the deadline will be grounds for disqualification.**

Bidders should carefully read all sections of this RFP Document and the Response Package. The Response Package contains directions regarding the type and form of information Bidders are required to provide.

C. Proposal Fees/ Proposal Variations

Bidders may submit as many proposals as they desire. To help defray the cost of performing the proposal evaluations, Bidders are required to submit with each proposal a non-refundable proposal submittal fee of $10,000. The fee should be in the form of a check payable to "Florida Power."

A proposal is defined according to the site, technology, fuel, and infrastructure identified by the Bidder. Thus, a proposal which contains a different site, technology, fuel (excluding secondary fuel), or infrastructure will be classified as a separate proposal and requires a separate proposal submittal fee. Bidders are allowed to propose up to two variations in project term and/or pricing at no additional cost. Variations in excess of two must be accompanied by a $1,000 per variation fee to be considered for evaluation. **Bidders must submit a complete electronic version of the Response Package for each variation**. (The hard copy version of the primary Bid should contain a section discussing any variations and identifying the name(s) of the file(s) in which they are contained.)

D. Proposal Size, In-Service Date, and Term

As discussed above, Florida Power is seeking proposals to be in-service by December 1, 2005. Since the Company's "next planned generating unit is approximately 500 MW in size, the maximum size of the proposals should be approximately 500 MW. Unless the bid is a Qualifying Facility (QF), proposals should be greater than or equal to 100 MW. The minimum term for the delivery of capacity and energy to Florida Power is five (5) years. The maximum term is 25 years. To ensure compliance with Florida's siting and merchant plant rules, Bidders of Greenfield projects must propose long term agreements.

E. Contract Flexibility Provisions

Florida Power is seeking proposals that offer the Company the opportunity to minimize its exposure to long-term, fixed-price commitments by providing the Company the option to buy out the contract if it becomes economical to do so. Consistent with this objective, Florida Power is allowing Bidders to provide prices at which the Bidder would be willing to allow Florida Power,

at its discretion, to cancel the power contract before commercial operation, terminate the contract after commercial operation, and purchase the project after commercial operation. Schedule 3 is included in the Response Package to allow Bidders to price each option.

For contract termination after commercial operation, as well as the period for exercising the option to purchase the facility, Florida Power will accept a three-year notice provision. Bidders have the option of proposing shorter notice periods. Bidders who offer shorter notice periods will be preferred.

Bidders are encouraged to offer other flexibility provisions. Such provisions include, but are not limited to, (a) contract term extension options in which bidders propose an initial contract term and provide Florida Power the option to extend the contract at predefined prices, or (b) options to shorten or terminate the contract in the event of the amendments to the Florida Power Plant Siting Act or the deregulation of the electric utility industry in Florida.

F. Security Requirements

The Key Terms and Conditions contain security provisions which require the Bidder to provide financial security to ensure the project is completed on schedule (development security) and is operated effectively and reliably (operating security). Bidders will be required to post security consistent with the schedule provided in the Key Terms and Conditions.

Security in the form of cash or U.S. government bonds held in escrow is preferred. However, Florida Power will accept other forms of security that may be less costly to the Bidder, including a letter of credit with a bank or financial institution. Security must be guaranteed by entities that are considered investment grade.

G. Permitting Responsibility

The Bidder(s) whose proposal is(are) selected will be completely and solely responsible for acquiring all necessary licenses, permits, and approvals required by federal, state and local government laws and regulations for the construction and operation of the project. In addition, the Bidder shall fully support all of Florida Power's regulatory requirements associated with this potential power supply arrangement. The Bidder is also completely and solely responsible for securing financing for its project. Florida Power shall have no responsibility in identifying or securing any licenses, permits, or regulatory approvals (except as may be necessary to obtain an order from the Florida Public Service Commission approving Florida Power's need for the supply-side generating resource) or in securing any financing required for the construction or operation of the project.

H. Regulatory Provisions

Any negotiated contract for the purchase of power between Florida Power and the Bidder will be conditioned upon approval or acceptance without substantial change by any and all regulatory authorities that have, or claim to have, jurisdiction over any or all of the subject matter of this

solicitation, including, without limitation, the Florida Public Service Commission and the Federal Energy Regulatory Commission. The negotiated contract will be further conditioned upon favorable regulatory action without substantial condition or qualification (including but not limited to temporal or other conditions or limitations on cost recovery) by any and all regulatory authorities from which regulatory approval may be required for the contract or for the development or effectuation of the power supply project and related activities (including but not limited to a determination of need by the Florida Public Service Commission).

In accordance with Rule 25-22.082 of the Florida Administrative Code, each participant [Bidder] is required

> ... to publish a notice in a newspaper of general circulation in each county in which the participant's proposed generating facility would be located. The notice shall be at least one-quarter of a page and shall be published no later than 10 days after the date that the proposals are due. The notice shall state that the participant has submitted a proposal to build an electric power plant, and shall include the name and address of the participant submitting the proposal, the name and address of the utility that solicited proposals, and a general description of each proposed power plant and its location.

Bidders are required to forward copies of these actual published notices to the Official Contact within seven (7) days of the notice appearing in the paper. The copy of this notice shall clearly indicate the name of the newspaper and the date on which the notice was published.

I. Reservation of Rights

Florida Power reserves the right to reject any, all, or portions of the proposals received for failure to meet any criteria set forth in this RFP. Florida Power also reserves the right in its sole discretion to decline to enter into a power purchase arrangement with any Respondent, or to abandon the project in its entirety. Florida Power reserves the right to revise the capacity needs forecast at any point during the RFP process or during negotiations; any such change may reduce, eliminate, or increase the amount of power sought.

Respondents should be aware that the following, without limitation, will be classified as non-responsive and may not be considered or evaluated if submitted:

- proposals offering non-firm capacity or energy;
- demand-side proposals;
- incomplete, inaccurate, conditional, deceptive, misleading, ambiguous, exaggerated, or non-specific offers; or
- proposals that are not in conformance with the requirements and instructions contained herein.

Those who submit proposals do so without recourse against Florida Power or Progress Energy Corporation or any of Progress Energy Corporation's subsidiary companies for either rejection of their proposal(s) or for failure to execute a power purchase agreement for any reason.

IV. SOLICITATION PROCESS

A. Description of the Process

The solicitation process is a multi-phase process consisting of four general phases, as noted in Section I.D, and several sub-phases, or steps. This section of the RFP will describe the process in detail and outline Bidder requirements and alternatives at each phase and step of the process.

This section of the RFP is organized chronologically according to the solicitation process to be conducted by Florida Power. Specifically, the areas to be discussed are the (1) pre-bid submission activities, (2) evaluation process, (3) contract negotiations, and (4) regulatory filings. Discussed as part of the evaluation process are the minimum requirements that all proposals must meet as well as the evaluation criteria that will be used to identify the most attractive proposals.

B. Pre-Bid Submission Activities

The pre-bid submission activities phase of the process includes the period from issuance of the RFP to submission of bids.

1. Notice of Intent to Bid

The first major activity for Bidders is submission of the Notice of Intent to Bid Form. Bidders are encouraged to submit the Notice of Intent to Bid Form by December 10, 2001. Submitting a Notice of Intent to Bid does not commit a prospective Bidder to submitting a proposal to Florida Power. Submission of this form ensures that the Bidder will receive all information pertaining to the RFP. While Bidders who do not submit a Notice of Intent to Bid Form will be eligible to submit a proposal, Florida Power cannot guarantee that these Bidders will receive all information about the solicitation process, particularly information that is released to Bidders after the issuance of the RFP. Florida Power will accept Notices of Intent to Bid from Bidders after the December 10, 2001 due date and will provide any such Bidders with all materials provided to Bidders since the issuance of the RFP. The Notice of Intent to Bid Form is the only worksheet in the Microsoft Excel file named "Bid Notice." A completed form should be e-mailed to the Official Contact. If desired, Bidders may submit a printed version of the form using other delivery methods such as fax, U.S. Mail, or overnight delivery.

2. Bidders Conference

Florida Power will conduct a bidders conference for interested Bidders on December 18, 2001 at 10:00 AM at the Tampa Airport Marriott. If this time or location changes, Florida Power will notify Bidders who have submitted a Notice of Intent to Bid Form. The purpose of the bidders conference is to allow interested Bidders the opportunity to ask questions and seek additional information or clarification about the solicitation process (Bidders are encouraged to submit a written list of questions to the Official Contact ahead of time). Each Bidder should identify on the Notice of Intent to Bid Form if one or more representatives of its company plan to attend the bidders conference.

3. Florida Power Approval of Alternative Indices

While Florida Power prefers that Bidders use the cost escalation indices identified in Chapter III of the Response Package when completing the pricing schedules, Bidders are provided the opportunity to identify alternative indices to be used for evaluation and billing purposes if the Bidder prefers indices different from those proposed by Florida Power. To receive approval from Florida Power for a different index, the Bidder must demonstrate that the proposed index is more reflective of the underlying project cost element, accurately reflects the market which it would represent, is readily available from public sources, and is available in a timely manner. To request to use a new index, Bidders should contact Florida Power's Official Contact in writing no later than January 12, 2002. Florida Power reserves the right to update its forecasts for these indices during the evaluation period if they are no longer reflective of Florida Power's current expectations of the future escalation rates of these indices.

4. Submission of Bids

The last step during this phase of the process is the submission of bids. As noted, all proposals must be received by 4:00 PM EST on February 12, 2002. Proposals must be valid for at least a twelve-month period from the date of submittal. **Failure to submit the proposal by the specified time will be grounds for disqualification and may be returned to the Bidder.**

C. Evaluation Process

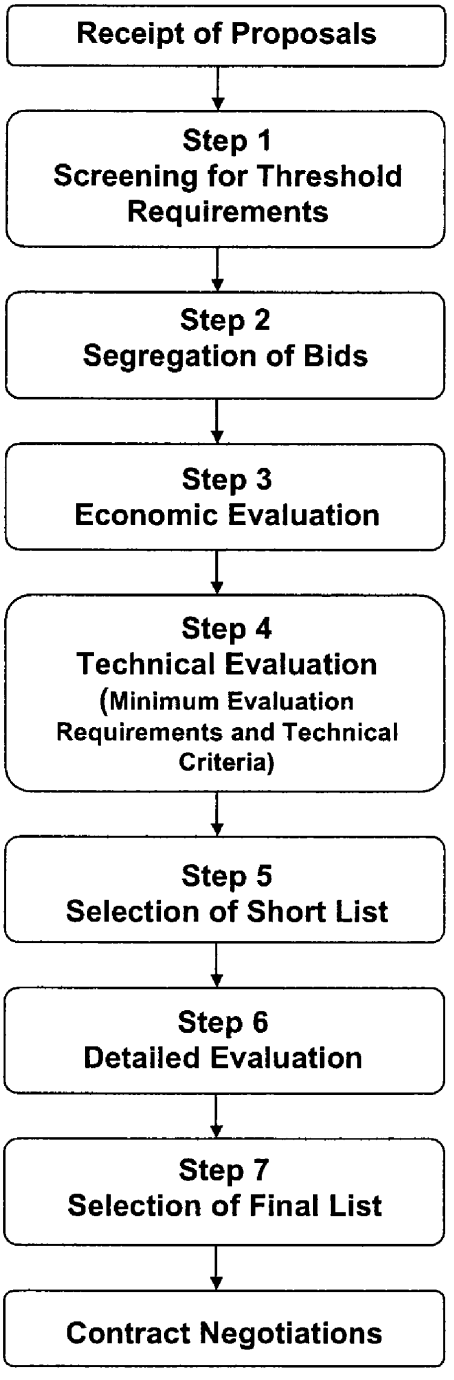
Florida Power will use a seven-step evaluation process to review proposals and to select the best alternative. Figure IV-1 illustrates the evaluation process from the receipt of proposals to contract negotiations. The evaluation process that will be employed by Florida Power is reviewed below.

1. Step 1: Screening for Threshold Requirements

Subsequent to the receipt of the bids, the Company will thoroughly review and assess each proposal to ensure that it meets the Threshold Requirements listed in the RFP. Florida Power may, at its discretion, seek clarification and/or remedy of a Bidder's proposal at this stage of the evaluation process. Each Bidder should maintain a contact person available to Florida Power throughout the Evaluation Process. Threshold Requirements represent the minimum requirements that all proposals are required to meet and with which a Bidder's compliance can be easily assessed.

Figure IV-1

Evaluation Process



Florida Power views Threshold Requirements to be an important aspect of the evaluation process. The Bidder should ensure that its proposal satisfies the Threshold Requirements listed in Table IV-1 to be eligible for further consideration. Bidders should also review the Key Terms and Conditions set forth in Attachment A, because they contain the terms and conditions that will be used to ensure the Bidder's conformance with certain Threshold Requirements. The information Bidders are required to provide to demonstrate their compliance with these Threshold Requirements is specified in greater detail in the Response Package. Bidders are required to ensure that their proposals contain sufficient documentation to demonstrate that they meet all Threshold Requirements. **Failure to conform to the Threshold Requirements will be grounds for disqualification.** Proposals that are disqualified will be returned to the Bidder, along with the accompanying submittal fee, and will not be evaluated further.

2. Step 2: Segregation of Bids

After the completion of the initial screening, Florida Power will classify proposals into various categories distinguished by type of bid (Greenfield, Unit, or System Power Proposal), and term (number of years for which power is offered). Depending on the proposals received, other categories may be developed to further distinguish the bids (e.g., combustion turbine vs. combined cycle proposals). The purpose of this process is to categorize "like type" proposals to ensure a consistent and fair evaluation and to allow Florida Power to identify the best proposals in each category.

3. Step 3: Economic Evaluation

The next phase of the evaluation process is the economic evaluation of proposals. Each proposal that satisfies the Threshold Requirements evaluation performed in Step 1 will be analyzed and ranked relative to other proposals. This initial economic analysis will be used to screen proposals and identify those proposals that will be subjected to a technical evaluation in Step 4.

In the economic evaluation, Florida Power will evaluate the cost implications of each proposal based on its proposed fixed payment, variable payment, and start payment. Florida Power plans to use a combination of spreadsheets, production costing models, and optimization models to compare the costs of the bids to each other and to assess the impacts of each bid on system costs over Florida Power's planning horizon. Florida Power's pricing parameter requirements for Greenfield and Unit Proposals are identified and described in Table IV-2 and are specified in greater detail in the Response Package. The requirements for price bids for System Power Proposals are specified in the Response Package.

4. Step 4: Technical Evaluation

In Step 4 of the evaluation process, the proposals with the lowest system cost impact in each of the proposal type categories established in Step 2 will be evaluated on a technical basis to assess the feasibility and viability of each bid. As part of this technical evaluation, proposals will be reviewed to ensure that they conform to the Minimum Evaluation Requirements and will be evaluated on the basis of the Technical Criteria described below.

Table IV-1

Threshold Requirements

A. General Requirements

- The proposal is received on time.
- Complete and credible answers are provided to all questions.
- The proposal submittal fee is included.
- The pricing schedules are properly specified.
- The proper price indices are used.
- Power must be available for delivery under the contract by December 1, 2005.
- The proposed term is for a minimum of five (5) years and a maximum of 25 years.
- For Greenfield Proposals located in Florida, the output of the unit(s) is committed to Florida Power (or other utilities serving retail customers).

B. Operating Performance Thresholds

- If the project is located in Florida Power's control area, the Bidder will be required:
  - to operate the project to conform with Florida Power's ***Voltage Control*** requirements.
  - to operate the project to conform with Florida Power's ***Frequency Control*** requirements.
- Greenfield and Unit Proposals must be ***Fully Dispatchable*** and install ***Automatic Generator Control*** that is tied into Florida Power's Energy Control Center.
- The Bidder must be willing to ***coordinate the project's maintenance scheduling*** with Florida Power.
- Proposals should have a project size of greater than or equal 100 MW and less than or equal to approximately 500 MW.
- System Power Proposals must be ***Fully Schedulable*** (i.e., operate according to a day-ahead schedule but with schedule changes subject to normal utility practices).

C. Contractual Thresholds

- Bidders must agree to each of the Key Terms and Conditions identified in Attachment A.
- For any objections to the Key Terms and Conditions, Bidders must:
  - Identify the language which is objectionable;
  - Provide revised language.

D. Site Control Thresholds [Greenfield Proposals, Unit Proposals]

- Identification of the site location on a USGS map.
- At a minimum, a Letter of Intent to negotiate a lease, for the full contract term or term necessary for financing (whichever is greater), or to purchase the site **[Greenfield Proposals]**. A copy of the title and legal description of the property is required for **Unit Proposals**.

E. Transmission Threshold

- If the project is located outside of Florida Power's control area, the Bidder must provide a transmission plan for wheeling services from those utilities which would be required to wheel the project's power to Florida Power and provide evidence that the host utility is willing to grant Florida Power the right to dispatch the output of Greenfield and Unit Proposals or the right to schedule power from System Power Proposals.
- If the project is located inside of Florida Power's control area, the Bidder must complete a Network Resource System Impact Study data request.

Table IV-2
Greenfield and Unit Proposal Pricing Parameters

Fixed Payment		• The monthly fixed payment to Bidders will be based on the product of the Seasonal Contract Capacity, one-twelfth (1/12) of the Bidder-specified annual charges, and adjustments based on operating performance (see Key Terms and Conditions). • If Bidders desire, they may propose alternative methods of distributing annual payments on a monthly basis. • Bidders must complete the applicable Pricing Schedules in the Response Package.
	Generation Capital	• Bidders must specify a generation capital charge for each year of the proposal, which will be capped at the prices contained in the bid. Florida Power will not allow the generation capital charges to be indexed to an escalator.
	Transmission	• Bidders must specify a transmission charge for each year of the proposal, which will be capped at the prices contained in the bid. Florida Power will not allow the charges to be indexed to an escalator. • This charge should reflect all transmission costs, including interconnection, required system upgrades, and wheeling (if applicable).
	Fixed O&M	• Bidders must specify an initial fixed O&M price and a proposed escalation index (or fixed escalation rate). The annual projected fixed O&M price will be calculated by the Schedule 1 spreadsheet based on the standard escalation assumption indicated for that index or by the fixed escalation rate specified by the Bidder.
	Firm Fuel Transportation	• Bidders must specify a firm fuel transportation charge (if appropriate to the technology being proposed). Bidders must specify a charge for each year of the proposal, which will be capped at the prices contained in the bid. • Bidders may propose a fuel transportation tariff as the price. • Florida Power reserves the right to negotiate fuel transportation provisions with the Bidder if benefits can be derived for Florida Power and its customers.
Variable Payment		
	Fuel Commodity	• Bidders must specify the commodity price as an initial price and indicate the proposed index or fixed escalation rate that will be used to escalate that price. • Florida Power will not allow Bidders to merely state that fuel is a passthrough. Florida Power may allow a passthrough as a result of the negotiation process and, as a condition for this, would reserve the right to participate in the management of the project's fuel supply, but reserves the right to accept the base price and index or fixed escalation rate specified by the Bidder. • Bidders must specify the months in which the primary and secondary fuels will be expected to be used and be prepared to be evaluated and paid on that basis.
	Variable O&M	• Bidders should specify in Schedule 1 an initial variable O&M price and indicate the proposed index or fixed escalation rate that will be used to escalate that price.
Start Payment		• Bidders should specify an initial start price and a proposed index or fixed escalation rate. Start payments will be paid only for those starts required by Florida Power. The cost to start the facility for test starts, following a forced outage, or after unplanned maintenance will not be included in Florida Power's payments to the Bidder.

a. Minimum Evaluation Requirements

Florida Power will apply Minimum Evaluation Requirements as a screening step in the technical evaluation process. These Minimum Evaluation Requirements are identified in Table IV-3. The information Bidders are required to provide to demonstrate their compliance with these Minimum Evaluation Requirements is specified in greater detail in the Response Package. Bidders are to ensure that their proposals contain sufficient documentation to demonstrate that they meet all the Minimum Evaluation Requirements. **Failure to demonstrate conformance to these Minimum Evaluation Requirements will be grounds for disqualification.**

b. Technical Criteria

Florida Power will use three major attributes to evaluate proposals' Technical Criteria: (1) operational quality; (2) development feasibility; and (3) project value. Each of the evaluation criteria that are contained within these evaluation attributes are identified in Table IV-4 and discussed below. **Inability of a Bidder to substantiate the basis for any representation will be grounds for a downward revision of its proposal's ranking, or in the event of misrepresentation, disqualification from this bidding process.**

Operational Quality

There are five evaluation criteria that are considered as part of the operational quality attribute: (1) minimum run-time constraint; (2) start time; (3) ramp rate; (4) maximum starts per year; and (5) annual operating hour limit. For Greenfield and Unit Proposals, Florida Power will require that tests be conducted to ensure that the Bidder's project conforms to the start time and ramp rate operating parameters claimed in its proposal. Failure to conform to these operating parameters will subject Bidders to performance penalties under any power purchase agreement.

Minimum run-time constraint assesses the number of hours that the project is required to be operated at or above its minimum operating level once it has been dispatched on line. Florida Power prefers proposals that have no minimum run-time constraints. Start time assesses the amount of notice required to bring the unit, under normal operations, from a cold start to minimum load. Florida Power prefers proposals that have short start times. Ramp rate assesses the MW increase per minute that can be provided by the project once the unit is at or above the minimum loading level. Florida Power prefers proposals that offer a high ramp rate. Maximum starts per year assesses the maximum number of times that Florida Power will be allowed to start the Bidder's project. Test starts, starts after a forced outage, and starts after unplanned maintenance will not be included when determining the number of starts requested by Florida Power. Florida Power prefers proposals in which there is no limit on the number of times that Florida Power can start a project. The annual operating hour limit assesses the number of hours during a year that Florida Power would be allowed to operate the Facility. Florida Power prefers proposals that have no operating hour limits.

Table IV-3
Minimum Evaluation Requirements

A. General Requirements

- Offer is reasonable and bona fide.

B. Environmental

- Preliminary environmental analysis performed and submitted to Florida Power.
- Reasonable schedule for securing permits presented and evidence provided that permits are likely to be secured.

C. Engineering and Design

- Operation and Maintenance Plan provided which indicates that the project will be operated and maintained in a manner adequate to allow the project to satisfy its contractual commitments.
- The project technology will be able to achieve the operating targets specified by the Bidder.

D. Fuel Supply and Transportation Plan

- Preliminary fuel supply plan provided which describes the Bidder's plan for securing fuel supply and transportation for delivery to the project. The plan shall provide a description of the fuel delivery system to the site, the terms and conditions of fuel supply and transportation arrangements, and the status of such arrangements.

E. Project Financial Viability

- For Greenfield Proposals, evidence provided that demonstrates the project is financially viable.
- Demonstration that the Bidder has sufficient credit standing and financial resources to satisfy its contractual commitments.

F. Project Management Plan

- For a Greenfield Proposal, critical path diagram and schedule for the project provided which specify the items on the critical path and demonstrate the project would achieve commercial operation by December 1, 2005.

Table IV-4
Technical Criteria

Operational Quality	Development Feasibility	Project Value
♦ Minimum Run-Time Constraint	♦ Permitting Certainty	♦ Acceptance of Key Terms and Conditions
♦ Start Time	♦ Financial Viability	♦ Fuel Supply and Transportation Reliability
♦ Ramp Rate	♦ Commercial Operation Date Certainty	♦ Impact of PPA on cost of capital, system reliability, and competitive advantage - financing arrangements give Bidder
♦ Maximum Starts/Year	♦ Bidder Experience	♦ Flexibility Provisions
♦ Annual Operating Hour Limit		

Development Feasibility

There are four evaluation criteria that are considered as part of the development feasibility attribute: (1) permitting certainty; (2) financial viability; (3) commercial operation date certainty; and (4) Bidder experience. All four of the evaluation criteria that represent this evaluation attribute will be considered for Greenfield Proposals. Unit and System Power Proposals will be evaluated in terms of the Bidder's financial viability and Bidder experience.

The permitting certainty evaluation criterion assesses the degree to which the Bidder is able to demonstrate that it will be able to secure all of the required major permits, approvals, certificates, and licenses within the period indicated on the project's critical path schedule. Proposals that provide well-conceived plans for securing all required permits, approvals, etc., demonstrate a thorough understanding of the permitting process, and have realistic permitting and approval schedules will receive a higher ranking than those which do not. Finally, Bidders who have made greater progress in securing permits and approvals are preferred.

The financial viability evaluation criterion assesses the financial viability of the Bidder's proposal and the financial capability and credit of the Bidder. If the Bidder is proposing to obtain project financing for its proposal, this evaluation will focus on the financial viability of the proposal. If the Bidder indicates that it will be providing equity to the project or will self-finance the project, Florida Power will also assess the Bidder's ability to provide the required equity or financing. For Greenfield Proposals, Florida Power prefers proposals for which the Bidder is able to demonstrate that there is a high likelihood of the project securing financing. For System Power and Unit Proposals, Florida Power's evaluation will focus on the financial resources of the

Bidder. For all types of proposals, Florida Power will also evaluate the Bidder's ability to financially guarantee its contractual commitments.

Commercial operation date certainty assesses the degree to which the Bidder is able to demonstrate that it will be able to bring the project to commercial operation by December 1, 2005 . For Greenfield Proposals, Florida Power will evaluate the reasonableness of the following aspects of the Bidder's proposed schedule: permitting and approvals, fuel supply and transportation arrangements, engineering design, project financing, equipment procurement, project construction, and start-up and testing. Florida Power's evaluation will consider the evidence presented by the Bidder that the proposed schedule for each of these project elements is achievable. Florida Power prefers proposals for which the Bidder is able to demonstrate that there is little or no risk that the project will not be able to achieve the commercial operation date requirement. For Unit and System Power Proposals, Florida Power will evaluate the Bidder's ability to demonstrate that it will be able to provide the power being offered to Florida Power.

Bidder experience assesses the relative experience of the Bidder in developing and operating projects that are of an equivalent size and technology as that being proposed in response to this RFP. For a Greenfield Proposal, Florida Power will evaluate the Bidder's relevant experience in six areas: permitting and approvals, engineering, financing, fuel procurement, project construction, and operations and maintenance, including environmental compliance. Florida Power prefers Bidders that have a history of successfully developing comparable projects. For proposals that rely on project teams composed of more than one firm to develop the projects, Florida Power prefers project teams that have a history of working together to successfully complete projects. However, for a Bidder that proposes to supply Florida Power's capacity requirements from existing capacity, Florida Power will only evaluate the Bidder's fuel procurement and operations and maintenance experience. Florida Power will also examine the litigation history of all Bidders.

Project Value

The project value attribute considers the following four evaluation criteria: (1) the Bidder's acceptance of the Key Terms and Conditions; (2) the reliability of the Bidder's fuel supply and transportation plan; (3) impacts of a purchased power agreement on Florida Power; and (4) any flexibility provisions proposed by the Bidder.

Florida Power will evaluate Bidder's acceptance of the Key Terms and Conditions by assessing the degree to which exceptions identified by the Bidder shift risk from the Bidder to Florida Power or its customers. Florida Power prefers Bidders which request no changes to the terms and conditions or which request only minor changes that have no material effect on the allocation of risk within any contract ultimately executed.

Florida Power will evaluate the reliability of the Bidder's fuel supply and transportation plans by assessing the status of its fuel supply and transportation arrangements, the strength of the proposed fuel supplier, and the relative risk of the Bidder's proposed fuel supply and transportation arrangements. Florida Power prefers proposals that have well developed fuel supply and transportation arrangements, rely on a major fuel supplier that offers a diverse mix of

potential fuel supplies and access to a number of different transportation alternatives, and have minimal fuel supply and transportation risks.

Florida Power will also review the Bidder's discussion of the potential for increases or decreases in the utility's cost of capital, the effect of the Bidder's financing arrangements on Florida Power's system reliability, and any competitive advantage the financing arrangements may give the Bidder.

Florida Power will consider any flexibility provisions proposed by the Bidder in the project value attribute to the extent the provisions are not considered elsewhere, such as the Economic Evaluation. Florida Power favors bids which provide flexibility for meeting its projected requirements.

5. Step 5: Selection of Short List

Florida Power's objective is to select a short list which includes a mix of proposal types. Those bids which are inferior to other proposals will be eliminated from further consideration. Proposals selected for the short list must achieve an acceptable technical ranking. Florida Power anticipates identifying a short list which contains a total amount of capacity in excess of its projected requirements. Florida Power will notify all short-listed Bidders that they have been included on the short list.

6. Step 6: Detailed Evaluation

Proposals which are included on the short list will be subjected to a more detailed assessment and will be compared to Florida Power's self-build alternative. In the detailed evaluation phase, Florida Power will incorporate the transmission cost impacts based on system impact studies. Florida Power will also conduct sensitivity analyses of key pricing considerations. Florida Power plans to use spreadsheet, production costing, and optimization models to compare the short-listed proposals to Florida Power's self-build alternative. The evaluation will assess the impact of each alternative on total system costs over the planning horizon.

Florida Power may elect to schedule meetings with each short-listed Bidder to review and clarify its proposal. Florida Power reserves the right to seek clarification or additional information from each Bidder regarding its proposal and may allow each Bidder to re-price and update its proposal after this meeting. However, Florida Power will only accept changes which enhance the value of the proposal to Florida Power.

In the detailed evaluation phase, Florida Power will evaluate any buyout and other flexibility provisions proposed by any short-listed Bidder. Project buyout cost specifies the payment that the Bidder will require to allow Florida Power to: (1) cancel the Bidder's contract before commercial operation; (2) terminate the contract after commercial operation; or (3) purchase the project outright after commercial operation. Bidders are asked to indicate the payments that would be required to allow Florida Power to buy out the contract or project. Florida Power prefers proposals that allow Florida Power to buy out the contract or project at the lowest possible cost.

7. Step 7: Selection of Final List

Florida Power will develop a Final List based on the detailed evaluation of the short-listed proposals. This Final List will not necessarily be composed of the lowest cost alternatives. Florida Power's objective is to select resources that offer the maximum value to the Company and its customers. The final-listed Bidders will be those Bidders with which Florida Power will begin contract negotiations. Florida Power will not necessarily award contracts to any of the Bidders in the Final List. In the event none of the proposals is clearly superior to Florida Power's self-build alternative, a Final List will not be selected and an appropriate announcement will be made.

D. Contract Negotiations

The next phase in the solicitation process is contract negotiations. As previously noted, Florida Power has included Key Terms and Conditions in the RFP to allow Bidders to identify their exceptions; thereby, expediting contract negotiations and allowing Florida Power to assess the significance of the changes requested by Bidders. Inclusion of a proposal in the Final List does not indicate Florida Power's acceptance of the exceptions identified by the Bidder. Florida Power reserves the right to negotiate any terms and conditions which provide value to Florida Power and its customers. Also, if in Florida Power's view contract negotiations are not proceeding on a reasonable schedule to ensure achievement of the in-service date requirement, Florida Power has the right to terminate contract negotiations with that Bidder.

E. Regulatory Filings

A Determination of Need and/or Cost Recovery Filing with the Florida Public Service Commission may be required. If so, filings by the selected Bidder(s) and/or Florida Power will be required. Florida Power will also have to be a co-applicant in the Certificate of Need proceeding under the Florida Electrical Power Plant Siting Act.

V. FLORIDA POWER'S "NEXT PLANNED GENERATING UNIT"

The following data represent the planned unit data estimates, which Florida Power utilizes in its planning and is provided for information purposes only. These planning estimates have not been refined by site specific costs, detailed engineering, or vendor quotes. The final actual cost of a project could be appreciably greater or smaller than that shown. Parties responding to this RFP should rely on their own independent evaluations and estimates of project costs in formulating their proposals.

1. A combined cycle generating unit to be located on Florida Power's existing Hines Energy Complex site in Polk County, Florida.
2. Planned Size 530 MW (nominal).
3. Commercial Operation of the facility is proposed to be November 30, 2005.
4. The primary fuel is natural gas. Oil will be used as a backup fuel source.
5. The estimated total direct cost is $245.1 million (2001 $).
6. The estimated annual levelized revenue requirement is $36.8 million over 25 years.
7. The estimated annual value of deferral of this unit is $60.26/kW-yr (2005$).
8. The estimated annual fixed O&M is $0.87 million (2005$). The estimated variable O&M is $2.71/MWH (2005$).
9. The estimated delivered fuel cost is $3.83/MMBtu (2005$), plus fixed transportation at the prevailing rate.
10. The following are estimates for:

Planned outage rate	5.75%
Forced outage rate	3 %
Heat rate	7,100 Btu/kWh at 80% NOF
Minimum load	265 MW (nominal)
Ramp Rate	26.5 MW/minute from min. to full load

11. The estimated transmission and interconnection costs for this unit are $10 million.
12. Supplemental site certification as well as amendment to related environmental permits will be required for this unit. It is Florida Power's plan to comply with all environmental standards of Local, Regional, State and Federal governments.
13. The major financial assumptions in the development of these numbers were:

Construction escalation:	2.0 % per year
General escalation:	2.0 % per year
Fuel escalation:	Varies by year
Capital structure:	46 % debt @ 6.76 %
	54 % equity @ 12.0 %

ATTACHMENT A

KEY TERMS AND CONDITIONS

DEFINITIONS

"Agreement" means the Power Purchase Agreement entered into between Florida Power and the "Seller."

"Commercial Operation" means operation of the Facility commencing on the Commercial Operation Date and continuing until termination or expiration of the Agreement.

"Commercial Operation Date" means the later of (a) first day of the month following the date that the Facility has been satisfactorily completed and tested by Seller, or (b) December 1, 2005.

"Delivery Point" means the point at which deliveries of capacity and energy under the Agreement are required to be made and shall be measured which, for any Facility located within Florida Power's control area, shall be the interconnection point; and, for any Facility located outside Florida Power's control area, shall be the physical point at which connection is made between Florida Power's system and the system of the Wheeling utility adjacent to Florida Power's control area which will deliver the capacity and energy to such point from the Facility or from other Wheeling utilities, as the case may be.

"Effective Date" means the date set forth in the preamble to the Agreement.

"Equivalent Availability Factor" or "EAF" shall have the meaning given in Section II.H of the Response Package.

"Equivalent Forced Outage Rate" or "EFOR" shall have the meaning given in Section II.H of the Response Package.

"Facility" or "Project" means the equipment, spare parts inventory, lands, property, buildings, generators, step-up transformers, boilers, output breakers, transmission lines and facilities used to connect to the Interconnection Point or to the Facility's point of interconnection with the Wheeling utility, protective and associated equipment, improvements, and other tangible and intangible assets, property rights and contract rights reasonably necessary for the construction, operation and maintenance of the Facility.

"Good Utility Practice" means the practices, methods and acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry) that, at a particular time, in the exercise of reasonable judgement in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, codes, standards, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy and expedition. With respect to the Facility, Good Utility Practice(s) include, but are not limited to, taking reasonable steps to ensure that:

1. adequate equipment, materials, resources and supplies, including Primary Fuel and Secondary Fuel (with minimum inventory levels) are available to meet the needs of the Facility;

2. sufficient management and operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Facility properly, efficiently and in coordination with Florida Power's system and are capable of responding to reasonably foreseeable emergency conditions whether caused by events on or off the site of the Facility;

3. preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable long term and safe operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment and tools;

4. appropriate monitoring and testing is done to ensure equipment in functioning as designed;

5. equipment is not operated in a negligent or reckless manner, or in a manner unsafe to workers, the general public or Florida Power's system or contrary to environmental laws or regulations or without regard to defined limitations such as steam pressure, temperature and moisture content, chemical content of make-up water, safety inspection requirements, operating voltage, current, volt-ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization and/or control system limits; and

6. the equipment will function properly under both normal and emergency conditions at the Facility and/or on Florida Power's system.

"Interconnection Facilities" means all land, easements, materials, equipment and facilities installed for the purpose of interconnecting the Facility and Florida Power's system to permit the transfer of electric energy and capacity in either direction, including but not limited to connection, transformation, switching, metering, relaying, communications equipment, safety equipment, and any necessary additions and reinforcements to Florida Power's system required for safety or system security as a result of the interconnection between the Facility and Florida Power's system.

"Milestone Date" means the date by which the Seller is required to complete a specified task in accordance with the Milestone Schedule.

"Milestone Schedule" means the Milestone Schedule set forth in the final Agreement, as such Milestone Schedule may be revised in accordance with the terms and conditions of the final Agreement.

"MW" means megawatt.

"Net Dependable Capacity" or "NDC" means the maximum net sustainable output of the Facility in MW that can be delivered to the Delivery Point (after deducting plant auxiliary loads and other losses), based on a performance test.

"Net Electrical Output" means all of the Facility's electric generating output after deducting plant auxiliary loads and any transmission losses between the Facility and the Interconnection Point, as measured by metering devices owned by Florida Power.

"Project Lender" means the lender or lenders providing the initial construction and/or permanent debt financing for the Facility, and any fiscal agents, trustees, or other nominees acting on their behalf.

"Ramp Rate" means the minimum rate change in Net Electrical Output per minute over the period beginning at the time when the Seller is instructed to change the Facility's Net Electrical Output, and ending at the time that such Net Electrical Output is achieved, based on performance testing.

"Scheduled Commercial Operation Date" means the Milestone Date by which Seller is required to achieve Commercial Operation.

"Seasonal Contract Capacity(ies)" shall have the meaning given in Section II of the RFP document.

"Seasonal NDC" means the Summer NDC and/or the Winter NDC, as applicable.

"Security Funds" means the Development Security Fund and the Operational Security Fund as defined in Section 3.2.

"Start Time" means the maximum time required to synchronize the Facility with Florida Power's system and achieve minimum load beginning when Florida Power instructs the Seller to start the Facility from a cold shut-down condition.

"Summer Contract Capacity" shall have the meaning given in Section II of the RFP document.

"Summer Period" shall be the months specified in Section II.F of the Response Package.

"Summer NDC" means the NDC for the Summer Period, corrected to the ambient conditions.

"Wheeling" means the transmission of electric power from the electrical system of one utility to the electrical system of another utility, either directly or through the system of one or more other utilities.

"Winter Contract Capacity" shall have the meaning given in Section II of the RFP document.

"Winter NDC" means the NDC for the Winter Period, corrected to the ambient conditions.

"Winter Period" shall be the months specified in Section II.F of the Response Package.

SECTION 1. RIGHT OF FIRST REFUSAL

Florida Power shall have the Right of First Refusal to purchase the Facility or to purchase any capacity expansions during the term of the Agreement, upon substantially the same terms and purchase price as that offered to any third party, which option shall be held open for a period of 90-days after Seller's presentation of the terms of such offer to Florida Power. Notwithstanding the foregoing, any transfer of the Facility or any expansion thereof to any third party shall be permitted only with the prior written approval of Florida Power, and only upon agreement by a third party to assume all of Seller's obligations under the Agreement.

SECTION 2. ADJUSTMENTS TO FIXED PAYMENTS

Subsequent to the Commercial Operation Date of the Facility and subject to the Seller's meeting all other obligations under the Agreement (including availability requirements), Florida Power shall accept, purchase and pay for the Seasonal Capacities (as applicable) to be delivered under the Agreement based on the Contract Capacity, subject to the following:

a. If the tested Seasonal NDC is greater than or equal to the Seasonal Contract Capacity, Florida Power will pay Seller for capacity delivered based on the Seasonal Contract Capacity.

b. If tested Seasonal NDC is lower than the Seasonal Contract Capacity, Florida Power will pay Seller based on the Seasonal Contract Capacity, after subtracting the daily liquidated damages as specified in Section 3.5, until a re-test of the Facility shows a Seasonal NDC at least equal to the applicable Seasonal Contract Capacity.

c. If Seller fails to achieve an eighty-five percent (85%) EAF on a 12-month rolling average, starting in the second contract year, then the proposed Fixed Payments (Generation Capital, Transmission, Fixed O&M, and Firm Fuel Transportation as specified in Schedule 1 of the Response Package) will be reduced on a sliding-scale basis.

d. No Fixed Payments will be made for those months in which the 12-month rolling average EAF is less than 60%.

e. In any month, if the actual EFOR is greater than the EFOR Guarantee, the proposed Fixed Payments will also be reduced by the Availability Adjustment Factor (AAF), where

$$AAF = (1 - EFOR_{actual}) / (1 - EFOR_{guarantee}).$$

f. The monthly payment shall thus be

Actual Payment = Proposed Fixed Payment * EAF adjustment * AAF.

SECTION 3. DEFAULT AND SECURITY

3.1 Operation by Florida Power Following Event of Default by Seller

a. If during the term of the Agreement Florida Power becomes entitled to terminate the Agreement due to an Event of Default and if operation of the Facility is not assumed by Project Lender or its permitted assignee, then, in lieu of terminating the Agreement, Florida Power may, but is not obligated to, assume operational responsibility for the Facility to complete construction, continue operation, complete any necessary repairs, or take such other steps as are appropriate in the circumstances, or may designate a third party or parties to do the same, so as to assure uninterrupted availability and deliverability of electric energy and capacity from the Facility. Seller agrees to fully cooperate with Florida Power in providing access to the Facility, and permitting Florida Power to operate the Facility as provided herein. Any payments to Seller shall be made only after any and all costs and expenses (including liquidated damages) of Florida Power in exercising its rights hereunder are deducted.

b. Florida Power's exercise of its rights hereunder to operate the Facility and Seller's Interconnection Facilities shall not be deemed an assumption by Florida Power of any liability of Seller.

c. Florida Power may continue to operate the Facility until:

(1) Seller demonstrates to Florida Power's satisfaction that it is financially and technically qualified to operate the Facility in accordance with the Agreement and resumes operations;

(2) the Project Lender or its permitted assignee assumes operation of the Facility; or

(3) Florida Power terminates the Agreement for an Event of Default .

3.2 Establishment of Security Funds

a. Seller agrees to establish, fund, and maintain the Security Funds specified below, which shall be available at Florida Power's discretion to pay any amount due to Florida Power under the Agreement:

(1) A "Development Security Fund" which shall be established and funded as provided in Section 3.2f within 30 days after the Effective Date, and shall be maintained until such time as (a) the Facility achieves Commercial Operation; (b) all amounts payable from the Development Security Fund have been paid; and (c) the Operational Security fund has been satisfactorily established and funded.

(2) An "Operational Security Fund" which shall be established and funded as provided in Section 3.2g within thirty (30) days after the Commercial Operation Date, and shall be maintained until (a) the end of the term of the Agreement, or

until termination of the Agreement; and (b) all amounts payable from the Operational Security Fund have been paid.

b. The Security Funds shall be maintained at Seller's expense, shall be originated by or deposited in a financial institution or company ("Issuer") acceptable to Florida Power, and shall be in the form of either of the following, or combination of both:

(1) an irrevocable standby letter of credit drawn on an Issuer acceptable to Florida Power; or

(2) cash in U. S. Dollars or U. S. Government Bonds deposited with an Issuer acceptable to Florida Power.

c. If a Security Fund in the form of an irrevocable letter of credit is utilized by the Seller to fund the above, such security must be issued for a minimum term of two (2) years. Additionally, the form and substance of such letter of credit must meet Florida Power's requirements to ensure that claims or draw-downs can be made in accordance with the terms of the Agreement. Furthermore, at the end of each year the security must be renewed for another one (1) year term such that the minimum remaining term of any such security shall not be less than twelve (12) months. If there is failure to comply with this provision, Florida Power shall have the right to draw immediately upon the security and to place the amounts so drawn in an account in accordance with the provisions of Section 3.2b. At such time as Seller's obligation to provide security expires, Florida Power shall, within a reasonable period of time, cooperate with Seller in canceling the letter of credit.

d. With respect to any escrow account opened as security for Seller's obligations hereunder, Florida Power shall establish at Seller's cost and with Seller's funds an account in the name of Florida Power. If cash is to be deposited, the account shall be an interest bearing account. The documents for such escrow account and the institution holding such escrow account shall be acceptable to Florida Power in its sole discretion. At such time as Seller's obligation to provide security hereunder expires, Florida Power shall, within a reasonable period of time, return the cash or bonds in such escrow account to Seller. At such times as the cash balance in such escrow account exceeds the amount of Seller's obligation to provide security hereunder, Florida Power shall remit to Seller, at Seller's request, any excess in the escrow account above Seller's obligations. Seller may obtain the return of such escrow account at any time by providing to Florida Power an irrevocable letter of credit in the same amount as the escrow account and meeting the appropriate criteria specified in the Agreement.

e. Florida Power may reevaluate the value of all non-cash securities put into escrow as provided above at any time. Should the value of the non-cash securities fail to be in excess of the requirements set forth above, Florida Power may in its sole discretion require Seller to post additional security of an acceptable nature and level.

f. Development Security is security required from Seller during the development phase of the project. It must be posted according to the schedule found below and is based on the average Seasonal Contract Capacity of the Facility. All remaining Development Security will be returned to the Seller when the conditions of Section 3.2 are accomplished.

DEVELOPMENT SECURITY SCHEDULE
($50/kW Total)

Timing	Amount (Cash Equivalent Value)	Cumulative (Cash Equivalent Value)
30 days after contract signing	$20/kW	$20/kW
18 months before Scheduled Com. Oper. Date	$20/kW	$40/kW
12 months before Scheduled Com. Oper. Date	$10/kW	$50/kW

g. Operational Security is required from Seller during the operational phase (i.e., commercial operations date to contract end) of the project. It must be posted according to the schedule below and is based on the average Seasonal Contract Capacity of the Facility. All remaining Operational Security will be returned to the Seller when the conditions of Section 3.2 are accomplished.

OPERATIONAL SECURITY SCHEDULE
($30/kW Total)

Timing	Amount (Cash Equivalent Value)	Cumulative (Cash Equivalent Value)
Within 30 days after Commercial Operation Date	$10/kW	$10/kW
5 Years After Commercial Operation Date	$10/kW	$20/kW
10 Years After Commercial Operation Date	$10/kW	$30/kW

3.3 Liquidated Damages for Seller's Failure to Meet Milestone Dates Before Commercial Operation

a. If Seller fails to achieve Commercial Operation by the Scheduled Commercial Operation Date or fails to meet any Milestone Date, Seller shall pay liquidated damages to Florida Power as specified below:

Event	Liquidated Damages
i. Failure to meet each Milestone Date under Section above (other than Commercial Operation)	$TBD/kW-day*
ii. Failure to attain Commercial Operation by the Scheduled Commercial Operation Date	$TBD/kW-day*

* Based on the Seasonal Contract Capacity

Liquidated damages shall be paid for each calendar day of delay until the event is achieved or until twelve (12) months shall pass, as liquidated damages and not as a penalty. Liquidated damages shall begin accruing the day after failure to meet the scheduled Milestone. Such amounts shall be cumulative for each Milestone which is not achieved. Liquidated damages shall be payable monthly within ten (10) days of Seller's receipt from Florida Power of a bill covering the applicable period and shall continue until the specific Milestone is achieved or twelve (12) months have passed. If Seller fails to make such payment within such ten (10) days, Florida Power may draw on the Development Security to cover such payment. In the event that Seller fails to achieve a Milestone event within twelve (12) months of the Milestone Date for such event, Florida Power shall have the right to terminate the Agreement. If Florida Power exercises its right to terminate the Agreement, the entire amount of the Development Security plus any accrued interest shall be retained by Florida Power as liquidated damages. Florida Power shall also have any and all remedies specified in the Agreement, or as provided by law.

b. If Seller fails to achieve Commercial Operation by the Scheduled Commercial Operation Date, Seller shall be liable for damages to Florida Power for the costs of replacing the capacity and energy over and above what Florida Power would have paid Seller for the capacity and energy under the Agreement, and the transactional costs of obtaining the replacement capacity and energy, in addition to any liquidated damages payable under Section 3.3a.

c. If Seller provides written notice to Florida Power or it is otherwise determined by Florida Power at any time after the Effective Date that Seller will not be able to complete the Facility to a state of Commercial Operation, Florida Power may terminate the Agreement, and Seller shall pay liquidated damages as specified by the following formula, in addition to any liquidated damages payable under Section 3.3a through the date of termination:

($20/kW X Contract Capacity) +

($40/kW X Contract Capacity) X (No. of days from contract execution to date of notice) / (No. of days from contract execution to Scheduled Com. Oper. Date)

Upon such notice given by Florida Power, the Agreement shall terminate and Seller waives any rights it may have under the Agreement.

3.4 Damages for Event of Default After Commercial Operation

If a termination of the Agreement occurs as a result of an Event of Default of Seller after attaining Commercial Operation, Seller, for three (3) years subsequent to the date of default, shall be liable for Florida Power's damages, including, but not limited to, damages to Florida Power for the costs of replacing the capacity and energy over and above what Florida Power would have paid Seller for the capacity and energy under the Agreement, and the transactional costs of obtaining the replacement capacity and energy.

3.5 Liquidated Damages for Seasonal Contract Capacity Deficiencies

Seller shall pay to Florida Power $TBD per kW day for the difference between the Seasonal Contract Capacity and the tested Seasonal NDC as determined through Facility testing, for each day that the Seasonal NDC remains below the Seasonal Contract Capacity as liquidated damages for the detrimental impact upon Florida Power's generation planning.

3.6 Liquidated Damages for Start Time Deficiencies

If Seller fails to meet the agreed upon Start Time requirements when tested in accordance with agreed upon provisions at any time during the term of the Agreement, then for each failure Seller shall pay Florida Power liquidated damages in the amount of $TBD per kW day, based on the applicable Seasonal Contract Capacity for the Facility, until the deficiency is corrected and satisfactorily re-tested.

3.7 Liquidated Damages for Ramp Rate Deficiencies

If Seller fails to meet the agreed upon Ramp Rate requirements when tested in accordance with agreed upon provisions at any time during the term of the Agreement, then for each failure Seller shall pay Florida Power liquidated damages in the amount of $TBD per kW day, based on the applicable Seasonal Contract Capacity for the Facility, until the deficiency is corrected and satisfactorily re-tested.

3.8 Payments from Security Fund

In addition to any other remedy available to it, Florida Power may draw appropriate amounts from the Security Funds to recover the damages owing to it under the Agreement, including but not limited to the recovery of liquidated damages payable under this Section 3. At the end of the term of the Agreement, the remaining balance of the Security Funds and accumulated interest shall be returned to

Seller within a reasonable period of time if any funds are remaining in the Security Funds and if no funds are owed to Florida Power under the Agreement.

SECTION 4. OPERATION OF THE FACILITY

4.1 General

Seller shall operate, maintain, and repair the Facility in a safe, prudent, reliable, and efficient manner in accordance with Good Utility Practice.

4.2 Establishment of Operating Procedures

Seller and Florida Power shall each appoint an Operating Representative who shall be the primary point of contact between the parties for purposes of this Section within thirty (30) days after the Effective Date. Seller and Florida Power shall mutually develop written operating procedures no later than ninety (90) days prior to the Scheduled Commercial Operation Date. The operating procedures will be established by mutual agreement based on the design of the Facility and the design of the Interconnection Facilities. The operating procedures will be intended as a guide on how to integrate the Facility into Florida Power's system. Topics covered shall include, but be not limited to, method of day-to-day communications; key personnel list for applicable Florida Power and Seller operating centers; clearances and switching practices; outage scheduling; daily capacity and energy reports; unit operations log; and reactive power support. In no event shall the operating procedures to be established hereunder be considered as a modification, amendment or waiver of any of the terms and conditions of the Agreement.

4.3 Certification of Maintenance

a. Seller shall obtain at its sole expense an independent engineering review of the entire Facility (including the Interconnection Facilities), its operation and maintenance to assist Florida Power in monitoring compliance with Good Utility Practice. This review shall also include a review of the environmental compliance of the Facility and its operation and maintenance plan. The independent review will be conducted by an engineering firm other than the firm chosen by Seller to design, construct, operate or maintain the Facility, and furthermore, selection of this engineering firm is subject to Florida Power's approval. The independent review will be conducted according to the following schedule:

   (1) Once every other year for the first ten (10) years following the Commercial Operation Date.

   (2) For the remainder of the term of the Agreement, once every calendar year.

b. Seller shall cause the independent engineer to issue a written report to Florida Power before June 1 of every year in which the independent review has been conducted assessing Facility operation and maintenance and compliance with all applicable environmental licenses, approvals, and permits and stipulating any related remedial or

other actions consistent with Good Utility Practice. Such report shall be made available to Florida Power as soon as it is available to Seller. Seller shall cause these recommendations to be implemented as soon as practical unless Seller and Florida Power agree otherwise. Seller shall provide written certification of implementation of these recommendations to Florida Power as soon as they are completed.

c. Florida Power or its designated agent shall have the right to verify such recommendations by reviewing all pertinent Facility records and by inspecting the Facility, provided that such review and inspection shall not unreasonably interfere with Seller's operations at the Facility.

d. Seller and Florida Power shall use all reasonable efforts to resolve any disputes between them as to whether any maintenance deficiency exists and/or whether a particular remedy is reasonably necessary to correct a purported deficiency.

e. Seller agrees to undertake promptly and complete any undisputed deficiencies in maintenance and any disputed deficiencies in maintenance as ultimately agreed by Seller and Florida Power.

4.4 Florida Power Inspections

Seller shall allow Florida Power, at any time and with reasonable prior notice, to visit the Facility, including the control room and Interconnection Facilities, to inspect the Facility, review Seller's operating practices, and examine the operating logs. These visits may be made during weekends and nights as well as normal business hours. In exercising such rights, Florida Power shall not unreasonably interfere with or disrupt the operation of the Facility and Florida Power shall comply with all of Seller's reasonable safety regulations at the Facility.

SECTION 5. COMPLIANCE WITH LAWS

5.1 General

Seller agrees that it will at all times comply with all federal, state, and local statutes, laws, regulations and public ordinances of any nature relating in any way to the construction, modification, ownership, maintenance and operation of the Facility, and shall procure all necessary governmental permits, licenses, and inspections, and shall pay all fees and charges in connection therewith. Seller shall indemnify and defend Florida Power from and against any liability, fines, damages, costs, or expenses arising from Seller's failure to comply with the requirements of this Section.

5.2 Safety and Health

Seller shall comply with all federal, state and local laws and regulations pertaining to health, safety, sanitary facilities and waste disposal. Seller shall meet all requirements of the Occupational Safety and Health Act of 1970 (OSHA), including all amendments. Seller shall also comply with any standards, rules, regulations and orders promulgated under OSHA and

particularly with the agreement for state development and enforcement of occupational health and safety standards as authorized by Section 18 of the Act.

5.3 Equal Employment Opportunity

Unless the rules, regulations or orders of the United States Secretary of Labor exempt the Agreement from the provisions of Section 202 of Executive Order No. 11246, dated September 24, 1965, relating to equal employment opportunity, those provisions are, to the extent applicable, made a part of the Agreement.

SECTION 6. ASSIGNMENT

Seller shall not sell or transfer the Facility or any part thereof, and shall not sell, transfer or assign the Agreement or any rights or obligations thereunder, without the prior written consent of Florida Power. A request to sell or transfer the Facility, or to sell, transfer or assign the Agreement must contain the name and location of individuals or firms to whom it is to be assigned, and a detailed description of the proposed transaction. Consent by Florida Power to sell or transfer the Facility, or to sell, transfer or assign the Agreement shall not relieve the Seller of responsibility for the performance of all obligations under the Agreement. Any sale or transfer of the Facility, and any transfer or assignment of the Agreement shall not jeopardize any of the security given by Seller as provided in Section 6. For purposes of this Section, a transfer or assignment shall include but not be limited to a sale of all or a majority interest in the stock of Seller.

SECTION 7. ENVIRONMENTAL REPORTING AND INDEMNITY

7.1 Environmental Compliance

Seller shall construct, maintain and operate the Facility in accordance with all state, federal and local environmental laws, regulations, ordinances, and permits. Seller shall disclose to Florida Power, as soon as and to the extent known to Seller, any actual or alleged violation of any environmental laws or regulations arising out of or in connection with the construction, operation or maintenance of the Facility, or the alleged presence of environmental contamination at or in connection with the Facility, or the existence of any past or present enforcement, legal or regulatory action or proceeding relating to such alleged violation or alleged presence of environmental contamination. Environmental contamination means the presence of hazardous wastes, hazardous substances, hazardous materials, toxic substances, hazardous air or other hazardous pollutants, and toxic pollutants, as those terms are used in the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation and Liability act; the Hazardous Materials Act; the Toxic Substances Control Act; the Clean Air Act; the Safe Drinking Water Act; the Oil Pollution and Hazardous Substances Control Act; and any and all other applicable federal, state, and local laws and regulations as amended, at such levels or quantities or location, or of such form or character, to be in violation of said federal, state, and local laws and regulations.

7.2 Environmental Indemnity

Seller shall indemnify, defend and hold Florida Power harmless against any and all claims, demands, losses, liabilities, expenses, fines and penalties, including interest and attorney fees, resulting from any alleged violation of applicable federal, state or local environmental laws or regulations arising out of Seller's construction, operation, maintenance or ownership of the Facility or the Facility site, or the presence of any environmental contamination at or in connection with the Facility.

SECTION 8. REGULATORY OUT

Notwithstanding anything to the contrary in the Agreement, if Florida Power, at any time during the term of the Agreement, fails to obtain or is denied the authorization of the Florida Public Service Commission, or the authorization of any other legislative, administrative, judicial or regulatory body which now has, or in the future may have, jurisdiction over Florida Power's rates and charges, to recover from its customers all of the payments required to be made to the Seller under the terms of the Agreement or any subsequent amendment hereto, Florida Power may, at its sole option, adjust the payments made under the Agreement to the amount(s) which Florida Power is authorized to recover from its customers. In the event that Florida Power so adjusts the payments to which the Seller is entitled under the Agreement, then, without limiting or otherwise affecting any other remedies which the Seller may have hereunder or by law, the Seller may, at its sole option, terminate the Agreement upon (XX) days written notice to Florida Power. If such determination of disallowance is ultimately reversed and such payments previously disallowed are found to be recoverable, Florida Power shall pay all withheld payments, with interest at the rate of X% per annum. Seller acknowledges that any amounts initially received by Florida Power from its ratepayers, but for which recovery is subsequently disallowed and charged back to Florida Power, may be offset or credited, with interest at the rate of X% per annum, against subsequent payments to be made by Florida Power to the Seller under the Agreement.

If, at any time, Florida Power receives notice that the FPSC or any other legislative, administrative, judicial or regulatory body seeks or will seek to prevent full recovery by Florida Power from its customers of all payments required to be made under the terms of the Agreement or any subsequent amendments to the Agreement, then Florida Power shall, within XX days of such action, give written notice thereof to the Seller. Florida Power shall use its best efforts to defend and uphold the validity of the Agreement and its right to recover from its customers all payments required to be made by Florida Power hereunder, and will cooperate in any effort by the Seller to intervene in any proceeding challenging, or to otherwise be allowed to defend, the validity of the Agreement and the right of Florida Power to recover from its customers all payments to be made by it hereunder.

The Parties do not intend this Section 8 to grant any rights or remedies to any third party(ies) or to any legislative, administrative, judicial or regulatory body; and this Section 8 shall not operate to release any person from any claim or cause of action which the Seller may have relating to, or to preclude the Seller from asserting, the validity or enforceability of any obligation undertaken by Florida Power under the Agreement.

RESPONSE PACKAGE

NOVEMBER 26, 2001

Response Package
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RESPONSE PACKAGE SCHEDULES

I. General Instructions

This Response Package contains the information required of Bidders and reviews the required organizational structure and contents of the proposals submitted in response to Florida Power's RFP for Power Supply Resources. Prior to developing their proposals, Bidders are requested to carefully read Florida Power's RFP and the instructions in this Response Package.

Proposals in response to this RFP must consist of three bound copies and an electronic version (on diskette or CD-ROM) with all text portions of the responses in Microsoft Word 97 (or earlier) or Adobe Acrobat and schedules in Microsoft Excel 97 (or earlier). Each proposal is to be bound separately. Bidders should ensure that the proposals are delivered on time. Preprinted materials such as maps, annual reports, etc. do not have to be submitted in electronic format.

Bidders are required to use the schedules provided. The schedules (as well as the format of the entire Response Package) have been designed to facilitate the evaluation of the proposals in an expedient manner. Failure to use the schedules will be grounds for disqualification.

II. Organization and Contents of Bidders' Proposals

A. Overview

Bidders' proposals **must** be organized according to the structure specified below. If a particular chapter or section is not relevant to a Bidder's proposal, then the Bidder should include the chapter or section and indicate why it is not relevant. Where Florida Power has included a schedule that is to be completed by the Bidder, the schedules must be completed or the Bidder should indicate why the schedule is not relevant.

B. Proposal Outline

The outline that Bidders **must** use to organize their proposals is presented below. Also specified in each section of this Response Package is the chapter number and section number that should be used for all proposals. The specific information that is to be included in each chapter is described below. However, because the information requested may not be relevant to all types of proposals, Florida Power has indicated in bold the type of proposal to which each question applies. (Where no specific type of proposal is indicated, the Bidder should assume that the information is required for all types of proposals.)

- Proposal Executive Summary
- Chapter 1: Project Summary
- Chapter 2: Proposal Pricing
- Chapter 3: Operating Performance
- Chapter 4: Permitting Plans

- Chapter 5: Engineering and Design Plans
- Chapter 6: Site Control
- Chapter 7: Transmission Plan
- Chapter 8: Fuel Supply and Transportation Plan
- Chapter 9: Project Financing Plan
- Chapter 10: Commercial Operation Date Certainty
- Chapter 11: Bidder Experience
- Chapter 12: Acceptance of the Key Terms and Conditions

This Response Package is organized around a series of schedules. The matrix presented below indicates which schedules apply to different types of proposals. These schedules are provided in an Excel 97 workbook included as part of this Response Package. For Bidders that request a hard copy of this RFP and Response Package, hard copies of the schedules are provided at the end of this Response Package. If a schedule applies to the type of proposal that the Bidder is submitting, the Bidder is **required** to provide both hard and electronic copies of the schedule. **Inconsistencies between the electronic and hard copies will be grounds for disqualification.**

Schedules To Be Completed By Bidder

Schedule No. and Name	Greenfield	Unit	System Power
Schedule 1: Pricing Schedule for Greenfield and Unit Proposals	X	X	
Schedule 2: Pricing Schedule for System Power Proposals			X
Schedule 3: Contract Buyout Schedule	X	X	X
Schedule 4: Project Capacity and Heat Rate Schedule	X	X	
Schedule 5: Operating Performance Schedule	X	X	X
Schedule 6: Environmental and Regulatory Permit Status Schedule	X		
Schedule 7: Air Emissions Schedule	X		
Schedule 8: Network Resource System Impact Study data request	X	X	
Schedule 9: Project Pro Formas Schedule	X		
Schedule 10: Project Milestone Schedule	X		
Schedule A: Project Summary	X	X	X

C. Proposal Executive Summary

The Bidder is required to provide a brief summary of its proposal (no more than two pages). The summary should include at a minimum a brief overview of the technology and equipment proposed, amount of capacity offered, project location and point of delivery, proposed project pricing, power delivery period, fuel supply arrangements, experience with key project elements, financing plan/arrangements, permitting schedule, and conformance with Key Terms and Conditions provisions (see Attachment A to the RFP).

D. Chapter 1: Project Summary

Chapter 1 of the Bidder's proposal must consist of a completed Project Summary (Schedule A). Bidders should complete Schedule A after they have completed all other schedules; data must be consistent with the detailed schedules. In addition to submitting the Excel spreadsheet version of this schedule, the Bidder must include a hard copy of this schedule in Chapter 1 of its proposal. The information in this form will be treated as non-confidential and non-proprietary and may be released to the public.

E. Chapter 2: Proposal Pricing

1. Introduction

Bidders are required to complete all the applicable pricing schedules referenced in this chapter of the Response Package and to provide a complete description of the components of the charges. Florida Power has included price schedules for Greenfield and Unit Proposals and System Power Proposals as part of this package. Bidders should only complete those schedules that are pertinent to the type of bid submitted (see Table on Page 2). Bidders should note that price proposals are not subject to negotiation unless initiated by Florida Power. Bidders should also note that contract year one is a partial year. Therefore, a "10-year" contract will cover the time period beginning December 1 of the start year and ending December 31 of the tenth year, for example, December 1, 2005 through December 31, 2014.

2. Price Schedule for Greenfield and Unit Proposals

Bidders offering Greenfield or Unit Proposals must complete all relevant sections of Schedule 1 as described in this section of the Response Package. Bidders should ensure that the pricing components of their proposals conform to the requirements described in Table IV-2 of the RFP. All costs to be paid by Florida Power must be reflected in the proposed pricing. Florida Power will not accept any charges other than those identified in Schedule 1.

Bidders must specify the pricing for their proposals in terms of the following components and units, to the degree that each component is relevant to the particular bid:

Fixed Payment
- Generation Capital Charge ($/kW-Yr)
- Transmission Charge ($/kW-Yr)
- Fixed Operation and Maintenance (O&M) Charge ($/kW-Yr)
- Firm Fuel Transportation Charge ($/kW-Yr)

Variable Payment
- Fuel Price ($/mmBtu)
- Variable O&M Price ($/MWh)

Start Payment
- Start Price Per Facility ($/start/facility).

Schedule 1 consists of three Excel sheets. The sheets named "Schedule 1 Sheet A" and "Schedule 1 Sheet B" contain cells in which Bidders must enter the proposed term for their bid and the associated pricing data. The workbook is programmed to automatically calculate the yearly pricing projections over the proposed term, using the pricing data entered by the Bidder in the sheets. These calculated projections may be viewed in "Schedule 1 Sheet C," but the Bidder is not allowed to make any entries in this sheet.

In addition to completing the schedules, Bidders should include back-up sheets (labeled as Exhibit 2.1) which clearly describe their pricing proposals in terms of the pricing components, the indices proposed to adjust the prices, and the frequency of change in the indices for payment purposes.

a. Initial Prices

In the Initial Data section of "Schedule 1 Sheet A," the Bidder must provide initial prices for each of the pricing components. Bidders' prices must reflect a January 1, 2002 base period. In addition to providing the initial prices, the Bidder must specify its primary and secondary fuels in this section of the schedule. The primary fuel is the fuel that the Bidder expects to use for the majority of the months in the year, and the secondary fuel is the fuel that the Bidder expects to use for the remaining months. If desired, the Bidder may propose to use only one fuel for all months throughout the year and not specify a secondary fuel. The Bidder should identify in the Initial Data Section the months in which the primary and secondary fuels will be expected to be used by entering a "P" for primary or an "S" for secondary next to each month. These entries will be used for both evaluation and payment purposes. For example, if a Bidder states that natural gas will be used eleven months of the year and oil for only one month (*e.g.*, January), the Bidder must be willing to accept this commitment for both payment and evaluation purposes.

The Bidder should be certain to enter the initial prices in terms of the units specified in the Schedule. For example, the initial fuel prices must be specified in terms of dollars per million Btu ($/mmBtu).

The Bidder must enter initial prices for fixed and variable O&M. Although the Bidder may specify two fuels (Primary and Secondary) to be used during a year, the Bidder should enter only one initial annual price for each of the O&M components. These prices should reflect the weighted average annual O&M, based on the proposed fuels. Furthermore, for the fixed O&M component, the Bidder must specify an **annualized** initial price, even though the start year for the proposal will not include all twelve months of the calendar year.

The Bidder is also required to enter the initial start payment. The start payment component is designed to compensate the Bidder for the cost of starting the **Facility**. Payment will only be made for starts required by Florida Power. The Company will not reimburse the Bidder for test starts or starts arising from a forced outage or from an unplanned maintenance outage. The Company will estimate the number of starts for evaluation purposes but pay the Bidder based on the actual number of successful starts.

The final entries in the Initial Data Section are the Term of the Proposal, which represents the number of years under which capacity and energy will be provided to Florida Power by the Bidder, the Contract Start Month, and the Contract Start Year. Based on these entries in Sheet A, the beginning and ending dates for the corresponding contract years will automatically be displayed in Sheets B and C. The Term of the Proposal cannot be less than five (5) years and cannot exceed 25 years. To ensure compliance with Florida's siting and merchant plant rules, Bidders of Greenfield projects must propose long term agreements. The Contract Start Year must be 2005.

b. Price Escalation

In addition to providing initial prices for each of the pricing components, the Bidder must specify the escalation indices to be used for each component for evaluation and payment purposes. This information must be provided in the Escalation Indices Section of "Schedule 1 Sheet A." Beside each pricing component, the Bidder can select a predefined index, **or** the Bidder can specify an alternative fixed escalation rate. The predefined indices which the Bidder may choose are listed in Chapter III of this document, along with their current standard escalation assumptions at the time Chapter III was prepared. These assumptions are based on recent forecasts for the indices; however, Florida Power reserves the right to update these forecasts during the evaluation period if they no longer reflect Florida Power's current expectations for the indices. Excel will automatically compute and display, in the right-most column of this section, the standard escalation for a particular pricing component based on the Bidder's entries and the standard assumptions shown in Chapter III. The standard escalation value will be used to evaluate the proposal. Bidders will be paid based on the actual values of the indices at the time of payment. The index selected for each pricing component should be consistent with market-based indices that are appropriate for that component. For example, if a Bidder proposes to use natural gas as its primary fuel, a gas commodity index is appropriate to choose. If a Bidder proposes to use a secondary fuel, the Bidder should select an appropriate index for that fuel.

To choose from the predefined indices, the Bidder selects the abbreviated code for the selected index, as given in Chapter III, in the first cell beside the pricing component. Selecting the cell will reveal a drop-down menu from which the index is to be selected.

Alternatively, the Bidder may choose to specify a fixed escalation rate by leaving all predefined index cells blank and entering the annual fixed escalation rate as a percent. Bidders should not specify both predefined and fixed escalators for any one pricing component. If a Bidder incorrectly completes the schedule by specifying both types of escalators, the fixed escalator will be used for evaluation and payment purposes.

Next, the Bidder must specify the Frequency of Change for the selected indices for payment purposes. For evaluation purposes, all values will escalate on a contract year basis. To specify the Frequency of Change, the Bidder may select Monthly, Quarterly, Annual, or Never (*i.e.*, the initial price remains constant throughout the term) from the drop-down menus contained in the cells under the "Frequency of Change" heading.

c. Annual Charges

Bidders must enter generation capital charges in "Schedule 1 Sheet B" for every year of the term of the proposal. The generation capital charges must be based on the Seasonal Contract Capacities. Therefore, Bidders must take into account the difference in Summer and Winter Contract Capacities and enter **annualized** $/kW values for every year, including the start year when the proposal does not include all 12 months of the calendar year. Since the Summer and Winter Periods each contain six (6) months, this can easily be achieved by using the average Summer and Winter Contract Capacities when developing $/kW values. Bidders will be paid monthly based on the product of the Bidder-specified seasonal capacity and one-twelfth (1/12) of the Bidder-specified annual charges, and will be subject to adjustments based on actual operating performance (the adjustments for operating performance are described in the Key Terms and Conditions).

The generation capital charges should **not** include any transmission charges. A transmission charge must be specified by the Bidder in Schedule 1 Sheet B for each year of the proposal. These charges should reflect all transmission-related costs including interconnection, required system upgrades (the portion charged to the proposed project), and wheeling (if applicable) to Florida Power's point of delivery and must be based on the Seasonal Contract Capacities.

Bidders must also specify a firm fuel transportation charge (if appropriate to the technology being proposed) based on the Seasonal Contract Capacities. Bidders must specify a charge for each year of the proposal. Bidders may specify a fuel transportation tariff as the price. Florida Power reserves the right to negotiate fuel transportation provisions with the Bidder if benefits can be derived for Florida Power and its customers.

3. Price Schedule For System Power Proposals

Bidders who are proposing System Power Proposals are required to complete "Schedule 2 Sheet A." In the Initial Data Section of the Excel sheet, the Bidder must provide initial prices for the Fuel and Non-Fuel Energy components in $/MWh. Bidders' prices must reflect a January 1, 2002 base period. Also in this section, Bidders must specify the Contract Start Year, the Term of the Proposal, which represents the number of years under which capacity and energy would be provided to Florida Power by the Bidder, the Winter Contract Capacity, and the Summer Contract Capacity. Based on these entries in Sheet A, the beginning and ending dates for the Corresponding contract years will automatically be displayed in the schedule. The Term of the Proposal cannot be less than five (5) years and cannot exceed 25 years. The Contract Start Year must be 2005.

In addition to providing initial prices for each of the energy pricing components, the Bidder must specify the escalation indices to be used for each component for evaluation and payment purposes. This information must be provided in the Escalation Indices Section of the Excel sheet. Beside each pricing component, the Bidder can select a predefined index, or the Bidder can specify an alternative fixed escalation rate. The predefined indices which the Bidder may choose are listed in Chapter III, along with their current standard escalation assumptions at the time Chapter III was prepared. These assumptions are based on recent forecasts for the indices;

however, Florida Power reserves the right to update these forecasts during the evaluation period if they no longer reflect Florida Power's current expectations for the indices. Excel will automatically compute and display, in the right-most column of this section, the standard escalation for a particular pricing component based on the Bidder's entries and the standard assumptions shown in Chapter III. The standard escalation value will be used to evaluate the proposal. Bidders will be paid based on the actual values of the indices at the time of payment. Once the initial prices and escalators have been specified, the annual fuel and non-fuel energy charges will be calculated by Excel and may be viewed by the Bidder in "Schedule 2 Sheet B." The Bidder is not allowed to make any entries in this sheet.

To choose from the predefined indices, the Bidder selects the abbreviated code for the selected index, as given in Chapter III, in the first cell beside the pricing component. Selecting the cell will reveal a drop-down menu from which the index is to be selected.

Next, the Bidder must specify the Frequency of Change for the selected indices for payment purposes. For evaluation purposes, all values will escalate on a contract year basis. To specify the Frequency of Change, the Bidder may select Monthly, Quarterly, Annual, or Never (*i.e.*, the initial price remains constant throughout the term) from the drop-down menus contained in the cells under the "Frequency of Change" heading.

Bidders must enter capacity and transmission charges in "Schedule 2 Sheet A" for every year of the term of the proposal. For the transmission charge, the Bidder should enter the total price of transmission, accounting for all transmission costs (*e.g.*, interconnection, required system upgrades, and wheeling) to Florida Power's point of delivery. The capacity and transmission charges must be based on the Seasonal Contract Capacities and must be entered as **annualized** values for every year, including the start year when the proposal does not include all twelve months of the calendar year. Bidders will be paid monthly based on the product of the Seasonal Contract Capacity and one-twelfth (1/12) of the Bidder-specified annual capacity and transmission charges, and will be subject to adjustments based on the actual availability of capacity under the contract.

Bidders of System Power Proposals must guarantee 100% availability for the capacity and energy offered to Florida Power. In addition to receiving reduced capacity and wheeling payments, Bidders that fail to achieve 100% availability will be charged the cost of replacement capacity and energy. Florida Power prefers proposals that, when curtailments are necessary, curtail delivery only on a pro-rata basis simultaneously and proportionately along with the Bidder's other firm sales, including primary public service obligations.

All costs to be paid by Florida Power must be reflected in the proposed pricing. Florida Power will not accept any charges other than those identified in Schedule 2A.

Finally, Bidders should include back-up sheets (labeled as Exhibit 2.1) which clearly describe their pricing proposals in terms of the pricing components and the indices proposed to adjust the prices.

4. Buyout Provisions

Pursuant to Section III.E of the RFP, Florida Power is allowing Bidders to provide prices at which the Bidder would be willing to allow Florida Power, at its discretion, to cancel the power contract before commercial operation, terminate the contract after commercial operation, and purchase the project after commercial operation. Florida Power will therefore allow the Bidders to competitively price these options in their proposals. In all cases involving a buyout option, the Power Purchase Agreement will terminate and all obligations under the contract (with the exception of buyout payment and transfer of the facility) will be eliminated.

Bidders electing to provide a buyout option are asked to complete Schedule 3 indicating the price at which the Bidder would accept a contract cancellation/termination at different notice period milestone or strike dates. Cancellation before commercial operation will be based on a milestone schedule. For terminations after commercial operation, Florida Power is willing to provide a maximum three-year notice period to the sellers; therefore, values are to be entered starting in Year 5, at a minimum. As noted in Section III.F of the RFP, the Bidder may propose a shorter notice period and enter the appropriate values prior to Year 5.

Contract termination by Florida Power will be effective as of January 1st. Therefore, if on December 31, 2005 Florida Power were to exercise its right to terminate a contract, given the three-year notice requirement, the contract would be terminated as of January 1, 2009, and Florida Power would pay the price indicated for 2009 (Year 5).

Florida Power asks interested Bidders to submit a price at which it would be willing to sell the project to Florida Power, the "Project Acquisition Price," with a three-year notice during each year of the contract. Bidders should provide the Project Acquisition Price (in $/kW net based on the Maximum Net Dependable Capacity) on Schedule 3 and describe the facilities and contracts included in the acquisition cost. The Project Acquisition Price should be the <u>additional</u> price to acquire the facility once the contract has been terminated. If Florida Power exercises the project acquisition option, Florida Power must pay <u>both</u> the Contract Termination Price and the Project Acquisition Price.

5. Other Contract Flexibility Provisions

Also pursuant to Section III.E of the RFP, Florida Power is encouraging Bidders to offer other contract flexibility provisions. For example, Bidders may propose an initial contract term and provide Florida Power options to extend the term at predefined prices. If Bidders would like to provide such options, the pricing schedules should be used to convey the prices. The initial term should be entered as the Contract Term, and the extension provisions should be explained in Exhibit 2.2. Flexibility provisions other than Buyout and term extension should be also be proposed in Exhibit 2.2

F. Chapter 3: Operating Performance

In this chapter of their proposals, Bidders must demonstrate how their proposals comply with all of the operating performance thresholds and the degree to which they are consistent with Florida Power's preferences for the operational quality evaluation criteria outlined in Section IV.C.4.b of the RFP. In Section II of the RFP, Florida Power has provided definitions for several of these operating performance thresholds which will be used to ensure that the Bidder's generating resource provides Florida Power with its required level of operating performance. Bidders are required to answer the questions presented in Schedules 4 and 5 and to provide all necessary data to support the assertions made.

In Schedule 4, each Bidder is required to specify the proposed project's capacity that is being offered to Florida Power based on the criteria identified below. In addition, the Bidder should specify the elevation at which the unit will be sited. Generators shall be capable of operating at 0.90 (or less) Power Factor, lagging.

CAPACITY SPECIFICATION CRITERIA

- Net Dependable Capacity (MW) at .90 Power Factor
- Summer: 90°F, 40% R.H.
- Winter: 40°F

Capacity must be specified at net generation levels delivered to the delivery point. Bidders must complete the Dispatchable Generation Capacity Table shown in Schedule 5 for each season as defined in the table below.

SEASONAL DEFINITIONS	
Summer	**Winter**
May through October	November through April

Each Bidder must specify in Schedule 4 the proposed project's full load heat rate for the proposed primary fuel and secondary fuel. The heat rate must be provided by specifying the seasonal net full load guaranteed heat rates.

Heat rates must be expressed in terms of the higher heating value of the fuel. Heat rates should incorporate any margin for degradation during the term of the contract.

In Schedule 5, the Bidder must provide responses to all items that apply to the type of proposal being offered. Answer yes or no for each Operating Performance threshold by entering an "X" in the appropriate box for each item in the first part of Schedule 5. In the second part of Schedule 5, Bidders must provide operating performance evaluation criteria responses and outage information.

G. *Chapter 4: Permitting Plans* [Greenfield Proposal]

In this chapter of its proposal, each Bidder should demonstrate how its proposal complies with all of the permitting and siting thresholds and minimum evaluation requirements and the degree to which it is consistent with Florida Power's preferences for a high level of certainty that the proposed project will receive its required permits within the time indicated on the project's critical path schedule. Each Bidder is required to answer the questions presented below in the appropriate sections of its proposal and provide all necessary data to support these assertions. For sections that require responses to several bullet items, the Bidder must always precede its response with the bullet item, verbatim, as shown below.

Section

4.0 In Schedule 6, the Environmental and Regulatory Permit Status Schedule, identify which items would be required for the project to be constructed and operated by placing an "X" in the "Not Required" or "Required" column by each item. Provide a critical path schedule for each of the required items. If a permit has been applied for, indicate the date that the permit was applied for in the column marked "Applied For" and the date that the permit is likely to be issued in the column labeled "Expected Receipt." Some of the required items are pre-printed in Schedule 6. However, if additional permits would be required, add them to the schedule in the blank cells provided.

In a separate attachment labeled Exhibit 4.0, the Bidder should indicate why the project is likely to receive each required permit, license, or approval.

4.1 Provide specific information for the project site as identified below. Label all attachments for this section of the proposal as Exhibit 4.1.

- List any new rights-of-way required for the project for fuel pipelines, rail spurs, roadways, or electric transmission lines.
- Identify the total acreage of wetlands on the proposed site or rights-of-way before and after construction and the acreage disturbed, lost, or converted during construction.
- Provide a copy of a map showing any portions of the proposed site or rights-of-way that are in a local or state designated Coastal Zone Management Area (CZMA).
- Provide evidence that the existing zoning for the site is compatible with the proposed use and, if not, provide a plan for changing the zoning.
- Provide evidence that a Phase I Environmental Assessment has been completed and that the proposed site or rights-of-way are not contaminated. If the proposed site or rights-of-way are contaminated, indicate the clean-up measures planned, their estimated costs, schedules for completion, and status of reviews by appropriate federal or state agencies.

- Identify any environmentally sensitive areas (*i.e.*, wetlands, water use caution areas, state lands (including submerged), CZMA, wildlife refuge, public parks, critical habitats for endangered species) within a one-mile radius of the proposed plant location and any mitigation measures for these areas.

- Identify any sites of historical or archaeological significance within a one-mile radius of the proposed plant location and any mitigation measures for these areas.

4.2 Describe the current and recent past land use and development of the site and adjacent lands, discussing the compatibility of the project with adjacent and nearby land uses.

4.3 Provide a waste disposal plan for the proposed project which identifies the solid or hazardous wastes that would be generated by the project and identifies how they would be disposed.

4.4 Indicate the quantity and source of cooling, injection, steam make-up, and general use water that would be needed for the project. This information should include the characteristics of the water to be used, necessary treatment processes, and a discussion of competing uses for the water.

4.5 Provide the following information concerning the wastewater generated by the project:

- The sources, composition, and expected quantity of wastewater to be generated by the project, the disposal method to be employed, including any waste treatment methods, and the water composition after treatment.

- The classification of any surface waters or groundwaters to which wastewater effluent is discharged and the name of the surface water.

4.6 Please describe any hydrologic alterations, (*e.g.*, dredging, filling, diking, outfall structure, or impoundment) of any surface waters that would be required by the project, identifying the affected resource, the significance of the alteration, and the mitigation measures proposed.

4.7 Provide the following information regarding the impact of the project on the air quality of the surrounding area:

- Identify the air quality management area where the project would be located and indicate the attainment status of this area for each of the criteria pollutants.

- Identify whether there are any Class 1 areas within 100 kilometers of the proposed project site. If so, indicate whether any visibility modeling has been performed and the visibility impacts on the Class 1 areas projected by the model.

- Indicate the removal efficiency of any pollution control equipment that would be employed for NO_x, SO_2, PM, CO, Hg, or other hazardous air pollutants (HAPs).

- Complete Schedule 7, the Air Emissions Schedule, for both the primary and secondary fuel.

- If BACT or LAER would apply to the project, indicate how the Bidder proposes to comply with these requirements.

- Describe plans for obtaining any required offsets and allowances for the project.

- Address levels of NH_4 (ammonia) emissions and requirements for handling/storage, if used.

4.8 Indicate the expected incremental ambient noise level during the daytime and nighttime hours that would result from the operation of the project at the nearest property boundary and any planned mitigation measures. Also, indicate the distance of the nearest residence from the project and define the expected daytime and nighttime ambient noise levels at the nearest residence.

H. Chapter 5: Engineering and Design Plans

In this chapter of the proposal, the Bidder should demonstrate how its proposal complies with all of the engineering and design thresholds. The Bidder is required to provide the information requested below and all data necessary to support the assertions made.

Section

5.0 Provide an operations and maintenance plan (O&M Plan) which demonstrates that the project will be operated and maintained in a manner to allow the project to satisfy its contractual commitments. This O&M Plan should indicate proposed project staffing levels, the schedule for major maintenance activities, plans for inspecting and testing of major equipment, entities responsible for operating and maintaining the project, and status and schedule for securing a maintenance agreement. **[Greenfield Proposal, Unit Proposal]**

5.1 Provide a preliminary engineering plan that identifies the following: **[Greenfield Proposal]**

- generation technology, including the make/model/supplier's name
- emission control equipment, including the make/model/supplier's name
- major equipment to be employed, including the make/model/supplier's name
- major equipment vendors
- whether new or refurbished equipment will be used

5.2 Provide historic operating performance data for projects of similar technology which demonstrate that the proposed technology will be able to achieve the operating targets specified. **[Greenfield Proposal, Unit Proposal]**

5.3 Provide a heat and material balance diagram. **[Greenfield Proposal]**

5.4 Provide a plot plan showing the layout of the proposed project. **[Greenfield Proposal]**

5.5 Provide the following projected unit performance information: **[Greenfield Proposal, Unit Proposal]**

- Equivalent Forced Outage Rate (EFOR)

  EFOR = [(FOH + EFDH)/(FOH + SH)]

  Where:

  FOH = Forced Outage Hours: The sum of all hours experienced during forced outages.

  EFDH = Equivalent Forced Derated Hours: The summation of the products of the Forced Derated Hours (FDH) and size of reduction for each event, divided by the Seasonal Contract Capacity.

  FDH = Forced Derated Hours: The number of hours experienced during a forced derated event.

  SH = Service Hours: The total number of hours a unit was electrically connected to the transmission system.

- Equivalent Availability Factor (EAF)

  EAF = [(AH - (EUDH + EPDH)) / PH]

  Where:

  AH = Available Hours: Period Hours (PH) less Planned Outage Hours (POH), Forced Outage Hours (FOH) and Maintenance Outage Hours (MOH).

  PH = Period Hours: Number of hours in the period (month).

  POH = Planned Outage Hours: The sum of all hours experienced during planned outages and planned outage extensions.

  FOH = Forced Outage Hours: The sum of all hours experienced during forced outages.

  MOH = Maintenance Outage Hours: The sum of all hours experienced during maintenance outages and maintenance outage extensions.

  EUDH = Equivalent Unplanned Derated Hours: The summation of the products of Unplanned Derated Hours (UDH) and size of reduction for each event, divided by Seasonal Contract Capacity (SCC).

  UDH = Unplanned Derated Hours: The number of hours experienced during a forced derated event, a maintenance derated event, or scheduled derated extension of a maintenance derated event.

  EPDH = Equivalent Planned Derated Hours: The summation of the products of the Planned Derated Hours (PDH) and size of reduction for each event, divided by the Seasonal Contract

Capacity (SCC).

PDH = Planned Derated Hours: The number of hours experienced during planned derated event or scheduled derated extension of a planned derated event.

I. Chapter 6: Site Control [Greenfield Proposal, Unit Proposal]

In this chapter of the proposal, the Bidder should demonstrate how its proposal complies with the site control thresholds. Bidders are required to provide the information requested below and all necessary data to support the assertions made.

Section

6.0 Provide a USGS map (7.5 minute scale) that indicates the project site location, identifies all generation, substation, and other equipment, and all new rights-of-way that would be required for the project, including critical dimensions. Show proximity to and identify the nearest Florida Power substation and/or transmission line.

6.1 Demonstrate site control either in the form of an agreement demonstrating ownership of the site, lease of the site for the term of the proposal, or at a minimum, an executed letter of intent to negotiate a lease for the site for the full contract term or term necessary for financing (whichever is greater) or to purchase the site. Provide a copy of a letter of intent or contract that demonstrates that the Bidder's proposal satisfies Florida Power's site control threshold. If the property is fee owned, a copy of the Title and Legal Description of the property is required.

6.2 If off-site rights-of-way are required for gas, electrical, or rail service, demonstrate site control either in the form of an executed letter of intent to negotiate a lease for the rights-of-way for the full contract term or term necessary for financing (whichever is greater) or to purchase the rights-of-way.

J. Chapter 7: Transmission Plan

In this chapter of the proposal, the Bidder should demonstrate how its proposal complies with the transmission threshold. Bidders are required to provide the information requested below and all necessary data to support the assertions made.

Section

7.0 If the proposed project or power source is located outside of Florida Power's control area, provide a transmission plan that identifies the project's proposed transmission path, including delivery point. Also provide evidence that the host utility and all wheeling utilities are willing to grant Florida Power the right to schedule the output of the unit. Identify the Florida Power interface utility that would be used to deliver the power to Florida Power.

7.1 For projects located within Florida Power's control area, Bidders are required to complete the Network Resource System Impact Study Data Request Form (Schedule 8, Sections I and II) and provide all the information identified in that form. For Bidder's that submit proposals in which a Generator Interconnection Study Request has already been submitted, the following information may be submitted as an alternative to completing the Network Resource System Impact Study Data Request:

- OASIS IR Queue priority date,
- Generator capacity (MW),
- Interconnection point,
- Status of the Interconnection Request.

Note: Submitting the Network Resource System Impact Study Data Request Form does not imply Generator Interconnection queue position nor does this process imply deliverability rights. Generators wishing to establish queue position must submit an official Interconnection Request (IR) as outlined at the FLOASIS.com web site (see the Florida Power FLOASIS Home Page). Deliverability can only be obtained by making a Transmission Service request (see the Florida Power FLOASIS Home Page). **[Greenfield Proposal, Unit Proposal]**

K. Chapter 8: Fuel Supply and Transportation Plan

In this chapter of the proposal, the Bidder should demonstrate how its proposal complies with the fuel supply and transportation plan threshold and the degree to which it is consistent with Florida Power's requirements for a reliable fuel supply for the proposed project. Bidders are required to provide a preliminary fuel supply plan and all necessary data to support the assertions made regarding this plan. **[Greenfield Proposal, Unit Proposal]**

Section

8.0 The preliminary fuel supply plan for both primary and secondary fuels must specify or provide the information listed below.

- Provide a map of the fuel supply and transportation infrastructure for the proposed project and a description of supply and transportation alternatives available to the project.

- Provide copies of all fuel supply and transportation agreements in place for the proposed project. If fuel supply and transportation contracts are not in place, provide a description of the types and quality of service for fuel supply and transportation sought, the pricing and operational requirements, the contract terms and conditions required, and the status of such arrangements. If the Bidder has received proposals from fuel and transportation providers, the Bidder should include the preferred proposal as well as a description of the experience of the Bidder in developing similar supply arrangements.

- Specify the criteria that would be used to select the ultimate fuel supplier and transportation service providers.

- If a secondary fuel is to be used, provide supporting information for the periods over which the primary and secondary fuel supply are expected to be used.

- Indicate whether transportation would be provided from existing capacity or whether new construction would be required. If new construction is required, provide an assessment of the availability of rights-of-way.

- If natural gas is being proposed, indicate the required gas pressure for the proposed project and the anticipated delivery pressures.

L. Chapter 9: Project Financing Plan

The Bidder is required to provide evidence that the project is financially viable and that the project will likely be able to attract funds from investors and lenders. In this section of the proposal, the Bidder should demonstrate how its proposal complies with the project financial viability threshold and the degree to which it is consistent with Florida Power's preferences for proposals for which the Bidder is able to demonstrate that there is a high likelihood of the project securing funding. Bidders are required to provide the information requested below and all necessary data to support the assertions made.

Section

9.0 The financing plan must specify or provide the following: **[Greenfield Proposal]**

- The projected cost of the project disaggregated by all major cost elements.

- How the proposed project would be financed, including likely lenders and investors, the terms under which funds would be provided, and the respective percentage of funding represented by debt and equity.

- The timing for securing financing.

- A description of the project from a legal and financial standpoint indicating the actual ownership structure, the entities that will have ownership interests and their percentage interests in the project, their responsibilities for the development of the project, and their responsibilities for funding of project development expenses.

- Provide documentation demonstrating the relevant experience of the Bidder (or partner responsible for securing financing) in obtaining financing for other power generation projects.

9.1 The Bidder is required to provide sufficient financial information to enable Florida Power to assess the financial strength and credit of the entity that would execute a contract with

Florida Power. Subsidiaries or affiliates of companies that desire that the project's viability be judged based on a parent company or affiliated company must indicate the extent to which the parent or affiliate will provide financial guarantees for the proposed project and under what circumstances it would do so. To enable Florida Power to make such an assessment, Bidders are required to provide the following information:

- For publicly traded companies, provide copies of annual reports and Form 10-Ks for the two most recent years. For privately held companies, provide copies of audited financial statements, including, at a minimum, income statements, balance sheets, cash flow statement, and notes to financials for the two most recent years.

- Dunn and Bradstreet identification number credit rating of the Bidder's senior unsecured debt securities.

9.2 The Bidder is required to include a discussion of the potential for increases or decreases in Florida Power's cost of capital, the effect of the Bidder's financing arrangements on Florida Power's system reliability, and any competitive advantage the financing arrangements may give the Bidder.

For Short-Listed Proposals, Florida Power reserves the right to request full project financial pro formas that provide, at a minimum, the information outlined in Schedule 9, Financial Pro Forma Schedule, for the proposed financing term. For purposes of completing this pro forma, Bidders should assume a project capacity factor of 60%. Actual project capacity factors will vary. This 60% capacity factor is used only to review the project's financial viability as indicated by the Bidder's financial pro formas.

M. Chapter 10: Commercial Operation Date Certainty

The Bidder is required to demonstrate that its Greenfield Project will be able to achieve the December 1, 2005 commercial operation date requirement. As part of this demonstration, the Bidder is required to provide a critical path diagram and schedule for the project that conforms to the requirements specified below. Florida Power will evaluate the reasonableness of the following aspects of the Bidder's proposed schedule: permitting, securing the project site, fuel supply and transportation arrangements, engineering design, equipment procurement, project financing, project construction, and start-up and testing. Florida Power's evaluation will consider the evidence presented by the Bidder that the proposed schedule for each of these project elements is reasonable. For the purposes of developing this schedule only, the Bidder should assume that contract negotiations are finalized by July 30, 2002. However, specifying this date should not be construed as a commitment by Florida Power to finalize contract negotiations by this date.

Section

10.0 Provide a critical path diagram and schedule for the project that specifies the critical path for each of the elements of the project development cycle including but not limited to, the following: permitting, securing the project site, fuel supply and transportation

arrangements, engineering design, equipment procurement, construction and permanent financing, project construction, and start-up and testing. **[Greenfield Proposal]**

10.1 Complete Schedule 10, the Project Milestone Schedule, which will be included as part of an executed contract. **[Greenfield Proposal]**

10.2 The Bidder should provide a summary of its current portfolio of electric power resources including such information as the source of supply, contract terms, and accessibility to the Florida Power system. **[System Power Proposal]**

10.3 If the proposed project will be providing steam or electricity to a host customer, indicate the name of the entity to whom this service will be provided, the type and amount of energy to be provided, and the status of negotiations regarding the terms and conditions under which such service will be provided, including appropriate documentation of such contracts. **[Greenfield Proposal, Unit Proposal]**

N. Chapter 11: Bidder Experience

The Bidder is required to provide evidence regarding its relevant experience in developing projects that are of an equivalent size and technology. Florida Power will evaluate each Bidder's relevant experience in six areas: permitting, engineering, financing, fuel procurement, project construction, and operations and maintenance, including environmental compliance. For proposals that rely on a project team composed of more than one firm to develop the project, the Bidder should indicate its relevant experience in working with other team members to develop projects.

Section

11.0 Provide for at least five comparable projects a project reference not affiliated with the Bidder. For each reference, specify a contact name, title, company, address, and phone number.

For each project, indicate the utility or company served and provide a description of the project, including project location, the size and type of project, the scheduled and actual in-service date, and the availability factor achieved. **[Greenfield Proposal, Unit Proposal, System Power Proposal]**

11.1 For each of the project participants, provide an experience statement which lists the relevant experience of the firm, including other projects of a similar type, size, and technology. Describe the experience in the following six areas: permitting, engineering, financing, fuel procurement, project construction, and operations and maintenance, including environmental compliance. **[Greenfield Proposal, Unit Proposal]**

11.2 Provide documentation regarding the contractual relationship between the Bidder and all additional project participants and vendors. If this contractual relationship has not been finalized, specify the schedule for doing so. **[Greenfield Proposal]**

11.3 Indicate if the Bidder has failed to perform under any contracts or agreements for power supplies. If so, please explain.

11.4 Provide a 10-year summary of litigation activity related to (1) provision of energy products and services (fuel, power, ancillary services, engineering, on-site services); (2)lease option arrangements for assets; (3) purchases of energy products and services (as above); or (4) industrial construction projects (power plants, industrial plants, cogeneration facilities, etc.).

O. Chapter 12: Acceptance of the Key Terms and Conditions [Greenfield Proposal, Unit Proposals]

Bidders willing to accept Florida Power's Key Terms and Conditions (Attachment A to RFP Document) without exceptions should indicate this in their proposals. Bidders with exceptions to the Key Terms and Conditions should indicate all exceptions in list form. Each exception should be clearly described, the requested change clearly identified, and the associated paragraph and page number from the Key Terms and Conditions indicated. Bidders that desire to provide a red-lined version may do so using the Word 97 version that was included in the RFP Package. Red-lined versions of the Key Terms and Conditions should be accompanied by a textual discussion which reviews the reason for the exception.

III. Florida Power Approved Price Indices

INDICES

Gas: Inside FERC's Gas Market Report or Gas Daily Price Guide.

Oil: Platt's Oilgram or Oil Buyer's Guide.

Coal: Bidder to propose index subject to review by Florida Power.

General Inflation: Gross Domestic Product-Implicit Price Deflator (GDP-IPD) (U.S. Department of Commerce Survey of Current Business, or similar publication).

Index	Code	Standard Escalation Assumption (% per year)
Inside FERC's Gas Market Report	GAS1	see Esc Assump Excel sheet in Response Package
Gas Daily Price Guide	GAS2	see Esc Assump Excel sheet in Response Package
Platt's Oilgram	OIL1	see Esc Assump Excel sheet in Response Package
Oil Buyer's Guide	OIL2	see Esc Assump Excel sheet in Response Package
Coal Index	COAL1	see Esc Assump Excel sheet in Response Package
Gross Domestic Product - Implicit Price Deflator	GDP	2.0

Schedule 1
Pricing Schedule for Greenfield and Unit Proposals
Sheet A[1]

Initial Data

Initial Prices at 1/1/02:

Primary Fuel (e.g , gas, oil, coal)	
Primary Fuel Commodity Price (2002 $/MMBtu)	
Secondary Fuel (e.g., gas, oil, coal)	
Secondary Fuel Commodity Price (2002 $/MMBtu)	
Fixed O&M Price (2002 $/kW-Yr)	
Variable O&M Price (2002 $/MWh)	
Start Price Per Facility (2002 $/start/facility)	
Term of Proposal (Number of Years)	
Contract Start Month	
Contract Start Year	

Monthly Fuel Usage (Primary = P, Secondary = S)

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

Escalation Indices

Pricing Component	Specify Predefined Indices (See Chapter III of Response Package) Index Code	OR	Specify Fixed Esc Rate (Annual %)	Frequency of Change	Std Esc Assumption for Evaluation (Annual %)
Primary Fuel Commodity		OR		Annual	
Secondary Fuel Commodity		OR		Annual	
Fixed O&M		OR		Annual	
Variable O&M		OR		Annual	
Start Price		OR		Annual	

Notes:
[1] For instructions on completing this schedule, refer to Response Package, Section II.E.2.

Schedule 1
Pricing Schedule for Greenfield and Unit Proposals
Sheet B[1]

Contract Year #	Beginning	Ending	Annual Generation Capital Charges[2] ($/kW-Yr)	Annual Transmission Charges[2] ($/kW-Yr)	Annual Firm Fuel Transportation Charges[2] ($/kW-Yr)

Notes.
[1] For instructions on completing this schedule, refer to Response Package, Section II E 2
[2] Even though first year will be a partial year, input the ANNUALIZED capacity, transmission, and firm fuel transportation charges here

Schedule 1
Pricing Schedule for Greenfield and Unit Proposals
Sheet C [1]

Annual Pricing Tables																												
Contract Year	Beginning																											
	Ending																											
	#																											
Capacity Charges	($/kW-Yr)																											
Transmission Charge	($/kW-Yr)																											
Firm Fuel Transp	($/kW-Yr)																											
Fixed O&M	($/kW-Yr)																											
Primary Fuel Commodity	($/MMBtu)																											
Secondary Fuel Commodity	($/MMBtu)																											
Variable O&M	($/MWh)																											
Start-up Cost	($/start/facility)																											

Notes
[1] This sheet displays computed projections Bidder should NOT make entries on this sheet!

Schedule 2
Pricing Schedule for System Power Proposals
Sheet A[1]

Initial Data

Initial Prices at 1/1/02.
Fuel Energy Price ($/MWh) _____
Non-Fuel Energy Price ($/MWh) _____

Winter Contract Capacity (MW net) _____
Summer Contract Capacity (MW net) _____
Term of Proposal (years) _____

Contract Start Month _____
Contract Start Year _____

Escalation Indices

Pricing Component:	Specify Predefined Indices (See Chapter III of Response Package) Index Code	OR	Specify Fixed Esc Rate (Annual %)	Frequency of Change	Std Esc Assumption for Evaluation (Annual %)
Fuel Energy Price	_____	OR	_____	Annual	
Non-Fuel Energy Price	_____	OR	_____	Annual	

Notes:
[1] For instructions on completing this schedule, refer to Response Package, Section II.E.3.
[2] Even though first year will be a partial year, input the ANNUALIZED capacity and transmission charges.

Contract Year #	Beginning	Ending	Annual Capacity Charges[2] ($/kW-Yr)	Annual Transmission Charges[2] ($/kW-Yr)

Schedule 2
Pricing Schedules for System Power Proposals
Sheet B[1]

Annual Pricing Tables																											
Contract Year Beginning																											
Ending																											
#																											
Capacity Charges	($/kW-Yr)																										
Transmission Charges	($/kW-Yr)																										
Energy Prices																											
Fuel	($/MWh)																										
Non-Fuel	($/MWh)																										

Notes
[1] This sheet displays computed projections Bidder should NOT make entries on this sheet

Schedule 3
Contract Buyout Schedule[1]
(Total $/kW net[2])

Contract Buyout Date Prior to Commercial Operation	Contract Cancellation Price
18 months prior to Commercial Operation	
12 months prior to Commercial Operation	
6 months prior to Commercial Operation	

Notice Period (years, no greater than 3) _____ years

Contract Buyout Date After Commercial Operation	Contract Termination Price	Project Acquisition Price[3]
Year 1 - 2005		
Year 2 - 2006		
Year 3 - 2007		
Year 4 - 2008		
Year 5 - 2009		
Year 6 - 2010		
Year 7 - 2011		
Year 8 - 2012		
Year 9 - 2013		
Year 10 - 2014		
Year 11 - 2015		
Year 12 - 2016		
Year 13 - 2017		
Year 14 - 2018		
Year 15 - 2019		
Year 16 - 2020		
Year 17 - 2021		
Year 18 - 2022		
Year 19 - 2023		
Year 20 - 2024		
Year 21 - 2025		
Year 22 - 2026		
Year 23 - 2027		
Year 24 - 2028		
Year 25 - 2029		

Notes:

[1] For instructions on completing this schedule, refer to Response Package, Section II.E.4.

[2] Pricing to be based on the Maximum Dependable Capacity

[3] Project Acquistion is the additional price to acquire the facility once the contract has been cancelled. If Florida Power exercises the project acquisition option, Florida Power must pay both the contract termination price AND the project acquisition price.

Schedule 4
Project Capacity Rating and Heat Rate Schedule[1]
[Greenfield Proposal, Unit Proposal]

Site Elevation (feet): _____

Dispatchable Generation Capacity (MW net)[2]		
	Summer	**Winter**
Seasonal Contract Capacity		
Minimum Operating Level (1 unit)		

Full Load Heat Rates - Btu/kWh (net)[2, 3]		
	Summer	**Winter**
Primary Fuel Heat Rate		
Secondary Fuel Heat Rate		

Notes:
[1] For instructions on completing this schedule, refer to Response Package, Section II.F.
[2] See seasonal definitions, Section II.F of the Response Package
[3] Based on Higher Heating Value (HHV)

Schedule 5
Operating Performance Schedule[1]

	Yes	No
Greenfield and Unit Proposals will have a direct communication link with Florida Power's Energy Control Center that enables Florida Power to control the operation of the unit under automatice generator control: **[Greenfield Proposal, Unit Proposal]**	☐	☐
Florida Power will be able to operate the unit to provide voltage support for the Florida Power system: **[Greenfield Proposal in Florida Power's service territory]**	☐	☐
Florida Power will be able to operate the unit to provide frequency control for the Florida Power system: **[Greenfield Proposal in Florida Power's service territory]**	☐	☐
The proposed project will be Fully Dispatchable by Florida Power. **[Greenfield Proposal, Unit Proposal]**	☐	☐
The proposed project will be Fully Schedulable by Florida Power. **[System Power Proposal]**	☐	☐
The Bidder agrees to coordinate its maintenance schedule with Florida Power. **[Greenfield Proposal, Unit Proposal]**	☐	☐
The level of on-site fuel storage, at a minimum, is equivalent to 100 hours of operation at full load. **[Greenfield Proposal, Unit Proposal]**	☐	☐

Schedule 5
Operating Performance Schedule[1]
(Continued)

Operating Performance Evaluation Criteria [Greenfield Proposal, Unit Proposal]

The minimum run time when the project has been dispatched on line would be: _____ hours

The guaranteed start time required to bring the unit from a cold start to minimum load would be: _____ minutes

The guaranteed ramp rate (facility) from the minimum loading level: _____ MW/min (facility)

The maximum number of starts (per unit) that Florida Power would be allowed per year: _____ starts/year (unit)
(Test starts and starts after a forced outage or scheduled maintenance will not be included when determining the number of starts requested by Florida Power.)

The maximum number of hours during a year that Florida Power would be allowed to operate the facility (air permit limit): _____ hours (facility)

Outage Information [Greenfield Proposal, Unit Proposal]

The Equivalent Forced Outage Rate Guarantee is _____

Specify the average number of days per year of scheduled maintenance and the net output for each unit, consistent with Schedule 4.

Unit 1	net output (MW)	_____	maintenance days per year	_____
Unit 2	net output (MW)	_____	maintenance days per year	_____
Unit 3	net output (MW)	_____	maintenance days per year	_____
Unit 4	net output (MW)	_____	maintenance days per year	_____

Notes:
[1] For instructions on completing this schedule, refer to Response Package, Section II.F.

Schedule 6
Environmental and Regulatory Permit Status Schedule

Item	Not Required	Required	Applied For (Date)	Expected Receipt (Date)
Water Discharge to Surface Waters (NPDES) Permit				
404 Permit / 401 Water Quality Certification				
Domestic Wastewater				
Water Use				
Corps of Engineers Permit(s): wetlands / aerial crossings				
Environmental Resource Permit (ERP) for Wetlands				
ERP: Surface Water Management (MSSW)				
Solid Waste Disposal Permit				
Ash Disposal Permit				
Hazardous Waste Disposal Permit				
General Air Permit (NSPS)				
PSD (Air Construction) Permit				
Federal Aviation Administration License				
Certificate of Need				
Local Construction Permit				
Local Zoning Approval (Conditional Use Permit)				
Spill Prevention Control Measures Permit				
Section 10 (Wildlife) Permits				
Migratory Bird				
Department of Transportation				
Air: Title IV Operating Permit				
Electric and Magnetic Field (EMF) requirements: FDEP				
Acid Rain Permit				
Site Certification Application (includes state, local permitting and authorizations) or Supplemental SCA if existing site				

Schedule 7

Air Emissions Schedule

Primary Fuel						
Fuel Type:			Maximum Hours of Operation:			
Pollutant	Facility at Maximum Load Conditions				Facility Total (Including all sources at ISO conditions)	
	ppm	lbs/MMBtu	lbs/hr	Tons/yr	lbs/hr	Tons/yr
NOx						
VOCs						
SO2						
CO						
PM						
Sulfuric Acid Mist						
Hazardous Air						

Secondary Fuel						
Fuel Type:			Maximum Hours of Operation:			
Pollutant	Facility at Maximum Load Conditions				Facility Total (Including all sources at ISO conditions)	
	ppm	lbs/MMBtu	lbs/hr	Tons/yr	lbs/hr	Tons/yr
NOx						
VOCs						
SO2						
CO						
PM						
Sulfuric Acid Mist						
Hazardous Air						

Maximum Hours of Operation: [ ] hours
(sum of all fuels; consistent with Schedule 5, page 2)

Schedule 8 Section I

Florida Power
Network Resource - System Impact Study
Data Request Form

INSTRUCTIONS

(*) Denotes items that are required prior to the start of the System Impact Study. All items on this form are required prior to the start of engineering evaluation.

If a data item is unavailable, please provide an estimate and indicate it as an estimate. Please note that a restudy could be required if data assumptions change while the study is in progress.

Please fill out and attach a copy of Section II for each steam turbine or gas turbine generator proposed at the site.

Please use this form to supply the requested data. Submittal of manufacturer data sheets, other than generator characteristic curves, is not an acceptable alternative to completing this form.

You can navigate sequentially to each item in this form by using the Tab key.

DEFINITIONS

Plant is a group of steam turbine or gas turbine generators that operate as single power block. For example, a 2 on 1 combined cycle plant is composed of two gas turbine generators and one steam turbine generator.

Type of plant denotes whether the plant is combustion turbine, combined cycle, steam, nuclear, wind, etc.

Unit is the individual gas turbine generator or steam turbine generator that makes up a plant. For example, a single combustion turbine could be both a Plant and a Unit.

SECTION I – Generation Site Data

A) Contact Person - Provide name and address of person completing this form

(*) 1. Name: _____

(*) 2. Address: _____

(*) 3. City/State/Zip: _____

(*) 4. Telephone: _____

(*) 5. Date: _____

B) Site Data

(*) 1. County: _____

(*) 2. Section / Township / Range: _____

(*) 3. Site Drawing: To be provided as part of Chapter 6, Section 6.0 of the Bidder's Proposal.

(*) 4. Verification of Site Control: To be provided as part of Chapter 6, Section 6.1 of the Bidder's Proposal.

C) Proposed Load Requirements for Site

(*) 1. Required Date: _____

(*) 2. Nature of Load (Station Service, Start-up Power, Etc.) _____

(*) 3. Connected kVA Load: _____

(*) 4. Peak Demand kVA Load: _____

(*) 5. Expected Power Factor: _____

(*) 6. Service Voltage: _____

(*) 7. Anticipated Future Load Requirements (please describe):

_____
_____
_____
_____
_____
_____

(*)D) Plant Information

1. Plant Capability

Plant Number or Identification	Type of Plant	Maximum Net MW[1] (59 °F Ambient)	Maximum Net MW[1] (90 °F Ambient)

[1] Applies to combustion turbine or combined cycle plants. For a steam plant, use the maximum net summer and winter rating.

2. Plant Power Factor

Plant Number or Identification	Factor @ Maximum Net MW[1] (59 °F Ambient)	Factor @ Maximum Net MW[1] (90 °F Ambient)

[1] Applies to combustion turbine or combined cycle plants. For a steam plant, use the maximum net summer and winter rating.

E) In-Service Dates

(*) 1. Required connection to grid for generator testing: _____

(*) 2. Commercial in-service date: _____

F) Regulatory and Permit Information

To be provided as part of Chapter 4, Section 4.0 and Schedule 6 of the Bidder's Proposal.

Schedule 8 Section II

Florida Power
Network Resource - System Impact Study
Data Request Form

INSTRUCTIONS

(*) Denotes items that are required prior to the start of the System Impact Study. All items on this form are required prior to the start of engineering evaluation.

If a data item is unavailable, please provide an estimate and indicate it as an estimate. Please note that a restudy could be required if data assumptions change while the study is in progress.

Please fill out and attach a copy of Section II for each steam turbine or gas turbine generator proposed at the site.

Please use this form to supply the requested data. Submittal of manufacturer data sheets, other than generator characteristic curves, is not an acceptable alternative to completing this form.

You can navigate sequentially to each item in this form by using the Tab key.

DEFINITIONS

Plant is a group of steam turbine or gas turbine generators that operate as single power block. For example, a 2 on 1 combined cycle plant is composed of two gas turbine generators and one steam turbine generator.

Type of plant denotes whether the plant is combustion turbine, combined cycle, steam, nuclear, wind, etc.

Unit is the individual gas turbine generator or steam turbine generator that makes up a plant. For example, a single combustion turbine could be both a Plant and a Unit.

SECTION II – Unit Data

Please complete this form for each steam turbine or gas turbine generator at the site, and indicate the plant it is associated with.

A) Unit Identification

(*) 1. Unit Number or Identification _____

(*) 2. Plant Number or Identification _____

(*) 3. Type of Turbine Generator _____

4. Manufacturer _____

5. Generator Serial Number _____

6. Turbine Serial Number _____

B) Ratings and Capabilities

1. 1. Nameplate kV Rating (nominal design voltage)

2. 2. MVA Rating

	MVA Rating	@ Hydrogen Pressure
a.		
b.		
c.		
d.		

(*) 3. Gross MW1 Rating @ 59° F Outdoor Ambient _____

(*) 4. Net MW1 Rating @ 59° F Outdoor Ambient _____

(*) 5. Gross MW1 Rating @ 90° F Outdoor Ambient _____

(*) 6. Net MW1 Rating @ 90° F Outdoor Ambient _____

(*) 7. Rated Power Factor (leading and lagging) _____

8. Rated Speed _____

9. Rated Turbine Capability _____

10. Field Voltage at Rated Load _____

11. Field Current at Rated Load _____

12. No-load Field Voltage at Generator Rated Voltage _____

13. Air Gap Field Voltage at Generator Rated Voltage _____

14. Field Resistance _____ ohms @ _____ °C

C) Inertia

(*) 1. WR^2 for Generator and Exciter _____ lb-ft^2

(*) 2. WR^2 for Turbine _____ lb-ft^2

(*) 3. Calculated H Constant _____ seconds @ _____ MVA

D) Losses and Efficiency

1. Open circuit core loss _____ kW

2. Windage loss _____ kW

3. H_2 seal and exciter friction loss _____ kW

4. Stator I^2R Loss at rated power and voltage _____ °C _____ kW

5. Rotor I^2R Loss at rated power and voltage _____ °C _____ kW

6. Stray Load loss _____ kW

7. Excitation losses _____ kW

E) Generator Time Constants

1. T'_{do} (Direct axis open circuit transient time constant) _____ sec

2. T''_{do} (Direct axis open circuit subtransient time constant) _____ sec

3. T'_{qo} (Quadature axis open circuit transient time constant) _____ sec

4. T''_{qo} (Quadature axis open circuit subtransient time constant) _____ sec

5. T_{a3} (Short circuit time constant) _____ sec

F) Generator Impedances

(*) 1. MVA base for all impedance data _____ MVA

(*) 2. kV base for all impedance data _____ kV

	Parameter	Description	p.u. value
(*) 3.	X_d	Direct axis synchronous reactance (unsaturated)	
4.	X_q	Quadrature axis synchronous reactance (unsaturated)	
(*) 5.	X'_d	Direct axis transient reactance (unsaturated)	
6.	X'_{dv}	Direct axis transient reactance (saturated)	
7.	X'_q	Quadrature axis transient reactance (unsaturated)	
(*) 8.	X''_d	Direct axis subtransient reactance (unsaturated)	
9.	X''_{dv}	Direct axis subtransient reactance (saturated)	

10. X''_q Quadrature axis subtransient reactance (unsaturated) _____

11. X_L Armature leakage reactance _____

12. R_1 Positive sequence armature resistance at 75 °C _____

13. R_2 Negative sequence armature resistance at 75 °C _____

14. X_{2v} Negative sequence armature reactance (saturated) _____

15. X_{0v} Zero sequence armature reactance (saturated) _____

16. R_0 Zero sequence armature resistance at 75 °C _____

17. R_{dc} Direct current armature resistance at 75 °C _____

18. Generator neutral grounding resistance _____ ohms

(*)19. Generator neutral grounding reactance _____ ohms

G) Required Characteristic Curves and Diagrams

(*) 1. Real and reactive power capability curves

2. Saturation curve, full load and no-load

3. "V" curves

4. One-Line diagram showing generator and substation equipment connections

H) Excitation System Data

1. Excitation system type

2. Voltage regulator model name

3. Excitation system model, supply block diagram and model parameters in IEEE[2] or PSS/E format

4. Voltage compensation, supply block diagram and settings if used.

5. Voltage regulator overexcitation limiters, supply block diagram and model parameters in IEEE[3] format.

6. Power System Stabilizer (if used), supply Power System Stabilizer block diagram and model parameters in IEEE or PSS/E format.

I) Turbine Governor Data

1. Speed/Load governor model name _____

2. Governor model, supply block diagram and model parameters in IEEE[4,5] or PSS/E format.

J) Turbine Generator Step-up Transformer Data

1. Manufacturer _____

2. Model Type _____

3. Serial Number _____

(*) 4. Rating _____ MVA

(*) 5. High voltage winding, nominal voltage _____ kV

(*) 6. High voltage winding connection (wye/delta) _____

(*) 7. Low voltage winding, nominal voltage _____ kV

(*) 8. Low voltage winding connection (wye/delta) _____

9. Transformer resistance _____ p.u.

(*) 10. Transformer reactance _____ p.u.

(*) 11. Transformer impedance base values _____ MVA _____ kV

12. Available tap settings
HV taps _____ kV

LV taps _____ kV

13. Expected tap settings
HV taps _____ kV

LV taps _____ kV

[2] IEEE Standard 421.5-1992, "IEEE Recommended Practice for Excitation System Models for Power System Stability Studies"

[3] IEEE Committee Report, "Recommended Models for Overexcitation Limiting Devices," IEEE Transactions on Energy Conversion, Vol. 10, No. 4, December 1995

[4] IEEE Committee Report, "Dynamic Models for Steam and Hydro Turbine Control Models for System Dynamic Studies," IEEE Transactions on Power Apparatus and Systems, Vol. PAS-92, November 1973

[5] W.I. Rowen, "Simplified Mathematical Representations of Heavy Duty Gas Turbines," Transactions of ASME, Vol. 105(1), 1983

Schedule 9
Project Pro Formas Schedule[1]
($ 000's)

PROJECT ASSUMPTIONS

Total Project Capital Cost ($ 000's)	→
Debt Ratio (%)	→
Debt Cost (%)	→
Debt Term (yrs)	→

Line No.		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Operating Revenues													
1	Capacity Payments	→												
2	Fixed O&M Payments	→												
3	Energy Payments	→												
4	Other Revenues (explain)	→												
5	Total Revenues (1+2+3+4)	0	0	0	0	0	0	0	0	0	0	0	0	0
	Operating Expenses													
6	Fuel - Commodity Costs	→												
7	Fuel - Transportation Costs	→												
8	Variable Operation & Maintenance Costs	→												
9	Fixed Operation & Maintenance Costs	→												
10	Wheeling Charges	→												
11	Insurance	→												
12	Property Taxes	→												
13	Administration	→												
14	Other Expenses (identify)	→												
15	Total Operating Expenses (6+7+8+9+10+11+12+13+14)	0	0	0	0	0	0	0	0	0	0	0	0	0
16	**Net Operating Income - Before Tax (5-15)**	0	0	0	0	0	0	0	0	0	0	0	0	0
	Income Taxes													
17	Tax Depreciation and Amortization	→												
18	Interest Expense	→												
19	Other Income / (Deductions) - Net	→												
20	Taxable Income (16-17-18+19)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	State Income Taxes Payable	→												
22	Federal Income Taxes Payable	→												
23	Income Taxes Payable (21+22)	0	0	0	0	0	0	0	0	0	0	0	0	0
	After-Tax Cash Flow													
24	Principal Payments	→												
25	Reserve Deposits / (Withdrawals) - Net	→												
26	Net After Tax Cash Flow (16-18+19-23-24-25)	0	0	0	0	0	0	0	0	0	0	0	0	0
27	**Debt Service Coverage Ratio (16)/(18+24)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

[1] Bidders should enter data by each line item marked with an arrow Shaded cells will be automatically calculated by the spreadsheet

Schedule 9
Project Pro Formas Schedule[1]
($ 000's)

PROJECT ASSUMPTIONS

Total Project Capital Cost ($ 000's)	→
Debt Ratio (%)	→
Debt Cost (%)	→
Debt Term (yrs)	→

Line No.		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Operating Revenues											
1	Capacity Payments →											
2	Fixed O&M Payments →											
3	Energy Payments →											
4	Other Revenues (explain) →											
5	Total Revenues (1+2+3+4)	0	0	0	0	0	0	0	0	0	0	0
	Operating Expenses											
6	Fuel - Commodity Costs →											
7	Fuel - Transportation Costs →											
8	Variable Operation & Maintenance Costs →											
9	Fixed Operation & Maintenance Costs →											
10	Wheeling Charges →											
11	Insurance →											
12	Property Taxes →											
13	Administration →											
14	Other Expenses (identify) →											
15	Total Operating Expenses (6+7+8+9+10+11+12+13+14)	0	0	0	0	0	0	0	0	0	0	0
16	**Net Operating Income - Before Tax (5-15)**	0	0	0	0	0	0	0	0	0	0	0
	Income Taxes											
17	Tax Depreciation and Amortization →											
18	Interest Expense →											
19	Other Income / (Deductions) - Net →											
20	Taxable Income (16-17-18+19)	0	0	0	0	0	0	0	0	0	0	0
21	State Income Taxes Payable →											
22	Federal Income Taxes Payable →											
23	Income Taxes Payable (21+22)	0	0	0	0	0	0	0	0	0	0	0
	After-Tax Cash Flow											
24	Principal Payments →											
25	Reserve Deposits / (Withdrawals) - Net →											
26	Net After Tax Cash Flow (16-18+19-23-24-25)	0	0	0	0	0	0	0	0	0	0	0
27	**Debt Service Coverage Ratio (16)/(18+24)**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

[1] Bidders should enter data by each line item marked with an arrow Shaded cells will be automatically calc

Schedule 10

Project Milestone Schedule

Site Acquisition:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Fuel Supply:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Facility Contracts:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Permits, Certificates, Approvals:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Commencement of Construction:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Delivery of Turbine-Generator Equipment:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Wheeling Agreements:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Financial Closing:
(Specify the number of months prior to Scheduled Commercial Operation Date) [ ]

Commercial Operation Date: [ ]

Schedule A

Project Summary

Name of Bidder		_____
Bidder Contact	Name	_____
	Address	_____
		_____
		_____
	Telephone	_____
	Fax	_____
	e-mail address	_____
Project Name		_____
Project Location	County	_____
	State	_____
Contract Start Month/Year		_____
Term of Proposal	Years	_____
Seasonal Contract Capacity (MW)	Summer	_____
	Winter	_____
Proposal Type	Check One	Greenfield ☐
		Unit ☐
		System Power ☐
Generation Technology	Technology	_____
Fuel Type	Primary	_____
	Secondary	_____
Heat Rate @ Max Load	Summer	_____ HHV
	Winter	_____ HHV

Standard Escal

Escalation Rate(%)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GAS1	0	10.9%	-19.7%	-1.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
GAS2	0	10.9%	-19.7%	-1.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
OIL1	0	10.9%	-19.7%	-1.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
OIL2	0	10.9%	-19.7%	-1.8%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
COAL1	0	4.4%	-3.7%	-2.7%	3.7%	2.4%	-1.9%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
GDP	0	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

lation Assumptions

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

2029
3.6%
3.6%
3.6%
3.6%
2.4%
2.0%

Florida Power
RFP for Power Supply Resources

Notice of Intent to Bid

Name of Bidder
Bidder Contact

Bidder Name _____
Contact Name _____
Address _____
_____
Telephone _____
Fax _____
E-mail address _____

Bidder Representatives Attending Bidders Conference

Names: _____
_____

Bidders Conference will be held on December 18, 2001 in the Tampa Airport Marriott at 10:00 a.m.

Project Name _____

Project Location

County _____
State _____

Contract Start Date _____

Term of Proposal Years _____

Seasonal Capacity (MW)

Summer _____
Winter _____

Proposal Type Check One

Greenfield ☐
Unit ☐
System Power ☐

Generation Technology Technology _____

Fuel Type

Primary _____
Secondary _____

Heat Rate @ Max Load

Summer _____ HHV
Winter _____ HHV

All potential Bidders are requested to submit a Notice of Intent to Bid to Florida Power's Official Contact by December 10, 2001.

Respond by fax, mail, or e-mail to:

Daniel J. Roeder
Project Leader
System Planning & Operations Department
Progress Energy Building - 7A
P.O. Box 1551
410 S. Wilmington Street
Raleigh, NC 27601

Telephone number: (919) 546-7966
Fax number: (919) 546-7558
E-mail address: FPC_2005_RFP@pgnmail.com

KEY TERMS AND CONDITIONS

NOVEMBER 26, 2001

ATTACHMENT A

KEY TERMS AND CONDITIONS

DEFINITIONS

"Agreement" means the Power Purchase Agreement entered into between Florida Power and the "Seller."

"Commercial Operation" means operation of the Facility commencing on the Commercial Operation Date and continuing until termination or expiration of the Agreement.

"Commercial Operation Date" means the later of (a) first day of the month following the date that the Facility has been satisfactorily completed and tested by Seller, or (b) December 1, 2005.

"Delivery Point" means the point at which deliveries of capacity and energy under the Agreement are required to be made and shall be measured which, for any Facility located within Florida Power's control area, shall be the interconnection point; and, for any Facility located outside Florida Power's control area, shall be the physical point at which connection is made between Florida Power's system and the system of the Wheeling utility adjacent to Florida Power's control area which will deliver the capacity and energy to such point from the Facility or from other Wheeling utilities, as the case may be.

"Effective Date" means the date set forth in the preamble to the Agreement.

"Equivalent Availability Factor" or "EAF" shall have the meaning given in Section II.H of the Response Package.

"Equivalent Forced Outage Rate" or "EFOR" shall have the meaning given in Section II.H of the Response Package.

"Facility" or "Project" means the equipment, spare parts inventory, lands, property, buildings, generators, step-up transformers, boilers, output breakers, transmission lines and facilities used to connect to the Interconnection Point or to the Facility's point of interconnection with the Wheeling utility, protective and associated equipment, improvements, and other tangible and intangible assets, property rights and contract rights reasonably necessary for the construction, operation and maintenance of the Facility.

"Good Utility Practice" means the practices, methods and acts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry) that, at a particular time, in the exercise of reasonable judgement in light of the facts known or that should reasonably have been known at the time a decision was made, would have been expected to accomplish the desired result in a manner consistent with law, regulation, codes, standards, equipment manufacturer's recommendations, reliability, safety, environmental protection, economy and expedition. With respect to the Facility, Good Utility Practice(s) include, but are not limited to, taking reasonable steps to ensure that:

1. adequate equipment, materials, resources and supplies, including Primary Fuel and Secondary Fuel (with minimum inventory levels) are available to meet the needs of the Facility;

2. sufficient management and operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Facility properly, efficiently and in coordination with Florida Power's system and are capable of responding to reasonably foreseeable emergency conditions whether caused by events on or off the site of the Facility;

3. preventive, routine, and non-routine maintenance and repairs are performed on a basis that ensures reliable long term and safe operation, and are performed by knowledgeable, trained and experienced personnel utilizing proper equipment and tools;

4. appropriate monitoring and testing is done to ensure equipment in functioning as designed;

5. equipment is not operated in a negligent or reckless manner, or in a manner unsafe to workers, the general public or Florida Power's system or contrary to environmental laws or regulations or without regard to defined limitations such as steam pressure, temperature and moisture content, chemical content of make-up water, safety inspection requirements, operating voltage, current, volt-ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization and/or control system limits; and

6. the equipment will function properly under both normal and emergency conditions at the Facility and/or on Florida Power's system.

"Interconnection Facilities" means all land, easements, materials, equipment and facilities installed for the purpose of interconnecting the Facility and Florida Power's system to permit the transfer of electric energy and capacity in either direction, including but not limited to connection, transformation, switching, metering, relaying, communications equipment, safety equipment, and any necessary additions and reinforcements to Florida Power's system required for safety or system security as a result of the interconnection between the Facility and Florida Power's system.

"Milestone Date" means the date by which the Seller is required to complete a specified task in accordance with the Milestone Schedule.

"Milestone Schedule" means the Milestone Schedule set forth in the final Agreement, as such Milestone Schedule may be revised in accordance with the terms and conditions of the final Agreement.

"MW" means megawatt.

"Net Dependable Capacity" or "NDC" means the maximum net sustainable output of the Facility in MW that can be delivered to the Delivery Point (after deducting plant auxiliary loads and other losses), based on a performance test.

"Net Electrical Output" means all of the Facility's electric generating output after deducting plant auxiliary loads and any transmission losses between the Facility and the Interconnection Point, as measured by metering devices owned by Florida Power.

"Project Lender" means the lender or lenders providing the initial construction and/or permanent debt financing for the Facility, and any fiscal agents, trustees, or other nominees acting on their behalf.

"Ramp Rate" means the minimum rate change in Net Electrical Output per minute over the period beginning at the time when the Seller is instructed to change the Facility's Net Electrical Output, and ending at the time that such Net Electrical Output is achieved, based on performance testing.

"Scheduled Commercial Operation Date" means the Milestone Date by which Seller is required to achieve Commercial Operation.

"Seasonal Contract Capacity(ies)" shall have the meaning given in Section II of the RFP document.

"Seasonal NDC" means the Summer NDC and/or the Winter NDC, as applicable.

"Security Funds" means the Development Security Fund and the Operational Security Fund as defined in Section 3.2.

"Start Time" means the maximum time required to synchronize the Facility with Florida Power's system and achieve minimum load beginning when Florida Power instructs the Seller to start the Facility from a cold shut-down condition.

"Summer Contract Capacity" shall have the meaning given in Section II of the RFP document.

"Summer Period" shall be the months specified in Section II.F of the Response Package.

"Summer NDC" means the NDC for the Summer Period, corrected to the ambient conditions.

"Wheeling" means the transmission of electric power from the electrical system of one utility to the electrical system of another utility, either directly or through the system of one or more other utilities.

"Winter Contract Capacity" shall have the meaning given in Section II of the RFP document.

"Winter NDC" means the NDC for the Winter Period, corrected to the ambient conditions.

"Winter Period" shall be the months specified in Section II.F of the Response Package.

SECTION 1. RIGHT OF FIRST REFUSAL

Florida Power shall have the Right of First Refusal to purchase the Facility or to purchase any capacity expansions during the term of the Agreement, upon substantially the same terms and purchase price as that offered to any third party, which option shall be held open for a period of 90-days after Seller's presentation of the terms of such offer to Florida Power. Notwithstanding the foregoing, any transfer of the Facility or any expansion thereof to any third party shall be permitted only with the prior written approval of Florida Power, and only upon agreement by a third party to assume all of Seller's obligations under the Agreement.

SECTION 2. ADJUSTMENTS TO FIXED PAYMENTS

Subsequent to the Commercial Operation Date of the Facility and subject to the Seller's meeting all other obligations under the Agreement (including availability requirements), Florida Power shall accept, purchase and pay for the Seasonal Capacities (as applicable) to be delivered under the Agreement based on the Contract Capacity, subject to the following:

a. If the tested Seasonal NDC is greater than or equal to the Seasonal Contract Capacity, Florida Power will pay Seller for capacity delivered based on the Seasonal Contract Capacity.

b. If tested Seasonal NDC is lower than the Seasonal Contract Capacity, Florida Power will pay Seller based on the Seasonal Contract Capacity, after subtracting the daily liquidated damages as specified in Section 3.5, until a re-test of the Facility shows a Seasonal NDC at least equal to the applicable Seasonal Contract Capacity.

c. If Seller fails to achieve an eighty-five percent (85%) EAF on a 12-month rolling average, starting in the second contract year, then the proposed Fixed Payments (Generation Capital, Transmission, Fixed O&M, and Firm Fuel Transportation as specified in Schedule 1 of the Response Package) will be reduced on a sliding-scale basis.

d. No Fixed Payments will be made for those months in which the 12-month rolling average EAF is less than 60%.

e. In any month, if the actual EFOR is greater than the EFOR Guarantee, the proposed Fixed Payments will also be reduced by the Availability Adjustment Factor (AAF), where

$$AAF = (1 - EFOR_{actual}) / (1 - EFOR_{guarantee}).$$

f. The monthly payment shall thus be

$$\text{Actual Payment} = \text{Proposed Fixed Payment} * \text{EAF adjustment} * AAF.$$

SECTION 3. DEFAULT AND SECURITY

3.1 Operation by Florida Power Following Event of Default by Seller

a. If during the term of the Agreement Florida Power becomes entitled to terminate the Agreement due to an Event of Default and if operation of the Facility is not assumed by Project Lender or its permitted assignee, then, in lieu of terminating the Agreement, Florida Power may, but is not obligated to, assume operational responsibility for the Facility to complete construction, continue operation, complete any necessary repairs, or take such other steps as are appropriate in the circumstances, or may designate a third party or parties to do the same, so as to assure uninterrupted availability and deliverability of electric energy and capacity from the Facility. Seller agrees to fully cooperate with Florida Power in providing access to the Facility, and permitting Florida Power to operate the Facility as provided herein. Any payments to Seller shall be made only after any and all costs and expenses (including liquidated damages) of Florida Power in exercising its rights hereunder are deducted.

b. Florida Power's exercise of its rights hereunder to operate the Facility and Seller's Interconnection Facilities shall not be deemed an assumption by Florida Power of any liability of Seller.

c. Florida Power may continue to operate the Facility until:

(1) Seller demonstrates to Florida Power's satisfaction that it is financially and technically qualified to operate the Facility in accordance with the Agreement and resumes operations;

(2) the Project Lender or its permitted assignee assumes operation of the Facility; or

(3) Florida Power terminates the Agreement for an Event of Default .

3.2 Establishment of Security Funds

a. Seller agrees to establish, fund, and maintain the Security Funds specified below, which shall be available at Florida Power's discretion to pay any amount due to Florida Power under the Agreement:

(1) A "Development Security Fund" which shall be established and funded as provided in Section 3.2f within 30 days after the Effective Date, and shall be maintained until such time as (a) the Facility achieves Commercial Operation; (b) all amounts payable from the Development Security Fund have been paid; and (c) the Operational Security fund has been satisfactorily established and funded.

(2) An "Operational Security Fund" which shall be established and funded as provided in Section 3.2g within thirty (30) days after the Commercial Operation Date, and shall be maintained until (a) the end of the term of the Agreement, or

until termination of the Agreement; and (b) all amounts payable from the Operational Security Fund have been paid.

b. The Security Funds shall be maintained at Seller's expense, shall be originated by or deposited in a financial institution or company ("Issuer") acceptable to Florida Power, and shall be in the form of either of the following, or combination of both:

(1) an irrevocable standby letter of credit drawn on an Issuer acceptable to Florida Power; or

(2) cash in U. S. Dollars or U. S. Government Bonds deposited with an Issuer acceptable to Florida Power.

c. If a Security Fund in the form of an irrevocable letter of credit is utilized by the Seller to fund the above, such security must be issued for a minimum term of two (2) years. Additionally, the form and substance of such letter of credit must meet Florida Power's requirements to ensure that claims or draw-downs can be made in accordance with the terms of the Agreement. Furthermore, at the end of each year the security must be renewed for another one (1) year term such that the minimum remaining term of any such security shall not be less than twelve (12) months. If there is failure to comply with this provision, Florida Power shall have the right to draw immediately upon the security and to place the amounts so drawn in an account in accordance with the provisions of Section 3.2b. At such time as Seller's obligation to provide security expires, Florida Power shall, within a reasonable period of time, cooperate with Seller in canceling the letter of credit.

d. With respect to any escrow account opened as security for Seller's obligations hereunder, Florida Power shall establish at Seller's cost and with Seller's funds an account in the name of Florida Power. If cash is to be deposited, the account shall be an interest bearing account. The documents for such escrow account and the institution holding such escrow account shall be acceptable to Florida Power in its sole discretion. At such time as Seller's obligation to provide security hereunder expires, Florida Power shall, within a reasonable period of time, return the cash or bonds in such escrow account to Seller. At such times as the cash balance in such escrow account exceeds the amount of Seller's obligation to provide security hereunder, Florida Power shall remit to Seller, at Seller's request, any excess in the escrow account above Seller's obligations. Seller may obtain the return of such escrow account at any time by providing to Florida Power an irrevocable letter of credit in the same amount as the escrow account and meeting the appropriate criteria specified in the Agreement.

e. Florida Power may reevaluate the value of all non-cash securities put into escrow as provided above at any time. Should the value of the non-cash securities fail to be in excess of the requirements set forth above, Florida Power may in its sole discretion require Seller to post additional security of an acceptable nature and level.

f. Development Security is security required from Seller during the development phase of the project. It must be posted according to the schedule found below and is based on the average Seasonal Contract Capacity of the Facility. All remaining Development Security will be returned to the Seller when the conditions of Section 3.2 are accomplished.

DEVELOPMENT SECURITY SCHEDULE
($50/kW Total)

Timing	Amount (Cash Equivalent Value)	Cumulative (Cash Equivalent Value)
30 days after contract signing	$20/kW	$20/kW
18 months before Scheduled Com. Oper. Date	$20/kW	$40/kW
12 months before Scheduled Com. Oper. Date	$10/kW	$50/kW

g. Operational Security is required from Seller during the operational phase (i.e., commercial operations date to contract end) of the project. It must be posted according to the schedule below and is based on the average Seasonal Contract Capacity of the Facility. All remaining Operational Security will be returned to the Seller when the conditions of Section 3.2 are accomplished.

OPERATIONAL SECURITY SCHEDULE
($30/kW Total)

Timing	Amount (Cash Equivalent Value)	Cumulative (Cash Equivalent Value)
Within 30 days after Commercial Operation Date	$10/kW	$10/kW
5 Years After Commercial Operation Date	$10/kW	$20/kW
10 Years After Commercial Operation Date	$10/kW	$30/kW

3.3 Liquidated Damages for Seller's Failure to Meet Milestone Dates Before Commercial Operation

a. If Seller fails to achieve Commercial Operation by the Scheduled Commercial Operation Date or fails to meet any Milestone Date, Seller shall pay liquidated damages to Florida Power as specified below:

Event	Liquidated Damages
i. Failure to meet each Milestone Date under Section above (other than Commercial Operation)	$TBD/kW-day*
ii. Failure to attain Commercial Operation by the Scheduled Commercial Operation Date	$TBD/kW-day*

* Based on the Seasonal Contract Capacity

Liquidated damages shall be paid for each calendar day of delay until the event is achieved or until twelve (12) months shall pass, as liquidated damages and not as a penalty. Liquidated damages shall begin accruing the day after failure to meet the scheduled Milestone. Such amounts shall be cumulative for each Milestone which is not achieved. Liquidated damages shall be payable monthly within ten (10) days of Seller's receipt from Florida Power of a bill covering the applicable period and shall continue until the specific Milestone is achieved or twelve (12) months have passed. If Seller fails to make such payment within such ten (10) days, Florida Power may draw on the Development Security to cover such payment. In the event that Seller fails to achieve a Milestone event within twelve (12) months of the Milestone Date for such event, Florida Power shall have the right to terminate the Agreement. If Florida Power exercises its right to terminate the Agreement, the entire amount of the Development Security plus any accrued interest shall be retained by Florida Power as liquidated damages. Florida Power shall also have any and all remedies specified in the Agreement, or as provided by law.

b. If Seller fails to achieve Commercial Operation by the Scheduled Commercial Operation Date, Seller shall be liable for damages to Florida Power for the costs of replacing the capacity and energy over and above what Florida Power would have paid Seller for the capacity and energy under the Agreement, and the transactional costs of obtaining the replacement capacity and energy, in addition to any liquidated damages payable under Section 3.3a.

c. If Seller provides written notice to Florida Power or it is otherwise determined by Florida Power at any time after the Effective Date that Seller will not be able to complete the Facility to a state of Commercial Operation, Florida Power may terminate the Agreement, and Seller shall pay liquidated damages as specified by the following formula, in addition to any liquidated damages payable under Section 3.3a through the date of termination:

($20/kW X Contract Capacity) +

($40/kW X Contract Capacity) X (No. of days from contract execution to date of notice) / (No. of days from contract execution to Scheduled Com. Oper. Date)

Upon such notice given by Florida Power, the Agreement shall terminate and Seller waives any rights it may have under the Agreement.

3.4 Damages for Event of Default After Commercial Operation

If a termination of the Agreement occurs as a result of an Event of Default of Seller after attaining Commercial Operation, Seller, for three (3) years subsequent to the date of default, shall be liable for Florida Power's damages, including, but not limited to, damages to Florida Power for the costs of replacing the capacity and energy over and above what Florida Power would have paid Seller for the capacity and energy under the Agreement, and the transactional costs of obtaining the replacement capacity and energy.

3.5 Liquidated Damages for Seasonal Contract Capacity Deficiencies

Seller shall pay to Florida Power $TBD per kW day for the difference between the Seasonal Contract Capacity and the tested Seasonal NDC as determined through Facility testing, for each day that the Seasonal NDC remains below the Seasonal Contract Capacity as liquidated damages for the detrimental impact upon Florida Power's generation planning.

3.6 Liquidated Damages for Start Time Deficiencies

If Seller fails to meet the agreed upon Start Time requirements when tested in accordance with agreed upon provisions at any time during the term of the Agreement, then for each failure Seller shall pay Florida Power liquidated damages in the amount of $TBD per kW day, based on the applicable Seasonal Contract Capacity for the Facility, until the deficiency is corrected and satisfactorily re-tested.

3.7 Liquidated Damages for Ramp Rate Deficiencies

If Seller fails to meet the agreed upon Ramp Rate requirements when tested in accordance with agreed upon provisions at any time during the term of the Agreement, then for each failure Seller shall pay Florida Power liquidated damages in the amount of $TBD per kW day, based on the applicable Seasonal Contract Capacity for the Facility, until the deficiency is corrected and satisfactorily re-tested.

3.8 Payments from Security Fund

In addition to any other remedy available to it, Florida Power may draw appropriate amounts from the Security Funds to recover the damages owing to it under the Agreement, including but not limited to the recovery of liquidated damages payable under this Section 3. At the end of the term of the Agreement, the remaining balance of the Security Funds and accumulated interest shall be returned to

Seller within a reasonable period of time if any funds are remaining in the Security Funds and if no funds are owed to Florida Power under the Agreement.

SECTION 4. OPERATION OF THE FACILITY

4.1 General

Seller shall operate, maintain, and repair the Facility in a safe, prudent, reliable, and efficient manner in accordance with Good Utility Practice.

4.2 Establishment of Operating Procedures

Seller and Florida Power shall each appoint an Operating Representative who shall be the primary point of contact between the parties for purposes of this Section within thirty (30) days after the Effective Date. Seller and Florida Power shall mutually develop written operating procedures no later than ninety (90) days prior to the Scheduled Commercial Operation Date. The operating procedures will be established by mutual agreement based on the design of the Facility and the design of the Interconnection Facilities. The operating procedures will be intended as a guide on how to integrate the Facility into Florida Power's system. Topics covered shall include, but be not limited to, method of day-to-day communications; key personnel list for applicable Florida Power and Seller operating centers; clearances and switching practices; outage scheduling; daily capacity and energy reports; unit operations log; and reactive power support. In no event shall the operating procedures to be established hereunder be considered as a modification, amendment or waiver of any of the terms and conditions of the Agreement.

4.3 Certification of Maintenance

a. Seller shall obtain at its sole expense an independent engineering review of the entire Facility (including the Interconnection Facilities), its operation and maintenance to assist Florida Power in monitoring compliance with Good Utility Practice. This review shall also include a review of the environmental compliance of the Facility and its operation and maintenance plan. The independent review will be conducted by an engineering firm other than the firm chosen by Seller to design, construct, operate or maintain the Facility, and furthermore, selection of this engineering firm is subject to Florida Power's approval. The independent review will be conducted according to the following schedule:

   (1) Once every other year for the first ten (10) years following the Commercial Operation Date.

   (2) For the remainder of the term of the Agreement, once every calendar year.

b. Seller shall cause the independent engineer to issue a written report to Florida Power before June 1 of every year in which the independent review has been conducted assessing Facility operation and maintenance and compliance with all applicable environmental licenses, approvals, and permits and stipulating any related remedial or

other actions consistent with Good Utility Practice. Such report shall be made available to Florida Power as soon as it is available to Seller. Seller shall cause these recommendations to be implemented as soon as practical unless Seller and Florida Power agree otherwise. Seller shall provide written certification of implementation of these recommendations to Florida Power as soon as they are completed.

c. Florida Power or its designated agent shall have the right to verify such recommendations by reviewing all pertinent Facility records and by inspecting the Facility, provided that such review and inspection shall not unreasonably interfere with Seller's operations at the Facility.

d. Seller and Florida Power shall use all reasonable efforts to resolve any disputes between them as to whether any maintenance deficiency exists and/or whether a particular remedy is reasonably necessary to correct a purported deficiency.

e. Seller agrees to undertake promptly and complete any undisputed deficiencies in maintenance and any disputed deficiencies in maintenance as ultimately agreed by Seller and Florida Power.

4.4 Florida Power Inspections

Seller shall allow Florida Power, at any time and with reasonable prior notice, to visit the Facility, including the control room and Interconnection Facilities, to inspect the Facility, review Seller's operating practices, and examine the operating logs. These visits may be made during weekends and nights as well as normal business hours. In exercising such rights, Florida Power shall not unreasonably interfere with or disrupt the operation of the Facility and Florida Power shall comply with all of Seller's reasonable safety regulations at the Facility.

SECTION 5. COMPLIANCE WITH LAWS

5.1 General

Seller agrees that it will at all times comply with all federal, state, and local statutes, laws, regulations and public ordinances of any nature relating in any way to the construction, modification, ownership, maintenance and operation of the Facility, and shall procure all necessary governmental permits, licenses, and inspections, and shall pay all fees and charges in connection therewith. Seller shall indemnify and defend Florida Power from and against any liability, fines, damages, costs, or expenses arising from Seller's failure to comply with the requirements of this Section.

5.2 Safety and Health

Seller shall comply with all federal, state and local laws and regulations pertaining to health, safety, sanitary facilities and waste disposal. Seller shall meet all requirements of the Occupational Safety and Health Act of 1970 (OSHA), including all amendments. Seller shall also comply with any standards, rules, regulations and orders promulgated under OSHA and

particularly with the agreement for state development and enforcement of occupational health and safety standards as authorized by Section 18 of the Act.

5.3 Equal Employment Opportunity

Unless the rules, regulations or orders of the United States Secretary of Labor exempt the Agreement from the provisions of Section 202 of Executive Order No. 11246, dated September 24, 1965, relating to equal employment opportunity, those provisions are, to the extent applicable, made a part of the Agreement.

SECTION 6. ASSIGNMENT

Seller shall not sell or transfer the Facility or any part thereof, and shall not sell, transfer or assign the Agreement or any rights or obligations thereunder, without the prior written consent of Florida Power. A request to sell or transfer the Facility, or to sell, transfer or assign the Agreement must contain the name and location of individuals or firms to whom it is to be assigned, and a detailed description of the proposed transaction. Consent by Florida Power to sell or transfer the Facility, or to sell, transfer or assign the Agreement shall not relieve the Seller of responsibility for the performance of all obligations under the Agreement. Any sale or transfer of the Facility, and any transfer or assignment of the Agreement shall not jeopardize any of the security given by Seller as provided in Section 6. For purposes of this Section, a transfer or assignment shall include but not be limited to a sale of all or a majority interest in the stock of Seller.

SECTION 7. ENVIRONMENTAL REPORTING AND INDEMNITY

7.1 Environmental Compliance

Seller shall construct, maintain and operate the Facility in accordance with all state, federal and local environmental laws, regulations, ordinances, and permits. Seller shall disclose to Florida Power, as soon as and to the extent known to Seller, any actual or alleged violation of any environmental laws or regulations arising out of or in connection with the construction, operation or maintenance of the Facility, or the alleged presence of environmental contamination at or in connection with the Facility, or the existence of any past or present enforcement, legal or regulatory action or proceeding relating to such alleged violation or alleged presence of environmental contamination. Environmental contamination means the presence of hazardous wastes, hazardous substances, hazardous materials, toxic substances, hazardous air or other hazardous pollutants, and toxic pollutants, as those terms are used in the Resource Conservation and Recovery Act; the Comprehensive Environmental Response, Compensation and Liability act; the Hazardous Materials Act; the Toxic Substances Control Act; the Clean Air Act; the Safe Drinking Water Act; the Oil Pollution and Hazardous Substances Control Act; and any and all other applicable federal, state, and local laws and regulations as amended, at such levels or quantities or location, or of such form or character, to be in violation of said federal, state, and local laws and regulations.

7.2 Environmental Indemnity

Seller shall indemnify, defend and hold Florida Power harmless against any and all claims, demands, losses, liabilities, expenses, fines and penalties, including interest and attorney fees, resulting from any alleged violation of applicable federal, state or local environmental laws or regulations arising out of Seller's construction, operation, maintenance or ownership of the Facility or the Facility site, or the presence of any environmental contamination at or in connection with the Facility.

SECTION 8. REGULATORY OUT

Notwithstanding anything to the contrary in the Agreement, if Florida Power, at any time during the term of the Agreement, fails to obtain or is denied the authorization of the Florida Public Service Commission, or the authorization of any other legislative, administrative, judicial or regulatory body which now has, or in the future may have, jurisdiction over Florida Power's rates and charges, to recover from its customers all of the payments required to be made to the Seller under the terms of the Agreement or any subsequent amendment hereto, Florida Power may, at its sole option, adjust the payments made under the Agreement to the amount(s) which Florida Power is authorized to recover from its customers. In the event that Florida Power so adjusts the payments to which the Seller is entitled under the Agreement, then, without limiting or otherwise affecting any other remedies which the Seller may have hereunder or by law, the Seller may, at its sole option, terminate the Agreement upon (XX) days written notice to Florida Power. If such determination of disallowance is ultimately reversed and such payments previously disallowed are found to be recoverable, Florida Power shall pay all withheld payments, with interest at the rate of X% per annum. Seller acknowledges that any amounts initially received by Florida Power from its ratepayers, but for which recovery is subsequently disallowed and charged back to Florida Power, may be offset or credited, with interest at the rate of X% per annum, against subsequent payments to be made by Florida Power to the Seller under the Agreement.

If, at any time, Florida Power receives notice that the FPSC or any other legislative, administrative, judicial or regulatory body seeks or will seek to prevent full recovery by Florida Power from its customers of all payments required to be made under the terms of the Agreement or any subsequent amendments to the Agreement, then Florida Power shall, within XX days of such action, give written notice thereof to the Seller. Florida Power shall use its best efforts to defend and uphold the validity of the Agreement and its right to recover from its customers all payments required to be made by Florida Power hereunder, and will cooperate in any effort by the Seller to intervene in any proceeding challenging, or to otherwise be allowed to defend, the validity of the Agreement and the right of Florida Power to recover from its customers all payments to be made by it hereunder.

The Parties do not intend this Section 8 to grant any rights or remedies to any third party(ies) or to any legislative, administrative, judicial or regulatory body; and this Section 8 shall not operate to release any person from any claim or cause of action which the Seller may have relating to, or to preclude the Seller from asserting, the validity or enforceability of any obligation undertaken by Florida Power under the Agreement.