

2019

REQUEST FOR PROPOSALS

FOR

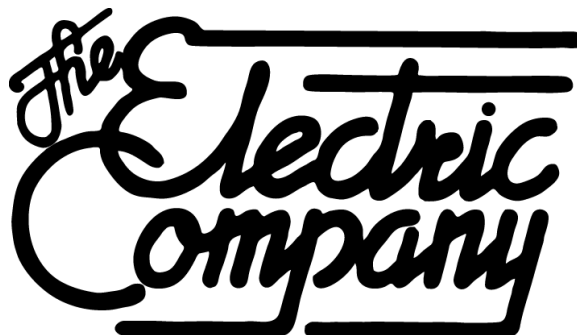
RENEWABLE ENERGY

FOR

NEW MEXICO

P.O. Box 982
El Paso, Texas 79960

Issue Date: May 29, 2019



El Paso Electric

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1.0 INTRODUCTION

El Paso Electric Company (“EPE”) is issuing this 2019 Request for Proposals for Renewable Energy for New Mexico (“RFP”) to obtain short-term and/or long-term, cost effective and reliable renewable electric resources available to meet EPE’s New Mexico Renewable Portfolio Standard (“RPS”) requirements, starting in 2020, per recently enacted amendments to the New Mexico Renewable Energy Act set forth in New Mexico Senate Bill 489 (“SB 489” or the “Energy Transition Act”). SB 489 requires EPE to meet 20% of its New Mexico retail energy sales with renewable energy resources beginning in 2020 under amended terms and conditions. Only renewable energy that is delivered to EPE and assigned to New Mexico customers is eligible for RPS requirements under SB 489. EPE will consider proposals from persons and/or entities (“Bidders”) responding to this RFP for delivery of renewable energy to EPE, and the transfer of all associated Renewable Energy Certificates (“RECs”), from supply-side renewable energy sources. EPE will select a proposal(s) to comply with SB 489 and will seek approval for the procurement from the New Mexico Public Regulation Commission (“NMPRC”). EPE’s preliminary determination is that it requires approximately 141,000 megawatt-hours (“MWh”) of additional renewable energy per year beginning in 2020. Therefore, the proposed project’s capacity will be based on the specific project’s characteristics and project type as is bid into this RFP. This RFP is only open to renewable energy resources as defined by the SB 489.

Proposals considered from Bidders responding to this RFP may include Power Purchase Agreements (“PPA”) for sale of energy or energy and capacity, proposals for EPE purchase or equity participation in the Bidder’s new or existing generation facility and distributed generation (“DG”). EPE may also submit a self-bid in response to this RFP.

About EPE

EPE is a fully bundled public utility engaged in the generation, transmission and distribution of electricity in an area of approximately 10,000 square miles in the Rio Grande Valley in west Texas and south-central New Mexico. EPE owns or has significant ownership interests in five electrical generating facilities plus solar facilities providing it with a total capacity of approximately 2,068 megawatts (“MW”) net. In addition, EPE has PPAs with five companies for an additional peak capacity of approximately 107 MW (solar).

EPE serves approximately 425,600 residential, commercial, industrial and wholesale customers. EPE distributes electricity to retail customers principally in El Paso, Texas, and Las Cruces, New Mexico. EPE’s retail electric rates and services are regulated by the Public Utility Commission of Texas (“PUCT”) and the NMPRC. EPE’s principal industrial and other large customers include steel production, copper and oil refining and United States military installations, including the United States Army Air Defense Center at Fort Bliss in Texas and White Sands Missile Range and Holloman Air Force Base in New Mexico.

RFP Summary

EPE solicits resources renewable energy resources providing a guaranteed minimum annual generation. Proposals seeking to provide the full requirement should provide a guaranteed minimum annual output of 141,000 MWh (EPE will consider acquiring a single resource or a combination of renewable energy resources that are proposed and evaluated in response to this RFP to attain the 141,000 MWh total). EPE may consider whether the proposals can also provide high availability, guaranteed generation output during EPE’s peak hours in the months of May through September, in addition to providing firm renewable energy. Bids for solar and wind are requested to include an option with the integration of battery storage.

EPE will use a two-stage pricing process to evaluate proposals in response to the RFP, i.e., evaluate the initial bid and then evaluate the shortlisted Bidder(s) Best and Final offer. EPE will utilize a third-party

independent evaluator (“IE”) to oversee the RFP process. The IE will have access to all proposals and will actively participate in the RFP process.

1.1 Purpose

Proposals received from Bidders in response to this RFP will be evaluated to identify resources that could assist EPE in its efforts to comply with the requirements of SB 489 and to provide continued reliable and adequate electric service to its customers at the lowest reasonable cost. Following a review of technical and economic factors, as more fully described herein, EPE will determine which proposal(s) best meets the short-term and/or long-term objectives to comply with the RPS requirements per SB 489 and may initiate contract negotiations with Bidder(s), as appropriate. All selected proposals and contracts will be subject to approval from EPE’s Board of Directors and the NMPRC. **Again, EPE’s primary purpose in soliciting proposals, via this RFP, is to determine what viable renewable energy options are available to EPE in 2020 to comply with its 2020 RPS requirement per SB 489. If, however, the economics of proposals are higher due to the accelerated target date of 2020, Bidders may propose an option(s) for renewable energy delivery in 2021 or 2022.**

1.2 RFP Document Description

Section 2 provides more detail about the EPE electric system and projected resource needs. Section 3 outlines the anticipated RFP Schedule for the receipt and evaluation of proposals. Section 4 describes the proposal submittal requirements. Section 5 identifies the requirements for renewable energy resources. Section 6 summarizes the proposal preparation instructions. Section 7 summarizes the proposal evaluation process. Section 8 is a Notice of Disclaimer. Section 9 contains the required proposal submittal forms.

1.3 RFP Communications

All submittals, inquiries, and communications relating in any manner to this RFP should be directed to following EPE points of contact. Communication by e-mail should be submitted to all three e-mail addresses listed below:

Primary e-mail: epe.resource.planning@epelectric.com

Primary Contact: Monica Garcia
Location #135
100 N. Stanton
El Paso, Texas 79901
915-543-2088
monica.garcia@epelectric.com

Secondary Contact: Omar Gallegos
Location #135
100 N. Stanton
El Paso, Texas 79901
Phone: (915) 543-5811
omar.gallegos@epelectric.com

1.4 Confidentiality of Responses

EPE will consider proposals, and other information submitted by Bidders, to be confidential only if such materials are clearly designated as “Confidential.” It is the Bidder’s responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark an entire proposal as confidential, but instead must mark specific information on individual pages to be confidential in order to receive confidential treatment. Except as required by regulatory reviews, EPE will use reasonable efforts to avoid disclosure of such confidential information to persons other than those involved with the evaluation, selection and any subsequent negotiations. To the extent that Bidders receive confidential information from EPE, Bidders shall maintain the confidentiality of such information and such information shall not be made available to, distributed, or otherwise shared with any entity before, during or after this RFP process unless required by law or regulatory order.

Bidders should be aware that information received in response to this RFP may be subject to review by applicable local, state and/or federal regulatory agencies and/or courts, specifically including, but not limited to, the NMPRC, even if marked “Confidential”. All Bidders shall cooperate with EPE in making technological descriptions, pricing and other contract terms available for review as part of any regulatory approval process as EPE deems necessary or appropriate in its sole judgement. EPE will follow applicable orders and rules of the NMPRC and/or other applicable agency, including any protective orders issued, such as disclosure of price, terms or other information as required; therefore, EPE cannot promise that information marked as confidential will not be publicly disclosed, and, as such, EPE cannot be held liable for any information that is ordered to be released or that is inadvertently released. Key contract terms of any selected proposal(s) and contract(s) are required to be publicly disclosed in NMPRC regulatory proceedings including technology, price, term, and options to extend term.

Additionally, Bidders whose proposals are selected agree that key terms of negotiated agreements subject to NMPRC review and approval will be publicly disclosed on a nonconfidential basis for review as part of any regulatory process as EPE deems necessary and appropriate. Key terms include: (1) term and any option to extend term; (2) 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; (3) price or pricing formulae including any reopeners and escalation provisions; (4) and any fixed or variable costs.

Moreover, information submitted in response to this RFP may become subject to federal or state laws pertaining to public access to information as a result of any reviews conducted by the aforementioned agencies. EPE shall not be liable for the release of any information subject to disclosure under any laws pertaining to public access to information.

2.0 EL PASO ELECTRIC COMPANY SYSTEM DESCRIPTION

2.1 System Overview

EPE's service territory operates within the Western Electricity Coordinating Council ("WECC") and is located on the southeast corner of the WECC system. EPE serves its load through a mix of natural gas, nuclear and solar generation resources; remote nuclear generation and purchased power is imported via EPE-owned 345 kV tie-lines.

2.2 Existing Generation Resources

Existing generation resources owned or purchased by EPE are as follows:

- EPE currently owns 633 MW of capacity at the Palo Verde Nuclear Generating Station from Units 1, 2, and 3. This resource is outside the EPE service area and its output is imported via EPE's 345 kV tie-lines.
- EPE currently owns approximately 1,429 MW of local generation for baseload, intermediate and peak service. These local resources are fueled by natural gas. The local EPE generation resources include 63 MW at Copper Generating Station, 278 MW at Rio Grande Generating Station, 736 MW at Newman Generating Station and 352 MW of peaking duty generation at its new Montana Power Station.
- EPE purchases the output of utility-scale solar facilities totaling a gross capacity of approximately 107 MW located on the EPE system.
- EPE also owns approximately 8 MW of solar facilities.

Also, pursuant to EPE's current Loads and Resources planning document, by 2023 approximately 46 MW of generation is scheduled to be retired at the Rio Grande Generating Station and approximately 152 MW is scheduled to be retired at the Newman Generating Station.

2.3 Service Territory

The EPE service territory extends from west Texas to south-central New Mexico as illustrated in Figure 1 below. Copper, Rio Grande, Montana and Newman Generating Stations are located in the El Paso area. Palo Verde Nuclear Generating Station is located west of Phoenix, Arizona.

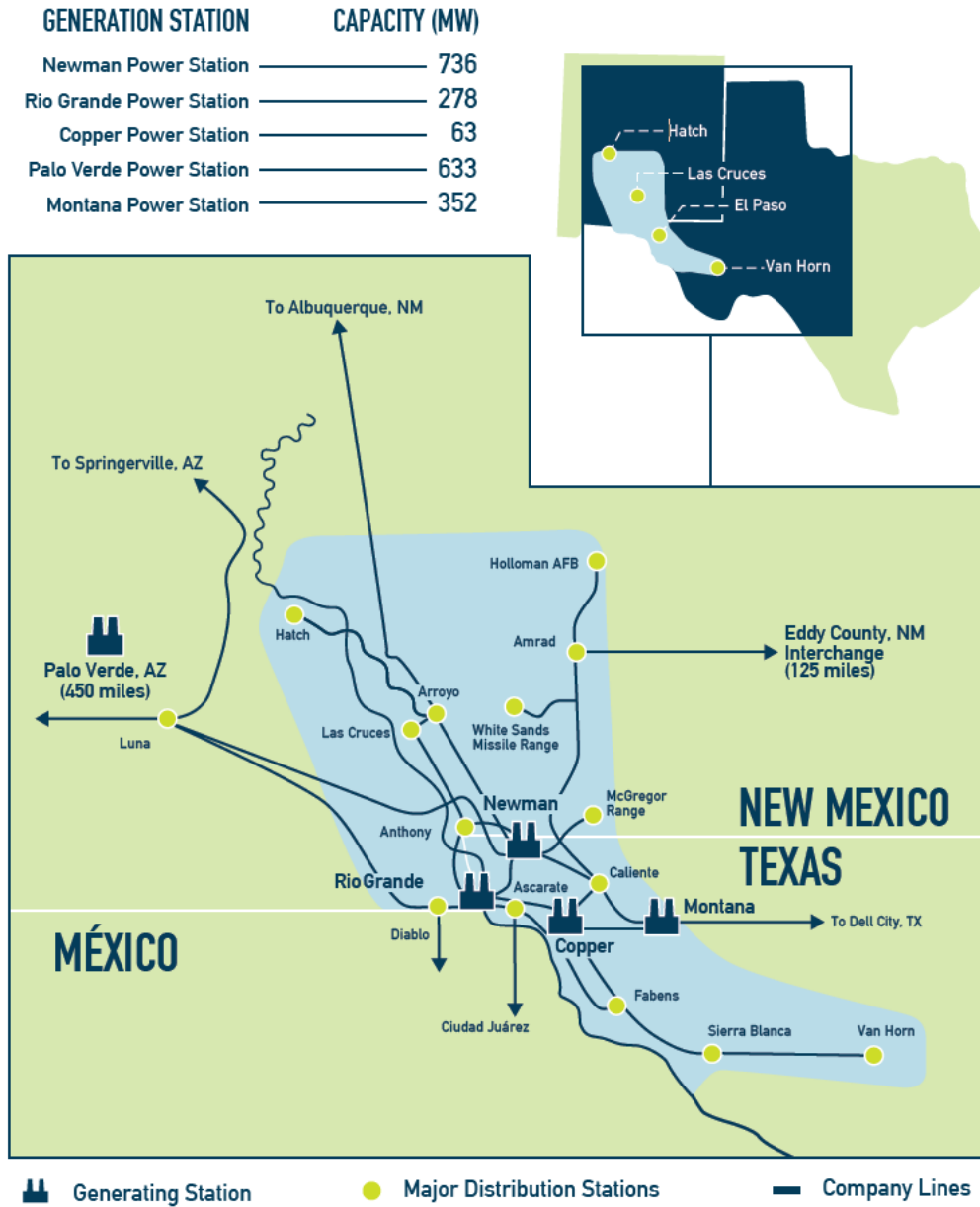


Figure 1 - EPE Service Territory and Electric System

2.4 Future New Mexico Renewable Portfolio Standard Requirements

EPE requires approximately 141,000 MWh of firm renewable energy, and associated RECs, by 2020 (project capacity/size is dependent on project characteristics and type) to comply with EPE's RPS requirements under SB 489, as well as to reliably meet its customer needs. This RFP is issued in an effort to fulfill EPE's 2020 RPS requirement under SB 489 and as such, EPE may choose to not consider proposals over 141,000 MWh per year and will not consider proposals for renewable energy available only after 2022. Preference will be given to renewable resources that can deliver renewable energy in 2020. EPE will consider a combination of viable proposals of those submitted which would aggregate to the 141,000 MWh of firm renewable energy per year beginning in 2020. EPE has a summer peaking load and will evaluate energy or energy and capacity proposals given their summer output profiles. EPE's evaluation will also include a review of expected annual output profiles and dispatch ability to allow for reliability and flexibility for balancing year-round.

EPE makes no representations regarding the level of dispatch (including potential curtailments of selected renewable resources) and energy requirements from supply-side resources proposed in response to this RFP. Dispatch and energy purchases will be a function of reliability and economic dispatch of all EPE resources, including possible economy energy and spot energy purchases from the market.

2.5 Timing of Renewable Energy Need

Pursuant to this RFP, EPE is soliciting proposals with commercial operation dates ("COD") before end of year 2020, if achievable, but no later than May 1, 2022. Proposals must include plans for project execution inclusive of long-lead equipment acquisition, permitting, transmission interconnection and/or upgrades, facility construction and other critical timeline activities to demonstrate viability to meet proposed COD.

If Bidder's project is not viable by 2020, but is viable by May 1, 2021 or May 1, 2022, EPE is interested in the submission of the Bidder's proposal(s) with respective timeline(s) and pricing. **EPE will not accept proposals for projects with CODs after 2022 in this RFP.**

A weighting will be applied to all proposals based on their COD. For example, proposals with COD in 2020 will be given a higher weighting than those with a COD in 2021 and 2022, respectively. However, EPE will consider the economics of all proposals based on their respective COD overall.

3.0 SCHEDULE

The following schedule and deadlines apply to this RFP:

| | |
|---|---------------------------|
| RFP Issuance Date | May 29, 2019 |
| Pre-bid Webcast Date | June 7, 2019 |
| Final Submission of Questions Due Date | June 19, 2019 |
| Response to Questions Due Date | June 26, 2019 |
| Notice of Intent to Bid Due Date* | June 28, 2019 |
| Proposal and Proposal Fee Due Date | July 29, 2019 |
| Shortlist Notification Date | August 29, 2019 |
| Best and Final Proposal Due Date | September 5, 2019 |
| Notice of Contract Award** | September 30, 2019 |

* EPE highly encourages potential bidders to submit questions in advance of the Pre-bid Webcast to facilitate preparation of responses and make available at the Pre-bid Webcast.

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

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. To the extent reasonably possible, EPE will inform Bidders that have filed a Notice of Intent to Bid regarding any schedule change. If bidder determines that it needs more time to develop its project(s) for submittal, EPE will consider an extension up to, but not to exceed, an additional 30 days. Any request for an extension should be received no later than **Wednesday, June 19, 2019**.

3.1 RFP Issuance

EPE will issue a press release to notify the media and general public in an effort to reach potential participants. EPE also will post its RFP on EPE's website (www.epelectric.com) on the RFP issuance date.

In addition, on the RFP issuance date or shortly thereafter, EPE will extend an invitation to participate in its RFP process via regular mail or e-mail to entities who have expressed interest as potential suppliers in recent months.

Receipt of the RFP invitation should be confirmed via e-mail to the EPE points of contact listed in Section 1.3.

3.2 Pre-Bid Webcast

A Pre-bid Webcast will be held on **Friday, June 7, 2019** at 2:00 p.m., Mountain Daylight Time. The Pre-bid Webcast link and sign-on information will be posted on EPE's Resource Planning webpage. Participation in the Pre-bid Webcast is intended to clarify any issues surrounding the RFP in advance of preparation of the bid packages. Participation in the Pre-bid Webcast is highly encouraged.

EPE encourages potential bidders to submit any questions well in advance of the Pre-bid Webcast to facilitate the preparation of responses prior to the Pre-bid Webcast. Questions concerning the RFP are to be submitted in writing via e-mail as per the requirements of Section 1.3 herein and EPE representatives will strive to have responses available at the time of the Pre-Bid Webcast.

3.3 Date for Final Submission of Questions

All questions related to the RFP should be submitted in writing via e-mail as per the requirements of Section 1.3 RFP Communications.

EPE will prepare written responses to questions received and distribute the questions and responses. Responses to general questions will be distributed to all Bidders and posted on EPE's Resource Planning webpage. Responses that are project specific will only be provided to the original inquirer. Any questions related to the RFP must be submitted by **Wednesday, June 19, 2019**, to ensure enough time is allotted for Bidders to go through the RFP and responses to be developed and distributed in advance of the proposal due date.

3.4 Notice of Intent to Bid Due Date

The Notice of Intent to Bid ("NOI") is mandatory for proposals to be accepted. Submittal of NOI does not bind Bidders to submit a proposal; however, submittal of a proposal does require that a NOI be submitted by the NOI due date. Bidders must submit a NOI by midnight, Mountain Daylight Time on **Friday, June 28, 2019**. The NOI form is included as *Attachment 9.1* and is to be submitted as per the requirements of Section 1.3 RFP Communications. Receipt of the NOI will be confirmed via e-mail from EPE to the Bidder(s).

3.5 Proposal Due Date

All proposals **MUST** be received at EPE's offices to the attention of Omar Gallegos at Location #135, 100 N. Stanton, El Paso, Texas 79901 by **Monday, July 29, 2019**. Any proposal submitted after the due date will be excluded from consideration unless EPE extends the submittal due date per any bidder request as described in Section 3.0.

A \$2,500 non-refundable filing fee must be submitted with each proposal. The \$2,500 filing fee will apply to a Bidder's proposal and an additional two (2) options. A proposal is defined by proposal site/location

and resource technology type¹. An option is defined as same “proposal” (i.e., same site/location and resource technology type) with varying options for nameplate, pricing, COD or inclusion of battery storage. Any additional options from the Bidder will incur an additional fee of \$1,500 per option. Filing fees should be by check made payable to El Paso Electric Company.

One (1) hard copy of the proposal must be submitted. In addition, submission of two (2) electronic copies of the proposal either on compact discs or flash drives is mandatory. Facsimile submittals will be rejected.

3.6 Shortlist Notification

Following a review of bidder proposals, EPE will make an initial determination of the proposals that best meet its objectives and may initiate negotiations with those applicable Bidder(s). EPE will notify the shortlisted Bidders by **Thursday, August 29, 2019**.

Additionally, EPE will perform an analysis of the shortlisted proposals to estimate the cost to move energy from the point or points at which the Bidder(s) are to tender energy for receipt into the EPE transmission system to EPE’s load center.

3.7 Tentative Date for Best and Final Proposal

EPE may request a Best and Final Proposal from shortlisted Bidders. If Best and Final Proposals are requested, an expected date for submission of Best and Final Proposals is **Thursday, September 5, 2019**. A schedule and outline of the Best and Final Proposal process will be distributed to the shortlisted Bidders, as applicable.

ANY SHORTLISTED BIDDER WHO INCREASES ITS PRICE BY MORE THAN 10% IN ITS BEST AND FINAL PROPOSAL MAY BE DISQUALIFIED FROM THE RFP PROCESS. IN ADDITION, ANY PERCENT INCREASE TO THE BEST AND FINAL PROPOSAL MUST BE JUSTIFIED.

3.8 Notice of Contract Award

Should EPE choose to initiate negotiations with any Bidder(s), the Notice of Contract Award date for execution of any contract(s) is **Monday, September 30, 2019**. Any contract between EPE and a Bidder will be contingent upon EPE Board approval and required state regulatory approvals. EPE reserves the right to reject any proposed contract(s) that result from this RFP if subsequently issued regulatory approvals or authorizations are subject to conditions, including ratemaking treatments, which are unacceptable in EPE’s sole discretion.

EPE reserves the right to select a proposal(s) that is not the lowest price yet is available to fully meet its 2020 RPS requirement.

3.9 Proposal Validity

Each Bidder must hold its proposal open and valid for a period of 360 days following initial submittal. Additionally, a shortlisted Bidder must hold its Best and Final Proposal open for a period of 360 days following the submittal of its Best and Final Proposal. This timing is to allow for contract negotiations and

¹ The inclusion of battery storage in addition to the primary resource type does not result in a categorization of a new proposal. The inclusion of battery storage to a proposal will be treated as an “option”.

regulatory approvals. Upon expiration of the proposal validity period, the shortlisted Bidder(s) must promptly provide any changes to their proposal(s) or agreement that would affect extension of such proposal for the additional period.

4.0 SUBMITTAL OPTIONS AND REQUIREMENTS

4.1 Commercial Transactions

Proposals to be considered by EPE will include supply-side renewable energy proposals including distributed generation (i.e., interconnection at the distribution grid voltage level). EPE may also include a self-build option. EPE will consider the proposal arrangements to include one or a combination of the proposal types listed below:

- Short-term PPAs (one to four years) for sale of energy or energy and capacity from existing resources (PPA's are to include the transfer of all associated RECs to EPE);
- Long-term PPAs (five years or greater) for sale of energy or energy and capacity (PPA's are to include transfer of all associated RECs to EPE);
- Build-Transfer for EPE to purchase proposed generation resources for standalone solar and solar paired with battery storage; and
- Proposals for EPE purchase or equity participation in the Bidder's existing generation facility.

All Bidders must complete and return *Attachment 9.2*. Failure to complete and return all required forms, tables, and templates as instructed, may result in disqualification of the Bidder's proposal at EPE's sole discretion. Additional requirements for specific resource types are in Section 5.

Proposals are to include and denote anticipated tax amounts. Actual tax treatment will be governed by the final executed contracts.

4.2 Location and Transmission Requirements

EPE is requiring Bidders to have, and provide evidence to EPE, of a feasible site(s) selected and at a minimum have a Letter of Intent for site control with the land owner(s) and other stakeholders that may impact the execution of the land purchase. For sites on federal land such as the Bureau of Land Management, alternate documentation may be considered.

All renewable energy or energy and capacity that EPE may purchase pursuant to this RFP must be delivered to EPE's local transmission system (transmission system within the EPE Balancing Authority Area) to ultimately serve EPE's New Mexico retail customers. It may be possible for proposals between five to 20 MW to interconnect to EPE's distribution system or local transmission system (dependent on location and feeder/system characteristics) which may facilitate shorter project lead-times. However, EPE is open to all proposals which demonstrate ability to deliver renewable energy to EPE, regardless of proposal arrangement, i.e., PPA or a facility build/transfer of ownership structure.

Where the Bidder's resource is interconnected to a third-party transmission system, and not to the EPE local transmission or distribution system, the Bidder should identify in its proposal (a) the charges assessed by the third-party transmission service provider, including applicable ancillary services, to reach the EPE transmission system; and (b) the point on the EPE transmission system at which the Bidder's energy is to be tendered by the Bidder to EPE. In addition, the proposal must be accompanied by a demonstration that the Bidder has (or will) secure firm transmission capacity on such third-party systems, from the location of the resource to EPE's local transmission system. To be clear, the Bidder must identify the total cost to have its resource delivered to a substation on EPE's local transmission system and must include those third-party transmission system costs in its proposal.

It is further noted, that delivery of power to EPE's local transmission system into Springerville, Greenlee and West Mesa is constrained by WECC Path 47 and this factor will be taken into consideration during bid evaluation. Furthermore, if the resource is intermittent/non-dispatchable (e.g., solar or wind), the bid must also include the proposed method of dealing with regulating and balancing requirements, and any associated costs (i.e., battery storage regulation and regulating services by the host Balancing Authority Area Operator).

For PPA arrangements of existing or new renewable energy resources located outside of EPE's Balancing Authority Area, the following requirements must be met:

1. The renewable energy must be delivered to EPE's system at either Springerville, Greenlee or West Mesa or any other substation owned and operated by EPE in EPE's local transmission system.
2. The proposal must include a method for providing set hourly schedules/profiles for delivery of energy or proposed means of scheduling an intermittent resource, if located outside of EPE's Balancing Authority Area, by either:
 - a. firming up output by regulating with additional/excess renewable generation at the same site,
 - b. regulating via battery storage,
 - c. regulating services provided by the host Balancing Authority Area Operator,
 - d. other options of firming up energy profiles to hourly forecasted energy,
 - e. other options for addressing balancing of output such as metering of output to EPE's Balancing Authority.
3. If delivered via the West Mesa to Arroyo transmission line, providing firm hourly schedules are of greater importance due to the electrical power flow limitations imposed by the phase-shifting transformer ("PST") at Arroyo.

Where the Bidder's resource is directly interconnected to the EPE transmission system, the Bidder should identify in its proposal (a) the point on the EPE transmission system at which the Bidder's energy is to be tendered by the Bidder to EPE; (b) whether the Bidder's resource is currently interconnected to the EPE transmission system and receiving interconnection service from EPE, or whether the Bidder has requested interconnection service from EPE (and the type of interconnection service requested); (c) the current status of the Bidder's generator interconnection request; and (d) the estimated Network Upgrade costs, if any, identified in the generator interconnection process as necessary to permit the Bidder's generating facility to interconnect to the EPE transmission system.

After EPE identifies the Bidder Shortlist, comprised of the most economical and reliable renewable resources based upon each resource's total cost to deliver the renewable energy to a substation on EPE's local transmission system, EPE will then evaluate the shortlisted proposals. Such evaluation will include consideration of whether the resources of the shortlisted Bidders require network upgrades in order for EPE to receive the Bidders' energy into the EPE local transmission system and/or in order to deliver the renewable energy to EPE's New Mexico retail customers. EPE will estimate the total cost of each shortlisted proposal and then notify identified shortlisted Bidder(s) of which proposal(s) is chosen for further evaluation and continuation in the process.

The winning Bidder(s) will be required to have in place or to secure Network or Energy Resource Interconnection Service in the manner set forth in the EPE Large Generator Interconnection Procedures or the Small Generator Interconnection Procedures, and sign a Generator Interconnection Agreement as specified in the EPE's OATT (<http://www.epelectric.com/transmission/transmission-tariff>). In addition, the resource must also be eligible to be designated by EPE as a Network Resource under EPE's OATT.

Any questions related to EPE’s transmission system or services must be directed to the following EPE representative:

Primary Contact: Roberto Favela
EPE System Planning
(915) 521-4418
roberto.favela@epelectric.com

Secondary Contact: David Tovar
EPE System Planning
(915) 543-4355
david.tovar@epelectric.com

4.3 Energy and Capacity Limitations

The Bidder must clearly define dispatch capabilities for the proposed project. The proposal must outline any and all energy or energy and capacity limitations that may be caused by factors including, but not limited to:

- Renewable energy or energy and capacity sales to other parties;
- Transmission limitations (e.g., congestion);
- Environmental emissions and impact;
- Weather conditions, including extreme high and low temperatures;
- Hours of operation due to staffing or external constraints;
- Fuel supply interruptions, fuel transport service type (i.e., hourly balancing requirements);
- Potential intra-hour volatility in power output to determine the impact of the project on EPE’s system control requirements; and
- Potential federal regulation of carbon emissions

If a potential limitation exists, it must be described in detail in the proposal so that EPE can reflect the limitation in its analysis.

EPE is interested in acquiring resources that will provide its required amount of firm renewable energy per SB 489.

In addition, EPE reserves the right to request additional information from the Bidder regarding limitations or any other details related to its proposal. Automatic Generation Control (“AGC”) for EPE control of dispatch levels is highly desirable if an existing or proposed generation resource is the source of the capacity and energy supply. However, if AGC capabilities do not exist, the minimum acceptable standard is that EPE must be granted dispatch rights and the ability for EPE to establish pre-defined schedules. It is also desirable that ancillary services be provided as part of the proposal. If ancillary services are not provided as part of the proposal, the proposal must specifically state that fact, and the specific reason(s) why.

4.4 Communications for Operations

All proposals will be required to establish real-time communications with EPE’s Energy Management System (“EMS”) in order to provide status information and also be able to receive control signals for requirements such as, but not limited to:

- Dispatch control for applicable proposals, e.g. solar with battery storage or biomass

- Curtailment of renewable resources
- AGC control if resource is capable of providing AGC response

Communications must be NERC Critical Infrastructure Protection (“CIP”) compliant as applicable.

4.5 Government Approvals

Bidders for any proposals to be sited in New Mexico must meet New Mexico Construction Industries Licensing Act requirements in order to submit a bid. If not sited in New Mexico, Bidders must meet any licensing requirements that may be applicable at time of proposal submission per location of projects.

Bidders are responsible for acquiring and maintaining all present and future federal, state and local approvals, licenses, permits or variances, and complying with the specific requirements associated with constructing and/or operating any generation facility and associated interconnection facilities. Proposals should include a listing, description and associated timing for required permitting for any and all facilities necessary for the Bidder’s generating facility and its interconnection to the EPE local transmission system. EPE’s Environmental Department will review permitting descriptions. Any build-transfer proposals will require review of permitting plans and approval by EPE. If a build-transfer plan is awarded, EPE may, at its sole discretion, participate in the review and approval of any permit application filings as EPE will be the ultimate owner-operator of the generating facility.

4.6 Purchased Power Agreement

Proposals involving power purchases of firm energy or energy and capacity from an existing or proposed generation resource or a firm system sale are acceptable within the guidelines outlined in this section. Bidders must complete and return *Attachment 9.3*. Bidders may propose to provide up to 141,000 MWh per year, preferably during EPE’s on-peak hours between 1:00 PM to 6:00 PM Mountain Daylight Time. Additionally, refer to Section 5.0 of this RFP document to review renewable energy resource requirements and considerations. At EPE’s sole discretion, proposals to provide greater than the maximum requested 141,000 MWh per year may or may not be considered.

In order for EPE to fulfill its 2020 RPS requirements under SB 489, EPE may negotiate short-term and/or long-term contract(s). The length of any resulting short-term contract can be for a term of one (1) to four (4) years and long-term contracts for a term of up to 20 years. EPE shall have first dispatch rights to the renewable energy. Any ancillary services to be provided by the Bidder as part of its proposal will be considered in the assessment by EPE of the economics of the Bidder’s proposal.

EPE prefers fixed PPA pricing options for energy (\$/MWh) and/or capacity (\$/kW-month). The Bidder shall provide a specific formula for contract energy and capacity pricing and include a description of the proposed price formula for each component (e.g., if a project has solar and battery, what is the fixed price for solar energy and what is the fixed capacity charge for the battery storage). Again, EPE’s preference is for fixed pricing. If the Bidder proposes energy or capacity pricing with escalation, the escalation factors must be defined as a fixed rate.

For biomass and biogas proposals, the Bidder is responsible for demonstrating the availability and adequacy of all primary and back-up fuel supplies, including fuel transportation and fuel-related services (if applicable). Bidders are expected to have firm fuel supply and/or firm fuel delivery. EPE will accept an energy pricing formula based on a fuel cost index and a guaranteed heat rate or heat rate curve, in the absence of a fixed energy cost proposal. Pricing indices selected by the Bidder shall be nationally recognized indices. Bidders must provide 20 years of historical data for each index, or such history as

exists for the index if less than 20 years are available. Should a Bidder wish to use an alternative index, it must submit a request to EPE of its interest to use an alternative index. EPE will decide if such an index is allowable at its sole discretion.

If a proposal involves capacity and associated renewable energy utilizing different types and combinations of generation facilities, proposals shall clearly identify the pricing, capacity and/or availability variations based on specific characteristics of the generation facilities. Items identified shall include, but not be limited to, variations in output based on ambient conditions.

EPE is also interested in Right of First Offer and Right of First Refusal in conjunction with PPAs. Firm system sales are acceptable, but Bidder should identify the renewable generating resources available to meet the contract requirements. Bidders must have renewable generation resources under ownership or control from which energy or energy and capacity are sold. Bidder must demonstrate the ability to secure firm transmission paths to EPE's local transmission system.

4.7 Asset Purchase of Proposed New Facility Requirements

EPE is requiring that ALL Bidders proposing a new project, in which ownership will be transferred to EPE, demonstrate that the project will be constructed through an Engineering, Procurement and Construction ("EPC") contract or other similar arrangement. Please complete Table 1 in Attachment 9.4.

EPE is requiring Bidders to have a feasible site(s) selected and at a minimum have and provide evidence to EPE in the form of a Letter of Intent for site control with land owner(s) and other stakeholders that may impact the execution of the land purchase. For sites on federal land such as the Bureau of Land Management, alternate documentation may be considered. At EPE's sole discretion, it may or may not consider proposals based on projects built on leased land.

EPE is not and will not be responsible for site selection, land acquisition, environmental permitting or upgrades/infrastructure fundamental to the project's successful completion.

Proposals must include O&M projections and should include:

Recommended plant staffing levels

Estimates for consumables in \$/MWh

Consumables are to include water consumption if purchased from third party

Bidder must provide a specific cost forecast for ongoing O&M. An O&M manual must be provided to EPE that details the maintenance schedule for the facility. EPE is also interested in receiving a proposal that includes ongoing O&M performed by Bidder or a third-party contractor under an O&M contract. Bidder should specify contract terms and operating cost guarantees for this option.

Proposals should all include a description of any performance guarantees or warranties.

4.8 Proposal for Purchase of Bidder's Facility

Proposals involving the sale of all or part of an existing or proposed generation facility to EPE are acceptable within the guidelines outlined in this section. The consideration for any facilities located outside of EPE's Balancing Authority Area would be inclusive of any transmission and ancillary services necessary to deliver the power to EPE's local transmission system. Bidders must complete and return *Attachment*

9.4. Bidders may propose to provide up to 141,000 MWh per year. At EPE's sole discretion, proposals to provide greater than the maximum requested renewable energy may or may not be considered.

Proposals for partial ownership may include EPE having an undivided ownership interest in and dispatch rights to the facility. Bidders for such options shall provide complete project pro-forma financial projections for the existing or proposed generation facility.

For proposals involving the sale of all of an existing or proposed generation facility to EPE, the Bidder shall provide the acquisition price for the facility and payment terms. Additionally, proposals are to include a specific cost forecast for ongoing O&M and fuel costs. EPE is also interested in receiving purchase proposals for Bidder's facility that includes ongoing O&M performed by the Bidder or a third-party contractor under an O&M contract. Bidder should specify contract terms and operating cost guarantees for this option.

For proposals involving purchase of a portion of the Bidder's facility, Bidders shall provide a predictable, specific methodology for joint operation and cost responsibility of fixed and variable costs. EPE requires dispatch rights to its ownership share of the Bidder's facility. If Bidder will be responsible for ongoing O&M of the facility, the Bidder should specify contract terms and operating cost guarantees for the operating contract.

The Bidder is responsible for demonstrating the availability and adequacy of all primary and back-up fuel supplies, including fuel transportation and fuel-related services. Bidders are expected to have firm fuel delivery and a firm fuel supply. On-site inventory of back-up fuel is required if the Bidder has non-firm fuel delivery or a non-firm fuel supply.

5.0 REQUIREMENTS FOR RENEWABLE ENERGY RESOURCES

Bidders must certify that proposals meet the RPS requirements of SB 489. In addition, the resource has to be eligible for designation as a Network Resource under EPE's OATT.

5.1 Applicable to All Renewable Resources

EPE prefers the ability to dispatch/curtail the renewable energy power on an hourly basis. Bidders must complete and return *Attachment 9.5*.

Bidders must submit their proposals by providing the data required for PPA proposals in *Attachment 9.3*. Proposals may only propose capacity pricing if they include battery storage or some other method to firm up the energy output. Proposals that include capacity pricing must provide the basis for measurement to determine the firm capacity. Bidders shall provide a predictable, specific methodology for energy pricing or energy and capacity pricing on an annual basis.

All RECs associated with the renewable energy proposed must transfer to EPE at no additional cost.

5.2 Specific to Non-Intermittent Renewable Resources

Non-intermittent renewable resource proposals such as geothermal, biogas or biomass should identify and quantify fuel resource availability and ability to secure fuel resources for the life of the project.

Any dispatchability or output limitations should be clearly described, specifically, this includes yearly total output expectations and commitments. Additionally, typical daily output profiles should be provided for each month, and, if applicable, any firm commitment amounts should be conveyed.

5.3 Specific to Intermittent Renewable Resources

Intermittent renewable resource proposals such as solar and wind should provide expected output profiles, expected yearly energy output and guaranteed/committed yearly energy output amounts.

EPE will evaluate any proposed intermittent resources in combination with other proposals and existing EPE resources to identify the optimal resource portfolio, in consideration of reliability, to provide regulating reserves.

EPE is interested in evaluating renewable energy resources paired with battery storage to mitigate and regulate intermittency of the renewable energy resource and firm up the renewable energy to make EPE whole in any year, and which may provide regulation, firm capacity output during peak hours, or renewable energy load shifting.

EPE requests that solar and wind proposals provide an option with battery storage at 50% of the renewable energy resource's nameplate capacity (AC).

If the proposal is also capable of providing regulating and system support, Bidders should provide operating capabilities and specifications.

Descriptions of operating capabilities and specifications should include items such as:

- Number of expected cycles
- Charge and discharge ranges
- Round trip efficiency
- Degradation schedules

All proposals should be capable of direct monitoring and control by EPE's EMS system.

Any projects providing self-regulation for output variability or firm output during peak hours should clearly identify capabilities and commitments. Proposals should identify characteristics of resource which will provide firm output capability (i.e., battery storage).

Solar and wind proposals are required to utilize inverters and controls capable of output regulation/curtailment for load following, frequency response and voltage support via EPE's EMS control.

6.0 SUBMITTAL PREPARATION INSTRUCTIONS

Proposals shall be prepared in accordance with the guidelines set forth in this section. Failure to follow the preparation instructions may result in the exclusion of the proposal from consideration. In addition, Bidders must complete Attachments in Section 9.0 and Excel workbook "2019 RFP Excel Input Templates".

Additionally, Bidders must complete and submit applicable worksheets of the Excel workbook entitled "2019 RFP Excel Input Templates" which is posted on EPE's Resource Planning website. The intent of the Excel workbook is to facilitate review of the proposals, especially pricing and financial cost estimates.

Each proposal shall be organized by section as described below in 6.1 to 6.8.

Each page of the proposal shall have the following information on the top right corner:

- 2019 RFP for Renewable Energy for New Mexico
- Company Name of Bidder
- Project Name

All the following sections shall be completed or identified as “Not Applicable”.

6.1 Section 1 - Completed Proposals

All applicable forms appended to this RFP must be completed and returned with the proposal. Failure to properly fill out and return all required forms may result in disqualification of the proposal.

6.2 Section 2 - Proposal Overview

The proposal shall contain a general overview and a summary including the following information, as applicable.

6.2.1 Executive Summary

The executive summary must provide an overall description of the proposal. The description must include the type of proposal and resource offered, including technology and fuel type and the key benefits it will provide to EPE. The summary must include the generation technology and location of the facility(ies) that will be the source of the power supplied per the proposal and must discuss the general business arrangement for the proposal. The summary must be limited to three (3) pages. The summary should include a clear listing and short description of proposal options and alternatives included in the submittal.

6.2.2 Type of Proposal

Describe the type of proposal being offered (i.e., PPA, EPE purchase, and/or EPE equity participation in Bidder’s facility).

6.2.3 Technical Information

The following technical information must be discussed in this section, as applicable for the project proposed.

- Water conservation or efficiency description
- Major equipment manufacturers considered or utilized
- Description of technology and configuration
- Resource Design Life, including a breakout of design life for major system components
- Site layout map and characteristics (such as lease agreements, water resources, waste disposal, etc.)
- Fuel supply and fuel transportation
- Electrical interconnection
- Metering
- Net capacity rating at site conditions and elevation. Provide any partial loading capacity levels that EPE may use for scheduling of the proposed energy and capacity
- Guaranteed availability for the project
- Forced and unforced outage rate

- Heat rates in Higher Heating Value (“HHV”) or a heat rate curve and level of efficiency at Net Capacity rating and for any proposed partial loading capacity levels
- Communications, control and instrumentation
- Description of resources associated with RECs and REC characteristics (if applicable)
- Ability to provide ancillary services (voltage support, load following, etc.)
- Facility limitations that may constrain operation or dispatch (if applicable)
- Design criteria for extreme hot and cold weather temperature ranges and other information about the ability of the resource to operate in extreme weather conditions in the area in which it is located
- Applicable to renewable resources, provide typical day hourly profiles for the months of January, March, July and November
- Anticipated volatility in power flows
- Proposed construction period (if new construction)
- Project management plan
- Quality assurance plans
- Performance guarantees and warranties
- Start-up testing
- Factory and performance tests
- Start-up times and load ramping rates
- Design life loading (wind, seismic, etc.)
- Description of pre-operational milestones (i.e., construction financing, commencement, installation, testing and completion dates)
- Description of frequency and duration of scheduled maintenance of facilities
- Site map showing layout and location
- Cyclic on/off operation capability
- CIP compliance, as applicable

6.2.4 Economic Information

The following economic information must be provided in this section, as applicable for the project proposed. Bidders are also to complete the financial templates in native Excel format for their proposals. Excel templates are available for download from EPE’s Resource Planning website. Bidders should provide a description of the pricing approach used as well as the price formula proposed, including:

- Energy offered and energy price per year
- Capacity offered and capacity charge per year
- Energy cost by year or guaranteed conversion rate and fuel cost index
- Variable and fixed O&M charge and index
- Start-up charge and index
- Limitations on damages and remedies, if applicable
- Potential federal regulation of carbon emissions costs
- Other charges

PRICING MUST BE SUBMITTED IN NOMINAL U.S. DOLLARS AND BIDDER MUST IDENTIFY ESCALATION ASSUMPTIONS USED IN THE PRICE CALCULATIONS. EPE WILL NOT ACCEPT BIDS IN OTHER CURRENCIES.

6.2.5 Delivery of Power

If the Facility is directly interconnected with the EPE system, describe the point of interconnection and current status of any requests or agreements for interconnection and/or transmission service. Proposal should include plan and timing for the interconnection agreement within the project plan.

If the Facility will be interconnected to a third-party transmission system, a system outside the EPE Balancing Authority Area, discuss details related to the proposed option for delivering the power to the EPE system in New Mexico and the status of any arrangements. The discussion should include information regarding electrical interconnection, transmission, electric losses, scheduling arrangements, and associated payments, required to deliver the power and energy to EPE's transmission system.

If the Facility will be delivering renewable energy at Four Corners, EPE will require firm hourly scheduled renewable energy because of the PST.

6.3 Section 3 - Operations and Maintenance

Discuss the current or expected O&M plan, including staffing, budget, management and control over any facility, authority over the O&M budget and guarantees on O&M costs. Provide a description of the basic philosophy for performing O&M and include a discussion of contracting for outside services, if applicable. Provide the expected fixed and variable O&M cost per year and assumptions and items included in the calculation.

6.4 Section 4 - Fuel Supply Plan

Identify the fuel supply source(s) and discuss contract arrangements. Identify whether the facility has firm fuel supply to ensure EPE receives the guaranteed minimum renewable energy supply. Bidders must describe their fuel supply plan.

6.5 Section 5 - Regulatory and Environmental Compliance

The Bidder is exclusively responsible for meeting all required federal, state and local permits, licenses, approvals and/or variances that are currently, or are required in the future to assure the physical delivery of renewable energy and/or capacity in accordance with its proposal(s). Projects involving the purchase of an existing facility or a new facility are required to provide a listing of required permits as well as its plan and timing for acquisition of each permit.

Provide information on the following as applicable:

- Environmental management
- Control, monitoring and recording of atmospheric emissions and noise control
- Air permit, including hourly maximum emissions of NO_x, SO_x, CO, VOC, PM₁₀
- Actual emissions rates for the above pollutants at Net Capacity rating and any partial loading capacity levels proposed. Also include the rates for CO₂ emissions. Emission rates should be provided in either lbs/MWh or lbs/MMBtu.
- Water permit, including daily maximum usage
- Discharge permit, including daily maximum discharge
- Landfill permit, including daily maximum volume
- Regulatory permit (siting certificate)

- Federal Energy Regulatory Commission license, exemption or preliminary permit number (for hydroelectric facilities)
- Local approvals (zoning)
- Other applicable permits

6.6 Section 6 - Project Schedule

Proposals involving new construction shall provide the anticipated critical path project schedule associated with permitting, regulatory approvals, engineering design, manufacture, delivery, construction, start-up and commissioning of the facility, and include as applicable, performance incentives and delay damages. Proposals must contain such a project schedule identifying milestones as well as, in PDF compiled from Microsoft Project or other scheduling tool.

6.7 Section 7 – Financial Capability

The financial viability of any proposal must be demonstrated to provide assurance that the Bidder, and any other party involved in the proposal, has adequate financial capability. Each proposal must include the following information at a minimum:

- Capital financing partners
- Recent annual report for the Bidder and any other parties involved, or recent copy of audited income statement and balance sheet (financial statements)
- Bond rating of Bidder or its parent company and/or major financing partners by Moody's and/or Standard & Poor's, as applicable
- Description of financing plan for the project. Include any financing commitments; and financial guarantees from affiliates or others, as appropriate
- Identification of the Credit Assurance provider for the project if different from the Bidder or its parent company

6.8 Section 8 – Capability and Experience of Bidder

The capability and experience of any Bidder must be demonstrated to provide assurance that the Bidder, and any other party involved in the proposal, has adequate competence, resources and skill. Each proposal must include the following information at a minimum:

- Years in business;
- Description of technical experience;
- Identified staff specific to submitted proposal;
- Description of O&M experience;
- List of projects financed;
- Description of completed projects of a similar scope, e.g., size, commercial operation dates, and customers; and
- Minimum of three references on completed projects of similar size.

7.0 EVALUATION PROCESS

EPE and its consultant will evaluate the proposals to determine which, if any, have the potential to provide the most economical, reliable and viable alternatives for EPE's New Mexico retail customers which comply with EPE's requirements under SB 489. EPE will use a two-stage pricing process to evaluate those proposals that have satisfied the threshold evaluation of responsiveness and viability. The viability review includes, but is not limited to, financial risk, technology risk and project execution risk. The two-stage pricing process consists of evaluating (1) initial bids that have met the requirements of the responsiveness and viability reviews and (2) the Shortlisted Bidder(s) Best and Final offer as applicable. Those initial proposals that are found to have satisfied the RFP requirements during the responsiveness and viability reviews will be evaluated based on the project's levelized cost and will be grouped according to resource type (i.e., standalone renewable resources vs. dispatchable renewable resources paired with battery storage) as well as the type of proposal being offered (i.e., PPA, purchase or equity participation in Bidder's facility). Once grouped, EPE may select the top-ranking bids from each group to shortlist. Bidders whose proposals were shortlisted from the results of the levelized cost analysis, will be required to submit their Best and Final offers. Please note that all Best and Final offers that reflect a price increase of more than 10% in their Best and Final bids may, at EPE's sole discretion, be disqualified from the RFP process. In addition, any percent increase to the Best and Final offers must be justified.

7.1 Threshold Evaluation

EPE will initially review each proposal to determine whether it satisfies the threshold criteria of responsiveness, technical viability, and Bidder financial ability and capability. The responsiveness review will ensure that the proposal is complete, follows the guidelines set forth in the RFP, and includes all information required for a more thorough review. The technical viability review will determine whether the proposal meets EPE's requirements in a reliable manner and for the timeframe stated in the RFP. The Bidder's financial ability and capability review will judge whether the Bidder has adequate financial capability and adequate competence, resources and skills to perform as proposed.

At EPE's sole discretion, any proposal deemed materially incomplete or technically deficient may be excluded from further consideration. EPE also reserves the right to seek clarification of proposal information or additional proposal information from Bidders.

7.2 Economic Evaluation

Proposals that pass the threshold evaluation will be analyzed via the two-stage process. The initial proposals will be evaluated on a levelized cost basis and will be compared to proposals within their resource type group from an economic standpoint to determine the proposed resource's relative cost effectiveness in meeting EPE's requirements. These economic analyses will incorporate the following characteristics of the proposed renewable resource type:

- Firm energy costs, including fuel costs if any, and/or net capacity offer or purchase offer and capacity costs;
- Fixed and variable O&M costs;
- Facility/Unit start-up costs;
- Variable costs impacting production cost;
- Transmission and/or distribution system costs;
- Other costs and system impacts;
- Potential federal regulation of carbon emissions costs; and
- Taxes.

At EPE's sole discretion, any proposal deemed materially deficient relative to EPE's ability to perform a complete economic evaluation may be excluded from further consideration. EPE also reserves the right to seek clarification of proposal information or additional proposal information from Bidders.

7.3 Non-Economic Evaluation

EPE may also consider the following non-economic criteria not incorporated into the economic analyses in evaluating each proposal:

- Development Feasibility and Completion Risk
 - Resource siting- Letter of Intent for Site Control
 - Right-of-way acquisition
 - Environmental and other permitting
 - Resource financing
 - Design/procurement/construction status
 - Firm transmission capacity
 - Commercial operation date and completion security
 - Reliability of technology
 - Project team capabilities
 - Performance guarantees and limitations on remedies
- Financial and Operational Viability
 - Bidder's financial strength
 - Operation and maintenance plan
 - Environmental impact and regulatory compliance
- Operating Characteristics
 - Dispatching limitations
 - Cyclic on/off operation capability
 - Automatic Generation Control
 - Ancillary services (e.g., voltage support and load following)
 - Start-up characteristics
 - Maintenance coordination
 - Transmission impact/voltage control
 - Water efficiency
- Other Factors
 - Resource expansion capability
 - Stability of price proposal

- Economic development benefits
- Diversity of overall resource portfolio

- EPE Financial Impact
 - Cash flow
 - Debt ratio
 - Bond ratings
 - Capital attraction

7.4 Environmental Evaluation (if applicable)

Proposals will be evaluated from an environmental standpoint to determine whether existing resources are in environmental compliance with current regulations and that proposed facilities can be permitted within the timeframe indicated. Overall environmental impact of the facilities will also be assessed.

7.5 EPE's Selection of Proposals and Discussions with Bidders

EPE may initiate contract discussions with Bidder(s), as appropriate, following a review of technical, economic, risk and environmental factors. EPE reserves the right to enter into an agreement at any time with a Bidder who, in the opinion of EPE, will provide the greatest value to EPE and its customers. EPE also reserves the right to pursue contracts with other than the lowest price Bidder or with other than the Bidder evidencing the greatest technical ability, if EPE, at its sole discretion, determines that to do so would result in the greatest value or lowest risk to EPE and its customers. EPE reserves the right to enter into discussions with multiple Bidders at any time in order to determine and pursue what EPE believes is in the best interest of EPE and its customers.

EPE, at its sole discretion, may decline to enter discussions with any Bidder, may terminate negotiations with any Bidder, and/or decline to select any Bidder at any time during the RFP process. All communication between Bidders and EPE, with the exception of the Pre-Bid Webcast meeting, shall be conducted in writing as per Section 1.3 RFP Communication.

8.0 NOTICE OF DISCLAIMER

EPE has prepared the information provided in this RFP to assist interested persons and entities in making a decision whether to respond with a proposal. EPE reserves the right to modify, change, supplement or withdraw the RFP at its sole discretion. No part of this document or any other correspondence from EPE, its employees, officers or consultants shall be taken as legal, financial or other advice, nor as establishing a contract or any contractual obligations. All communication, with the exception of the Pre-bid Webcast, between Bidders and EPE shall be conducted in writing.

EPE makes no representations or warranties regarding the completeness of the information contained within the RFP and does not purport that this RFP contains all of the information needed for Bidders to determine whether to submit a proposal. Neither EPE nor its employees, officers or consultants will make, or will be deemed to have made, any current or future representation, promise or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information contained within the RFP or any other information provided to Bidders.

Bidders who submit proposals do so without legal recourse against EPE, or EPE's directors, management, employees, agents or contractors, due to EPE's rejection, in whole or in part, of their proposal or for failure to execute any agreement with EPE. EPE shall not be liable to any Bidder or to any other party, in law or equity, for any reason whatsoever related to EPE's acts or omissions arising out of or in connection with the RFP process.

EPE reserves the right to reject, for any reason, any and/or all proposals. EPE further reserves the right to waive any irregularity or technicality in proposals received, or to consider alternatives outside of this solicitation, at its sole discretion, to satisfy its capacity and energy needs. In addition, EPE reserves the right, at its sole discretion, to modify or waive any of the criteria contained herein and/or the process described herein.

No Bidder will have any claim whatsoever against EPE, its employees, officers, or consultants arising from, in connection with or in any way relating to this RFP. Without limiting the generality of the foregoing, each Bidder agrees, by and through its submission of a proposal, that rejection of a proposal will be without liability on the part of EPE, its employees, officers or consultants, nor shall a Bidder seek recourse of any kind against any of the foregoing on account of such rejection. The filing of a proposal shall constitute an agreement of the Bidder to each and all of these conditions. Each Bidder and recipient of this RFP is responsible for all costs incurred in evaluating, preparing and responding to this RFP. Any other costs incurred by any Bidder during negotiations are also the responsibility of the Bidder.

9.0 ATTACHMENTS

9.1 Notice of Intent to Bid

Company Name: _____

Company Address: _____

Contact Person:

| | |
|-----------------------------------|--|
| Name | |
| Title/Position | |
| Mailing Address | |
| | |
| Courier Address (if different) | |
| | |
| Telephone Number | |
| Fax Number | |
| E-mail Address | |

Anticipated Renewable Energy Resource Type: _____

Location, Energy Amount, Nameplate Capacity (AC), and Interconnection Point of Project _____

Authorized Signature: _____

Date: _____

The Notice of Intent to Bid may be submitted via e-mail to the contacts defined in Section 1.3, or mailed to Omar Gallegos at Location #135, 100 N. Stanton, El Paso, Texas 79901. Receipt of the Notice of Intent to Bid will be confirmed by e-mail from EPE to the Bidder. Bidders must submit a separate Notice of Intent for each project proposed that differs in resource type.

This form must be delivered via e-mail or to the above address no later than 5:00 p.m., Mountain Daylight Time, on Wednesday, June 5, 2019.

9.2 Data for All Projects

1. Project Location

State: _____ County: _____ City: _____

Section: _____ Township: _____ Range: _____

2. Provide a general description of the renewable resource project:

3. The data below applies to renewable energy resource proposals that are paired with battery storage or those whose output can be dispatched (via AGC or pre-defined schedules – ANY PROPOSALS THAT ARE INTERMITTENT OR HAVE CONSTRAINTS PREVENTING FULL ENERGY OUTPUT MUST FILL OUT THE 12X24 OUTPUT PROFILE DENOTED IN THE EXCEL WORKBOOK). At a minimum, include the following items, if applicable:

a. Net summer capacity offer and capacity charge by year. The information shall be presented in a table that shows net kW and \$/kW/mo. Additional support information:

i. Net summer MW _____

Primary fuel type: _____ Secondary fuel type: _____

b. Other unit operating parameters

i. Minimum net unit output (MW) under normal operating conditions: _____

ii. Time to bring on-line, i.e., synchronize to grid (minutes): _____

Maximum net summer capacity (MW) within 10 minutes: _____

Time to bring unit to full load (MW): _____

iii. Minimum on-line time (hours): _____

iv. Minimum off-line time (hours): _____

v. Starting reliability (percentage of time the unit will successfully start): _____

vi. Forced outage rate (%): _____

vii. Annual overhaul requirements (days/year): _____

Note: If maintenance outages follow a periodic pattern such as 10 days each year with 20 days every fourth year, provide that pattern.

c. Describe AGC capabilities and, if applicable, any constraints: _____

d. Describe all expected permitted emissions levels: _____

4. Provide all information requested in Section 5.0.

9.3 Additional Data for Purchased Power Agreements

1. The additional data below applies to renewable resources whose output can be dispatched (via AGC or pre-defined schedules), e.g. biomass projects. **BIDDER IS RESPONSIBLE FOR ALL TAXES AND TRANSMISSION COSTS. ALL DATA SHALL BE NET OF ANY LOSSES REQUIRED TO DELIVER BIDDER'S POWER TO THE EPE BALANCING AUTHORITY AREA IN NEW MEXICO.** At a minimum, include the following items, if applicable:
 - a. Provide either fuel cost (\$/MWh) by year OR the following:
 - i. A guaranteed input/output table showing MMBtu fuel input versus MW output at summer unit conditions. Input/output tables shall be based upon 20-year average unit conditions (not 'new and clean') and shall show input (HHV MMBtu/hr based upon the primary fuel type) versus net output (MW) over the full range of the unit's capability under normal operating conditions at capacity increments of 1 MW (between the maximum and minimum capacity levels), AND
 - ii. Either a guaranteed year-by-year price forecast or a fuel price index. If available, Bidder should provide a forecast of the index. Any fuel price index shall include a discussion of the proposed index and 20 years of the index history.
 - b. Provide either a fixed O&M charge (\$/kW-year) by year, OR a fixed O&M charge for a Bidder-specified year and fixed O&M index. If available, Bidder should provide a forecast of the index. Any fixed O&M cost index shall include a discussion of the proposed index and 20 years of the index history.
 - c. Provide either a variable O&M charge (\$/MWh) by year OR a variable O&M charge for a Bidder-specified year and variable O&M index. If available, Bidder should provide a forecast of the index. Any variable O&M cost index shall include a discussion of the proposed index and 20 years of the index history.
 - d. Provide either unit start-up charge (\$/start) by year OR a unit start-up charge for a Bidder-specified year and a start-up charge index. If available, Bidder should provide a forecast of the index. Any start-up cost index shall include a discussion of the proposed index and 20 years of the index history.
2. The additional data below applies to renewable energy projects. At a minimum, include the following items, if applicable:
 - a. **Pricing:** Provide ONE of the following, provided that the pricing schedule submitted has to be consistent with the type of renewable resource proposed (i.e., intermittent renewables are allowed to submit a base price and a fixed annual escalation rate):
 - i. A schedule of year-by-year annual prices (\$/MWh) required.
 - ii. An annual price (\$/MWh) for a Bidder-specified year and a payment index to be applied. If available, Bidder should provide a forecast of the index. Any payment index shall include a discussion of the proposed index and 20 years of the index history. EPE at its sole discretion will determine if the index is viable.
 - b. **Minimum Guaranteed Energy Production**
 - i. **On-Peak Energy Production:** Specify the minimum guaranteed On-Peak MWh from 1:00 p.m. through 6:00 p.m. Mountain Daylight Time (5 hours) from May 1 through September 30: _____

This data will be used to determine the capacity value of each resource for economic evaluation purposes. In addition, the PPA will contain penalty provisions for not meeting this minimum.

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- ii. **Total Annual Energy Production:** Specify the guaranteed annual MWh January 1 through December 31: _____

This data will be used to determine the MWh contribution of the resource and whether it can provide the 141,000 MWh per year, particularly in 2020, as required by SB 489. In addition, the PPA will contain penalty provisions for not meeting this minimum.

9.4 Additional Data for Equity Purchase (Full or Partial)

1. For wind resources, provide historical wind data to aid in EPE’s evaluation.
2. Lump-sum purchase price (\$) and date for payment: _____

Alternatively, a schedule of progress payments may be substituted for the lump-sum purchase price. Provide a schedule of such payments (dollars and date of payment).

3. Bidders must provide, in a Microsoft Excel spreadsheet format, a detailed pro forma financial projection of all operating costs on a year-by-year basis for a period of five (5) years. Such statements shall identify the following applicable cost components:
 - a. Fixed O&M costs (identify what is included)
 - b. Variable O&M costs (identify what is included)
 - c. Unit start-up costs
 - d. Major/Minor maintenance, inspections and overhaul annual cycles and costs
4. Bidders must provide contractual terms for any long-term agreements that would be transferred with the facility purchase to EPE such as fuel supply, fuel transportation, water supply or discharge, long-term service agreements on equipment, etc. which define and support the operating cost projections.
5. EPE is also interested in receiving purchase proposals for Bidder’s facility that includes ongoing operations and maintenance performed by the Bidder or a third-party contractor under an operations and maintenance contract. Bidder should specify contract terms and operating cost guarantees for this option, if applicable.

TABLE 1: CAPITAL COST BREAKOUT

| COST CATEGORY | COST (\$000) |
|---------------------------------------|---------------------|
| <i>Total Capital Cost</i> | |
| <i>Total EPC Costs</i> | |
| Major Equipment | |
| Sales Tax | |
| Other EPC | |
| Fixed Costs | |
| Variable Costs | |
| <i>Total Owners Cost</i> | |
| Permitting and Development | |
| Owners Project Contingency | |
| Major Equipment Cost Contingency | |
| Terms and Conditions Cost Contingency | |
| Financing Costs (if applicable) | |
| Other Owners Costs | |

Bidders are responsible for acquiring and maintaining all applicable present and future federal, state and local approvals, licenses, permits or variances, and for complying with the specific requirements associated with constructing and/or operating any generation facility and associated interconnection facilities.

9.5 Additional Data for Intermittent, Non-Dispatchable Renewable Energy Resources

Bidders must provide sufficient data and information that will allow EPE to meet certification requirements imposed by the NMPRC, New Mexico Legislature, PUCT or Texas Legislature.

1. Provide a detailed description of the generating facilities and provide a verification methodology to track the sale, transfer or disposition of renewable energy produced to ensure energy is not used for or counted toward, the New Mexico renewable energy portfolio standard or requirements, or voluntary tariff program, by or on behalf of another utility:

2. Provide a description of delivery points and transmission and/or interconnection facilities in New Mexico:

Proposals must also provide an available energy profile (MWh or kWh) on an hourly basis for a typical day in each month (12X24 Matrix) using the Microsoft Excel spreadsheet located in EPE's website (www.epelectric.com). An example of a typical energy profile is also available in that workbook. EPE reserves the right to request additional information from the Bidder regarding limitations or any other details related to the proposal.

Bidders are responsible for acquiring and maintaining all applicable present and future federal, state and local approvals, licenses, permits or variances, and the specific requirements to construct and/or operate any generation facility and associated connection facilities.