

# EL PASO ELECTRIC COMPANY

2019 Request for Proposal  
for Renewable Energy  
for New Mexico

**Pre-bid Webcast**

June 7, 2019

**Presentation is being recorded**

# Safe Harbor Statement

Certain matters discussed in this Pre-Bid Meeting presentation other than statements of historical information are "forward-looking statements" made pursuant to the safe harbor provisions of the Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding EPE's future expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts. Such statements are subject to a variety of risks, uncertainties and other factors, most of which are beyond El Paso Electric Company's ("EPE" or the "Company") control, and many of which could have a significant impact on the Company's operations, results of operations, and financial condition, and could cause actual results to differ materially from those anticipated. Additional information concerning factors that could cause actual results to differ materially from those expressed in forward-looking statements is contained in EPE's most recently filed periodic reports. Any such forward-looking statement is qualified by reference to these risks and factors. EPE cautions that these risks and factors are not exclusive.

Management cautions against putting undue reliance on forward-looking statements or projecting any future assumptions based on such statements. Forward-looking statements speak only as of the date of this Pre-Bid Meeting Presentation, and EPE does not undertake to update any forward-looking statement contained herein.

# Pre-bid Webcast Agenda

- Open Webcast
- Safe Harbor Statement
- RFP Team Introductions
- EPE Overview
- NM SB 489 RPS Requirements Overview
- RFP Overview
  - Requirements
  - Arrangements
  - Schedule
  - Forms, Tables and Templates
- Confidentiality and Public Disclosure
- Open Forum for Questions (all questions will be taken and addressed upon conclusion of the presentation)
- Close Webcast

# RFP Project Team

- **EPE's Resource Planning ("RP") Department**
  - Monica Garcia, Resource Engineer/RFP Lead/Primary Contact
  - Omar Gallegos, Director - RP and Management/Secondary Contact
  - Manny Gomez, Resource Engineer
  - Danny Holguin, Resource Engineer
  - Yasser Murga, Resource Engineer
  
- **Merrimack Energy Group, Inc.**
  - Wayne Oliver, Independent Evaluator
  - Keith Oliver, Independent Evaluator
    - Review and monitor RFP process
    - Ensure no undue preferential treatment of self-build/affiliate bids
    - Ensure RFP process is fair and transparent
    - Identify and help resolve any issues
    - Oversee and assist in evaluation and selection processes
    - Review analyses and results
    - Monitor and participate in contract negotiations process

# EPE Overview

## About EPE

- Bundled, regulated public utility operating within the WECC
- Engaged in the generation, transmission and distribution of electricity
- Service territory is approx. 10,000 mi<sup>2</sup> in TX and NM
- Serves approx. 425,600 customers
- Energy mix consists of natural gas, nuclear, solar and purchase power
  - Owns a total net capacity of 2,068MW (633MW nuclear and 8MW<sub>AC</sub>/6MW<sub>ACnet</sub> solar)
  - Purchases 107MW<sub>AC</sub> of solar capacity through PPAs



# NM SB 489 RPS Requirements Overview

## **NM SB 489 requires the following for public utilities:**

- RPS requirement must be obtained through a competitive bidding process
- RPS requirement must be met with renewable energy and retirement of associated RECs
  - Renewable energy must be delivered to public utility
  - Renewable energy must be assigned to NM customers
  - Renewable energy must be from eligible renewable energy resources
- RPS requirements by year per SB 489
  - 2020: 20% of NM retail energy sales
  - 2025: 40% of NM retail energy sales
  - 2030: 50% of NM retail energy sales
  - 2040: 80% of NM retail energy sales
  - 2045: 100% of NM retail energy sales with zero carbon resources

# RFP Overview (cont'd)

## Requirements

- EPE solicits 141,000 MWh in 2020 to fulfill its 20% RPS requirement per SB 489
- EPE solicits renewable energy resources as defined by SB 489
- Renewable energy resources must be eligible for designation as Network Resources under EPE's OATT
- Bidders must demonstrate the ability to secure firm transmission paths to EPE's local transmission system
- EPE requests that bids for standalone solar and wind also provide an option paired with battery storage at 50% of the renewable resource's nameplate capacity (offers for short-term PPAs of existing solar or wind facilities that do not currently have storage may exclude this requirement)
- EPE must be granted dispatch rights/control for applicable proposals

# RFP Overview (cont'd)

## Arrangements

- EPE is open to PPAs
  - Both short-term and long-term PPAs
  - Short-term PPAs are those from entities that may have renewable energy available in the early years but are unable to commit long-term
- EPE is open to the purchase or equity participation in a new or existing generation facility (including build-transfers)

\* EPE is open to proposals for delivery in 2021 or 2022 particularly if the economics of proposals for 2020 are higher due to the relatively short time period to meet that target year

**\*\* Any contracts will be contingent upon required EPE Board of Directors and non-appealable state regulatory approvals**



# RFP Overview (cont'd)

## RFP Schedule

▪ RFP Issuance	May 29	Completed
▪ Pre-bid Webcast	June 7	In Progress
▪ Final Submission of Questions	June 19	
▪ Response to Questions	June 26	
▪ <b>Notice of Intent to Bid</b>	<b>June 28</b>	
▪ <b>Proposal and Proposal Fee</b>	<b>July 29</b>	
▪ Shortlist Notification	August 29	
▪ <b>Best and Final Proposal</b>	<b>September 5</b>	
▪ Notice of Contract Award	September 30	

**EPE reserves the right to modify, cancel or withdraw this RFP and to revise the schedule specified above if, in the sole discretion of EPE, such changes are necessary.**

# RFP Overview (cont'd)

## Forms, Tables and Templates

- Bidders must complete and return all required forms, tables, and templates in section *9.0 Attachments* of the RFP as instructed
  - Failure to complete and return all required forms, tables, and templates as instructed may result in disqualification of proposal(s)
- Bidders must complete and return *Attachment 9.1 NOI* for proposals to be accepted (**due on June 28**)
  - Proposal submittal, however, is not mandatory
  - EPE will inform Bidders, who filed a NOI, of any schedule changes to the extent reasonably possible
- Bidders must complete and return *Attachment 9.2 Data for All Projects*
- Bidders must complete and submit all applicable worksheets from the Excel workbook entitled “2019 RFP Excel Input Templates” which will be posted on the Resource Planning web page

# Confidentiality and Public Disclosure

## Confidentiality

- Proposals and other information submitted must be designated as “Confidential” by Bidder to be considered Confidential
- Entire proposals may not be marked as confidential, only specific information may be marked “Confidential” to receive confidential treatment
- Information marked “Confidential” may be subject to regulatory or court review; and, as part of any regulatory approval process, disclosure of that information may be required

## Public Disclosure

- Key terms of negotiated agreements from selected proposals will be publicly disclosed on a nonconfidential basis for review as part of any regulatory approval process as EPE deems necessary and appropriate which include:
  - term and any option to extend term;
  - the size of the in MW of capacity and the amount of energy in MWh or kWh per month and any conditions regarding the minimum or maximum amount of energy or capacity made available or required to be purchased;
  - price or pricing formulae including any reopeners and escalation provisions; and
  - any fixed or variable costs

# Questions

**Official Responses to Questions from this Pre-bid Webcast and any General Questions, asked Prior to this Pre-bid Webcast, will be Prepared and Provided in Writing, and will be Posted on EPE's Resource Planning Web Page**

If EPE is does not know the answer to any questions at this Pre-bid Webcast, it will:

- Obtain the answers
- Prepare the answers in writing
- Post the answers on EPE's Resource Planning web page as soon as reasonably possible