



**REQUEST FOR PROPOSALS TO SUPPLY
LONG-TERM BASE-LOAD & INTERMEDIATE POWER**

October 27, 2009

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1.0 SCOPE

Central Virginia Electric Cooperative ("CVEC") is issuing this Request for Proposals ("RFP") to solicit proposals from power marketers, public utilities, Independent Power Producers, project developers, and/or any other potential Respondents ("Respondents") to meet the base-load and intermediate supply requirements of CVEC.

Currently, Constellation Energy Commodities Group ("CECG") provides CVEC's capacity and energy needs through a full requirements agreement which will expire May 31, 2012. CVEC will require power supply resources to serve its seven points of delivery ("PODs") on the American Electric Power ("AEP") system and seventeen PODs on the Dominion system beginning June 1, 2012. Replacement supply for the expiring full requirements contract has not yet been secured, and CVEC would like to consider the long-term base-load and intermediate resources being sought in this RFP to fulfill CVEC's electric requirements in part.

All proposals will be considered, including but not limited to the following:

1. Base-load and intermediate capacity and energy provided by existing and/or new capacity;
2. Unit contingent Purchased Power Agreements ("PPAs"), Unit Power Agreements ("UPAs") and/or ownership sharing of existing and proposed base-load and intermediate capacity and energy;
3. Project developers with proposals that include new generation under development or to be developed, new or refurbished combined cycle ("CC") units, or other intermediate capacity, including a mutually agreeable online date;
4. OEM furnished, erected, and commissioned combined cycle combustion turbine generators with the ability to operate with automatic generation control ("AGC"), turndown, and load following capability efficiently and within air permit limitations;
5. Any other creative and/or non-conventional proposals for long-term base-load and/or intermediate capacity and energy that a Respondent believes to be beneficial to CVEC;
6. Proposals which include any combination of the above, allowing CVEC to assemble a base-load and intermediate supply alternative which meets its reliability, stability, and cost-effectiveness goals.

CVEC will consider all proposals, which may include any combination of purchased power agreements or a joint ownership stake in a generating facility. For any proposals that include new generation, CVEC is interested in reviewing both an ownership interest and a PPA proposal from such resources.

2.0 RFP COMMUNICATIONS

All questions or other communication regarding this RFP should be submitted to CVEC's engineering consultants:



3.0 SCHEDULE

The following schedule and deadlines apply to this solicitation:

Release of RFP:	October 27, 2009
Intent to Respond Forms Due:	November 4, 2009
Proposals Due:	November 20, 2009

No Pre-bid conference will be held. Please direct all questions related to the RFP to CVEC's engineering consultants, GDS Associates, Inc.

CVEC reserves the right to modify this schedule if, in the sole opinion of CVEC, such modifications are necessary.

4.0 BACKGROUND

Information contained in this RFP is provided for background use only. CVEC makes no representation that the information is complete or applicable to any Respondent's proposal.

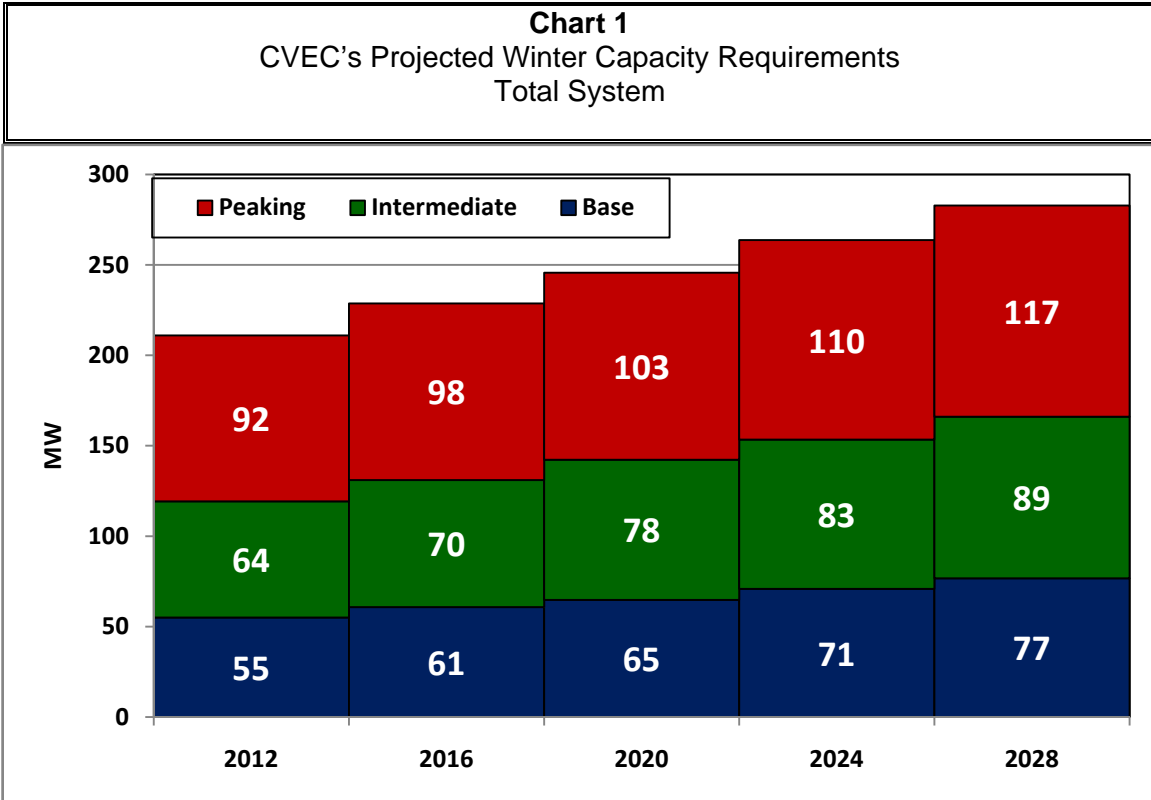
4.1 Description of CVEC

Central Virginia Electric Cooperative is an electric distribution cooperative headquartered in Colleen, Virginia. CVEC provides retail electric service to approximately 34,300 consumer accounts, including 31,000 residential accounts and 3,300 commercial and industrial accounts. CVEC owns and operates an electric distribution system which provides capability to accept delivery of capacity and energy at twenty-four PODs and concurrently deliver such capacity and energy to retail customers. CVEC operates 30 distribution substations and maintains 4,370 miles of distribution line.

The CVEC load being served by CECG is split between seven PODs on the AEP system and seventeen PODs on the Dominion system. In 2008, the seven PODs on the AEP system had a summer peak demand of 25 MW, a winter peak demand of 32 MW, and energy requirements of 118 GWh. In 2008, the seventeen PODs on the Dominion system had a summer peak demand of 109 MW, a winter peak demand of 162 MW, and energy requirements of 582 GWh.

In addition to CVEC's full requirements contract with CECG, CVEC also purchases capacity and energy from the Southeastern Power Administration ("SEPA"). CVEC's SEPA allocation is 7.9 MW and is delivered to the Dominion Zone hub.

CVEC's current full requirements contract will expire on May 31, 2012. CVEC is interested in obtaining power supply proposals through this solicitation to serve its AEP and Dominion PODs beginning June 1, 2012. Although CVEC will likely consider some portion of partial requirements supply to replace the expiring contract, CVEC would also like to consider long-term base-load and intermediate resources sought in this RFP as a means to supply a portion of CVEC's short/long-term needs. The following table summarizes approximate base, intermediate and peaking capacity needs for CVEC for 2012-2028:



1. Assumed an 85% capacity factor for base, 30% capacity factor for intermediate, and 15% capacity factor for peaking capacity
2. SEPA load has not been excluded from system requirements

4.2 Historical and Forecasted Requirements

In calendar year 2008, CVEC had a total summer peak demand of 134 MW, a winter peak of 194 MW and energy requirements of 700 GWh. Historical summer/winter peak demands, and energy requirements, along with a projection of CVEC's capacity and energy requirements for the AEP and Dominion delivery points, is provided in the following tables (no warranty is made as to the accuracy of the projections):

Table 1 CVEC's Historical / Projected Power Requirements in AEP			
Year	Summer NCP (MW)	Winter NCP (MW)	Energy (GWh)
2007	26	34	114
2008	25	32	118
2009	26	32	122
2010	27	33	126
2011	27	33	128
2012	27	33	130
2013	28	34	133
2014	29	34	136
2015	29	35	139

1. NCP demands represent AEP load at time of CVEC's system peak
2. SEPA load has not been excluded from system requirements

Table 2 CVEC's Historical / Projected Power Requirements in Dominion			
Year	Summer NCP (MW)	Winter NCP (MW)	Energy (GWh)
2007	113	172	581
2008	109	162	582
2009	116	167	580
2010	119	172	600
2011	122	174	613
2012	124	177	624
2013	128	181	639
2014	132	185	655
2015	135	188	670

1. NCP demands represent Dominion load at time of CVEC's system peak
2. SEPA load has not been excluded from system requirements

Table 3 CVEC's Historical / Projected Power Total System Requirements			
Year	Summer NCP (MW)	Winter NCP (MW)	Energy (GWh)
2007	139	206	695
2008	134	194	700
2009	142	199	702
2010	146	205	726
2011	149	207	741
2012	151	210	754
2013	156	215	772
2014	161	219	791
2015	164	223	809

1. NCP demands represent CVEC's individual system peak
2. SEPA load has not been excluded from system requirements

5.0 PROPOSAL CONTENT

CVEC requires that all proposals submitted pursuant to this RFP contain the appropriate information necessary to complete a thorough analysis. CVEC further requires that Respondents submitting proposals that contemplate the construction of new generation facilities include sufficient detail to allow CVEC to determine whether or not the proposed power supply will economically and reliably meet CVEC's power supply requirements. CVEC will review and may utilize all information submitted by a Respondent. Also, CVEC reserves the right to request additional information from Respondents during the proposal evaluation process.

For unit-specific PPAs or equity/ownership proposals, the following information, at minimum, will be needed to fully understand and evaluate the proposal:

- a) Capacity/Equity Cost
- b) Fixed O&M Cost
- c) Variable O&M Cost
- d) Unit Heat Rate
- e) Fuel Type/Estimated Fuel Cost
- f) Unit location and applicable PJM generation Hub/Zone
- g) Transmission Costs including any 3rd party wheeling charges
- h) Transmission upgrade costs

For system firm purchased power proposals, the following information will be needed to fully understand and evaluate the proposal:

- a) Delivery location or applicable PJM delivery Hub/Zone
- b) Full description of demand and energy pricing components
- c) Transmission Costs including any 3rd party wheeling charges
- d) Transmission upgrade costs
- e) Full description of how Greenhouse Gas legislation and emissions costs would be handled
- f) Contract term

Additionally, bidders should provide the latest available credit reports and ratings for their company or parent company as well as contact information for similar, current, or former wholesale customers that CVEC may contact as references.

6.0 EVALUATION CRITERIA

Proposals will be judged based on their ability to meet CVEC's need for economical and reliable power supply. Respondents to this solicitation should provide all relevant information necessary to allow CVEC to conduct a thorough analysis of the proposal. Proposals will be analyzed over a range of scenarios defined by price and non-price variables. Key price variables include, but are not limited to, fuel price escalation, inflation, capital costs, and interest rate. Key non-price variables include, but are not limited to, projected resource availability factors and the creditworthiness of the Respondent.

The principal criteria to be used by CVEC in evaluating proposals include:

- Reliability of proposed power supply
- Congestion costs for delivery to the AEP Zone and Dominion Zone hubs
- Total delivered cost of power
- Financial viability of the respondent, including its parent or any other guarantor of services under the respondent's proposal (please include copies of the most recent Moody's/Fitch/S&P ratings reports for the performance guarantor)
- Generation type (i.e., coal, gas, hydro, etc.)
- Impact on diversification of CVEC's resource portfolios
- Cost of compliance with the environmental protection requirements of all applicable state and federal laws, rules and orders
- Minimization of the risks of future fuel price changes
- Term of contract

Each of these factors will be critical to the successful integration of a new power supply resource into CVEC's developing power supply resource portfolio. CVEC reserves the right to consider any other factors that CVEC deems to be relevant to their power supply needs.

6.1 *Total Delivered Cost of Power*

The total cost of power delivered to CVEC, taking into account any additional costs required for CVEC to utilize the proposed power supply resource(s), including losses, imbalance

charges, reserve capacity charges, transmission charges, congestion costs, and the costs of any other services provided by the Respondent or third parties, must be competitive with CVEC's alternatives. CVEC will consider such factors as:

- (a) Demand Charges
- (b) Fuel Charges
- (c) Other Energy Charges
- (d) Reserve Capacity Charges
- (e) Emission Allowance Charges
- (f) Transmission Charges
- (g) Congestion Costs
- (h) Losses
- (i) Third Party Services, if any
- (j) Need for new facilities
- (k) Price stability and factors influencing future rates
- (l) Legal, engineering and other costs required to implement the proposed service(s)

The Respondent should clearly explain the pricing and breakdown of the components of capacity and energy under the proposal so that CVEC can evaluate the total price of power under the terms of the proposal and sensitivities CVEC chooses to evaluate.

Respondents should separately identify and specify any costs included for transmission and/or interconnection facilities necessary to deliver power and energy to CVEC. CVEC will evaluate each proposal to determine if modifications to its distribution system are necessary to receive delivery of power and energy. Such additional costs will be included in CVEC's overall evaluation of the proposal.

6.2 Viability of Respondent

The Respondent must provide sufficient evidence of financial and operational capability to provide the services outlined in the proposal during the contract term. The financial and operational viability of any third parties relied upon by the Respondent for providing service to CVEC must also be demonstrated. The Respondent, its parent, and any other guarantor of services under the Respondent's proposal, must provide audited financial statements from the previous three years in order to demonstrate financial viability. If the Respondent's guarantor has a credit rating, the most recent ratings reports must be provided. Information submitted to demonstrate operational capability must include identification of the proposed transmission path and identification of proposed interconnection points with any and all transmission providers required to provide delivery of power and energy from the proposed resource(s) to CVEC. Finally, the Respondent should provide references of current and/or recent power supply agreements with municipal and cooperative wholesale customers.

6.3 Reliability of Delivered Power

A power supply resource, by itself or in conjunction with power supply or other services to be supplied by any third parties, must qualify as a Network Resource under the PJM OATT to be acceptable to CVEC. Proposals providing an offer of ownership should include the plant/unit's operating history and/or the operating history of sister units. Enough detail should be provided for CVEC to properly evaluate such ownership alternatives.

7.0 PROPOSAL DURATION

All proposals must be valid through January 2010, pending evaluation by CVEC and the beginning of contract negotiations between them and the winning Respondent(s).

8.0 PROPRIETARY DATA

Should a proposal include data the Respondent considers confidential, such proprietary data should be specifically identified by Respondent on each page of Respondent's proposal containing proprietary data. CVEC will utilize reasonable care to ensure Respondent's confidential information is not disclosed except as required by law. This restriction does not limit CVEC's right to use or disclose any data contained in the proposal to consultants, lenders, and counsel, or if it is obtainable from another source without restriction. In any event, CVEC, its employees, counsel, lenders, and consultants will not be liable for the accidental disclosure of such data, even if it is marked.

9.0 INCURRED COSTS

All costs directly or indirectly related to the preparation of a proposal in response to this RFP or any oral presentation required to supplement and/or clarify a proposal which may be required by CVEC shall be the sole responsibility of and shall be borne by the Respondent(s) incurring such costs. CVEC shall not reimburse any Respondent for any costs incurred in the preparation or submission of a proposal and/or in negotiating an agreement as a result of a proposal.

10.0 CONTRACT INCORPORATION

Respondents should be aware that the contents of a selected proposal will likely become a part of any subsequent contract documents.

11.0 REGULATORY APPROVAL

Any contracts, resulting from this RFP or subsequent negotiations, may be subject to regulatory approvals, including approval of the Rural Utilities Service, Federal Energy Regulatory Commission, and Virginia State Corporation Commission.

12.0 REJECTION OF PROPOSALS

CVEC reserves the right to accept any proposal(s) or to reject any and all proposals and to re-issue this RFP in the event that all proposals are rejected or CVEC deems it otherwise necessary. CVEC reserves the right to revise this RFP, including the desired capacity specifications and the requirements for proposals, at any time. Additionally, CVEC reserves the right to accept proposals other than the lowest cost proposal. Factors other than cost, as described above, will be considered in the proposal evaluation process.

13.0 RELEASE OF INFORMATION

CVEC or its consultant shall not release confidential information submitted relative to this RFP during the evaluation process, except as required by law. CVEC may also provide information to regulatory authorities, including the governing authority of CVEC, and lenders, during the proposal evaluation process. CVEC may also release the number and names of Respondents, including the names of short-listed Respondents.

14.0 SUPPLEMENTAL INFORMATION

CVEC reserves the right to request additional information from Respondents or to request Respondents to submit supplemental materials in fulfillment of the content requirements of this RFP or to meet additional information needs of CVEC. CVEC also reserves the right to waive any technical, format or schedule requirements contained in the RFP.

15.0 INTENT TO RESPOND

CVEC requests that recipients of this RFP complete and return the Notice of Intent to Respond form by November 4, 2009. The form should be returned by mail or electronic mail to Jack Madden, at GDS Associates, Inc. Completed Notice of Intent to Respond forms will be treated confidentially by CVEC to the extent permitted by law (pursuant to Section 8.0 above). Prospective Respondents should make their best efforts to provide accurate information about their planned proposal; however, Respondents will not be bound by the information provided in the completed Notice of Intent to Respond form.

16.0 SUBMITTAL INSTRUCTIONS

Proposals must be delivered no later than 5:00 p.m., November 20, 2009 to:

<p>GDS Associates, Inc.</p> <p>Suite 800 1850 Parkway Place Marietta, GA 30067</p> <p>Attention: Jack Madden, P.E. Phone: 770-425-8100 Facsimile: 770-426-0303 E-mail: <i>jack.madden@gdsassociates.com</i></p>

Copies of each proposal will be forwarded to CVEC and counsel.