



Cleco Power LLC  
2030 Donahue Ferry Road  
Pineville, La 71360

January 6, 2009

To: Potential Bidders

Re: Request for Proposal: Cleco Power RFP 200901 for 2009 Resources

By means of this request for proposal, Cleco Power LLC (Cleco Power) is soliciting written offers for the short-term (1 year or less) sale and delivery of flexible, call-option capacity and energy to Cleco Power during the period, April 1, 2009 to November 1, 2009.

Specifications	Proposals are requested for the following:
Buyer:	Cleco Power LLC.
Capacity:	50 MWs up to 200 MWs is the preferred and expected range, but Buyer is willing to accept smaller capacity increments. All proposals must be stand-alone capacity products. Multiple products can be offered with no single product greater than 200 MWs.
Plant/System:	Bidder must specify name and location of plant and system from which capacity and energy are offered.
Firmness/Availability:	Products should have, at a minimum, a guaranteed availability of 95%.
Delivery Period:	April 1, 2009 to November 1, 2009.
Energy Scheduling:	Specified in attached pricing sheet.
Ancillary Services:	Generation-related ancillary services will be Seller's responsibility. See Cleco Power LLC's FERC Electric Tariff, Second Revised Volume No. 1, Section 1.1, Sections 3.1 – 3.6 and Schedules 2, 3, 4, 5 and 6.
Interruption:	Schedule may be interrupted only by Cleco Power during system emergencies as instructed by the Balancing Authority or Reliability Coordinator.
Energy Price:	See options in attached pricing sheet.
Capacity Charge:	Bid separately for one or more options in attached pricing sheet (in \$/kW-month).

**Delivery Point:** Cleco Power prefers to take delivery at the generator bus bar of the designated unit, but will take delivery at the Cleco Power Balancing area if the bidder has previously contracted for firm point-to-point transmission service to the Cleco Power Balancing area.

**Transmission:** Energy must be deliverable to Cleco Power's native load. Purchase by Cleco Power will be contingent on Cleco firm network transmission service approval and Cleco obtaining firm point to point transmission service from outside Cleco Power's Balancing Area if required.

**Multiple Proposals:** Bidders are encouraged to submit multiple products and pricing options, but must submit them as separate proposals if they are mutually exclusive.

**Binding Content of Proposals:** All price and non-price provisions of proposals shall be binding and not retractable until 5:00 p.m. Central Prevailing Time (CPT) on February 23, 2009, except in the case of a proposal that has a fixed price for energy. In the case of a fixed price proposal, the bidder may propose a pricing update mechanism up to the contract execution date. The bidder must state that the price is to be adjusted, the method of adjustment, the reference price index for purpose of the adjustment, and a numerical example illustrating the mechanics of the adjustment. Gas indexed heat rate pricing proposals may not include such a mechanism.

**Form of Proposals:** Proposals shall be signed by a duly authorized officer of the bidder and represent that he or she is authorized to submit the proposal in binding form. Proposals shall be submitted in hard copy and electronic form. The hard copy may be submitted no later than the business day following the deadline provided the electronic form is submitted by the proposal deadline.

No bidder fees are required to participate in this request for proposal. Expenses incurred by parties responding to this request, and negotiating an agreement (if applicable) shall be the sole responsibility of the responding party.

**Target Schedule:** Cleco Power will make every effort to maintain this schedule, but reserves the right to adjust.

January 6, 2009 Issue request for proposals.

January 22, 2009 5:00 p.m. CPT – Deadline for receipt of written proposals. Proposals received after the deadline will not be considered.

February 5, 2009 Winning bidder(s) notified. Begin negotiations.

February 19, 2009 Complete negotiations and contract execution.

February 27, 2008 Cleco Power anticipates filing for certification of PPA(s) with the Louisiana Public Service Commission (LPSC).

## Evaluation Criteria:

Proposals shall be evaluated using a combination of price and non-price factors. Cleco Power will conduct all proposal evaluations with oversight from the Independent Monitor (IM) retained in connection with this RFP and with review and consultation with LPSC Staff. In the course of such evaluations, designated RFP personnel, communicating through the IM, may contact bidders individually in order to obtain clarification of their proposals, as needed. All RFP personnel are bound by the terms of Cleco Power's RFP Code of Conduct posted on Cleco's RFP Website. Before evaluators receive RFP bids: 1) the proposals will receive numerical identification numbers to mask each bidder's identity; and 2) the IM will review all proposals to ensure that identifying information is appropriately redacted. Using the process outlined below, Cleco Power will evaluate each proposal and/or combinations of proposals as potential supply alternatives.

### Economic/Price Evaluation

All proposals will be evaluated against the Cleco Power system base case, which includes existing units, units under construction, and contracts that are already established for the period being evaluated. Market energy and market capacity will be used to fill any shortfalls.

All evaluations, including the base case, will have market energy available, but capacity shortfalls will be filled using a pre-determined capacity price. The pre-determined capacity market will be used to fill capacity shortfalls from both supply and timing constraints.

Production cost evaluations, which include both fuel costs and other variable cost items, will be completed on each proposal by incorporating the proposed unit into the Cleco Power system. Any proposal information that affects flexibility or operation/scheduling will be included into the production cost model. The PCI Gentrader® asset optimization model will be used to determine the production cost for each proposal.

Cleco Power will use output data from the production cost evaluation, combined with fixed costs for each proposal, along with any other applicable costs, to determine a total system benefit or burden for each proposal. The benefit or burden, as the case may be, that each proposal offers will be ranked against other proposals using a \$/kW-yr basis.

In addition to the firm transmission requirement described above, Cleco Power's Transmission Planning personnel will separately analyze the deliverability of all conforming proposals. In accordance with the rules of the Federal Energy Regulatory Commission (FERC), any and all communications between Cleco Power's Transmission Planning personnel and personnel on the RFP evaluation teams shall be via the OASIS of Cleco Power's Transmission Operations organization. Any information or recommendations received from Transmission Planning via the OASIS may be used in the economic analysis of the proposals.

Once proposals are received, they may be further evaluated within portfolios. Portfolios will be identified using Cleco Power's system constraints and objectives, as well as the flexibility and ranking of each proposal in the primary economic analyses.

Portfolios will be evaluated to assess their total system benefit to Cleco Power, and ranked on a \$/kW-yr basis. Selected portfolios may be further evaluated to determine their impact across a range of planning assumptions, including fuel pricing and operational characteristics.

## Non-Price Evaluation

In addition to the economic analysis performed on the portfolios, non-price factors may be evaluated for each proposal or portfolio to identify the quality of the products making up the proposal or portfolio. Non-price factors may be used to identify key issues requiring further clarification from the bidder, and identify risks or issues that may require mitigation during the negotiation process. The application of the non-price factors will be applied in consultation with and with the oversight of the IM and LPSC Staff. Non-price issues that identify “fatal flaws” will place a proposal as non-conforming and the bidder will be notified and given two business days to correct the condition that has caused the “fatal flaw”. The determination of “fatal flaws” will be done in consultation with and with the oversight of the IM and LPSC Staff.

Non-price factors will include, but not be limited to:

- credit issues – compliance with Cleco Power’s risk management policies and procedures and limits for exposure to counterparties in transactions;
- fuel diversity – the proposal’s potential impact on Cleco Power’s annual generation resource mix;
- fuel supply – fuel supply flexibility (e.g., historical and projected amounts of and availability of capacity in the fuel delivery systems serving a source unit) and fuel supply flexibility for daily load following;
- unit commitment and dispatching – minimum run levels, lead time for various start-up conditions, number of starts allowed per contract period, ramp rate for units for load following, the availability of AGC, and day-ahead scheduling and one hour ahead real-time scheduling;
- transmission – resource location, and potential exposure to single contingency event risks; and
- operational – environmental compliance, unit operating and maintenance performance, staffing and labor issues, and bidder experience in developing and/or operating projects that are of a comparable size and technology to the resource proposed.

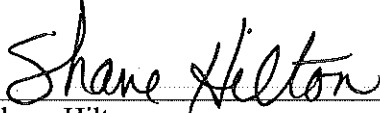
Cleco Power reserves the right to reject any or all proposals for any reason whatsoever and to enter into negotiations with any party for the purpose of purchasing capacity. The transaction is contingent upon negotiating a definitive written agreement between Buyer and Seller; obtaining all necessary corporate and governmental approvals, including authorization by the LPSC (and by the FERC, if necessary) on terms and conditions entirely satisfactory and acceptable to Cleco Power in its sole judgment and discretion.

Responses must be labeled "Cleco Power RFP 200901 for 2009 Resources." Please direct all inquiries and responses to:

Richard Sharp  
2030 Donahue Ferry Rd  
Pineville, La 71360 (Private Delivery)

Or  
P.O. Box 5000  
Pineville, La 71361-5000 (U.S. Mail)  
Tel: 318-484-7755  
Fax: 318-484-7685  
Email: richard.sharp@cleco.com

Yours truly,

  
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Shane Hilton  
General Manager, Retail Operations

**Pricing Sheet for 2009 Resources**

Pricing Options: (Capacity - \$ /kW-month) (Energy - \$ /MWh)

Capacity and Energy Products: <u>Combinations of products can equal up to 200 MWs with no single product greater than 200 MWs.</u>	Guaranteed Availability %	Delivery Time Frame	MW Volume of Product Offered	Capacity Price (\$ /kW-month)	Fixed Price Energy (\$ /MWh)	Heat Rate Pricing (Btu/kWh)	Additional or Other Pricing Structure
<b>Product: 200 MW Maximum 50-200 MW Next-day Call Option 6 Hour Minimum Take or Less When Dispatched April 1, 2009 to November 1, 2009</b>							

Notes:

1. Please submit mutually exclusive proposals on separate pages.
2. Daily call made with one hour scheduling notice including weekends and holidays.
3. Energy price for heat rate based pricing is equal to: Heat Rate (in Btu/kWh) multiplied by Gas Daily Henry Hub Daily Index (in \$/MMBtu) and divided by 1,000.
4. Generating plant from which capacity is offered must qualify as a Designated Network Resource as defined under section 30 of Cleco Power's OATT.