

REQUEST FOR PROPOSALS

FOR

ELECTRIC PEAKING POWER SUPPLY

AND

LOAD MANAGEMENT RESOURCES

P.O. Box 982
El Paso, Texas 79960

Issue Date: June 28, 2011



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1.0 INTRODUCTION

El Paso Electric Company (“EPE”) is issuing this Request for Proposals (“RFP”) to determine how to best obtain additional long-term, low cost and reliable electric resources that will commence operations beginning on May 1, 2014. These peaking resources should be dispatchable by EPE, able to cycle on and off on an hourly/daily basis and able to provide power to the grid without thermal penalty, or load shedding in less than 15 minutes. These requirements are based on EPE’s need for resources during its summer peak hours in year 2014, 2015 and 2016.

Proposals considered from entities (Bidders) responding to this RFP will include supply-side and demand-side resources, including power purchase agreements (“PPA”) for sale of capacity and/or energy; proposals for EPE purchase or equity participation in the Bidder’s new or existing generation facility, and purchased power from renewable resources. EPE will also submit a self-bid in response to this RFP.

Through initial resource planning studies, EPE has determined that additional supply-side or demand-side resources will be required (i) to meet increasing load requirements on the EPE system, and (ii) to replace potential loss of capacity due to unit retirements. Pursuant to this RFP, EPE requests resources between 80-100 MW in 2014 and 2015 and 160- 200 MW in 2016 to meet its peaking capacity need beginning in the summer of 2014. EPE will consider acquiring the additional resources through a combination of supply-side and demand-side resources that are proposed in response to this RFP.

1.1 Purpose

Proposals received from Bidders in response to this RFP will be used to aid EPE in its efforts to provide continued reliable and adequate electric service to its customers at the lowest reasonable cost and in an environmentally acceptable manner. Following a review of technical, economic and environmental factors, as more fully described herein, EPE will determine the alternative(s) that best meet its objectives, and may initiate contract negotiations with Bidder(s), as appropriate.

1.2 Background

EPE desires to receive proposals in response to this RFP for peaking power supply-side and demand-side resources available May 1, 2014 (80-100 MW), May 1, 2015 (80-100 MW) and May 1, 2016 (160-200 MW). Proposals for supply-side resources must be for a minimum term of 20 years. Section 2 provides more detail on the EPE electric system and projected resource needs. Section 3 outlines the anticipated schedule for the receipt and evaluation of proposals. Section 4 describes the resource alternatives that will be considered. Section 5 identifies the proposal submittal requirements. Section 6 summarizes the proposal evaluation process. Section 7 is a Notice of Disclaimer. Section 8 contains the required proposal submittal forms.

1.3 Communications

All submittals, inquiries, and communications relating in any manner to this RFP should be directed to following EPE point of contact:

Ricardo Acosta
Location #135
100 N. Stanton
El Paso, Texas 79901
Phone: (915) 543-2040
Fax: (915) 521-4656
E-mail: ricardo.acosta@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.” Bidders should be aware that information received in response to the RFP may be subject to the review of applicable local, state or federal regulatory agencies. Information submitted in response to the 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. 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.

2.0 EL PASO ELECTRIC COMPANY SYSTEM DESCRIPTION

2.1 Overview

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 six electrical generating facilities providing it with a total capacity of approximately 1,791 MW.

EPE serves approximately 372,000 residential, commercial, industrial and wholesale customers. EPE distributes electricity to retail customers principally in El Paso, Texas and in Las Cruces, New Mexico. EPE's retail electric rates and services are regulated by the Public Utility Commission of Texas ("PUCT") and the New Mexico Public Regulation Commission ("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.

2.2 Existing Generation Resources

Figure 1 shows the existing generation resources owned by EPE.

- EPE owns 633 MW of capacity at the Palo Verde Nuclear Generating Station (nuclear) from Units 1, 2, and 3. EPE also owns 104 MW of capacity at the Four Corners Generating Station (coal) from Units 4 and 5. Both of these resources are outside the EPE service area. When all remote base load generation resources are operating at full load simultaneously, excess capacity and energy is sold on the market.
- EPE owns approximately 1,053 MW of local generation for baseload, intermediate and peak service. These local resources are fueled by natural gas. The local EPE generation resources include 62 MW at Copper Generating Station, 229 MW at Rio Grande Generating Station and 762 MW at Newman Generating Station. EPE also owns approximately 1.32 MW of wind generation at its Hueco Mountain Wind Ranch. Also, pursuant to EPE's current load and resources planning document, approximately 45 MW of generation is scheduled to be retired at the Rio Grande Generating Station by 2015 and approximately 76 MW is scheduled to be retired at the Newman Generating Station by 2016.

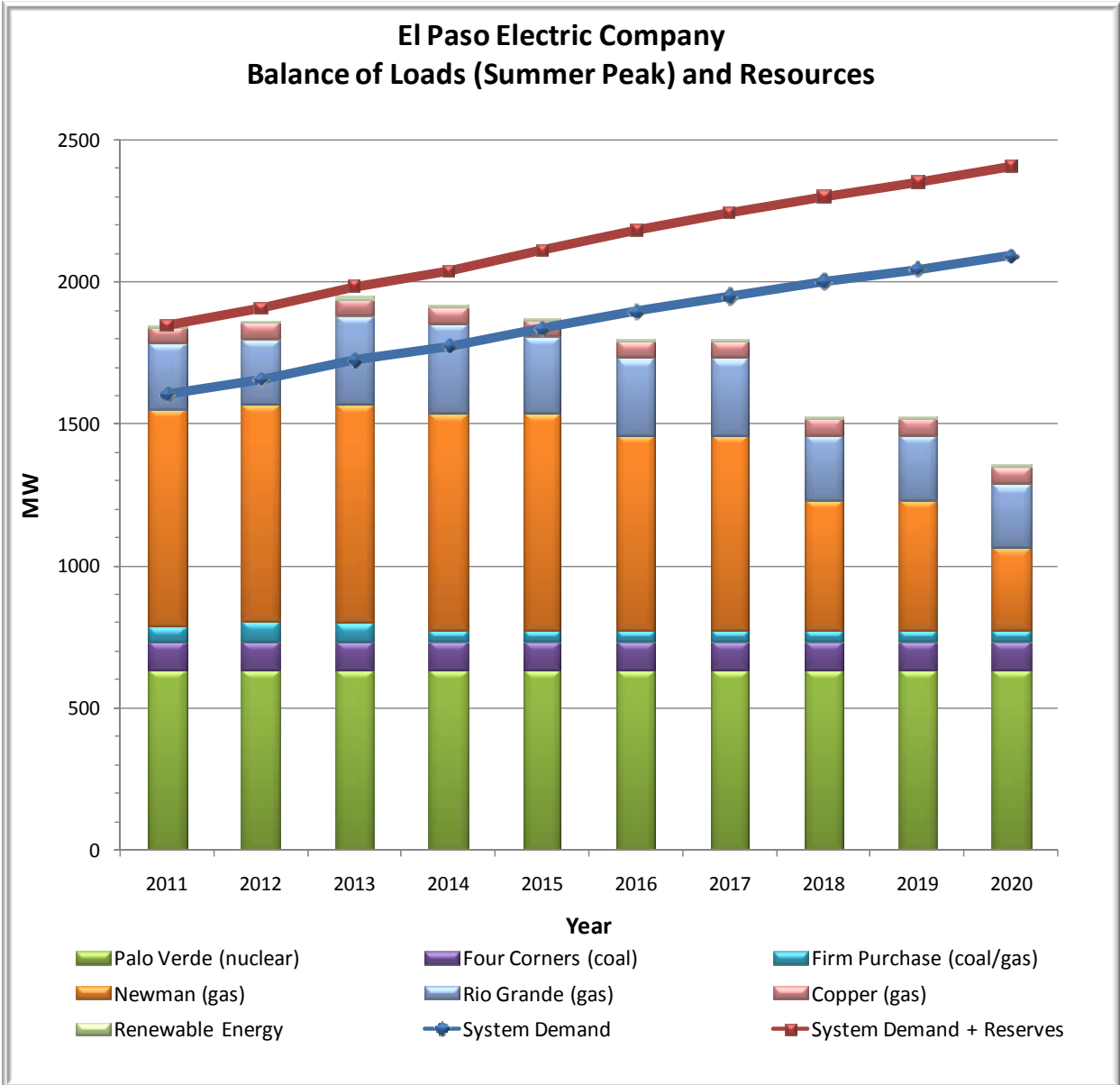


Figure 1 – EPE Balance of Loads and Generation Resources

2.3 Service Territory

The EPE service territory extends from west Texas to south-central New Mexico as illustrated in Figure 2. Copper, Rio Grande and Newman Generating Stations are located in the El Paso area. Palo Verde Nuclear Generating Station is located west of Phoenix, Arizona, and power from Four Corners Generating Station must be moved from northwestern New Mexico.

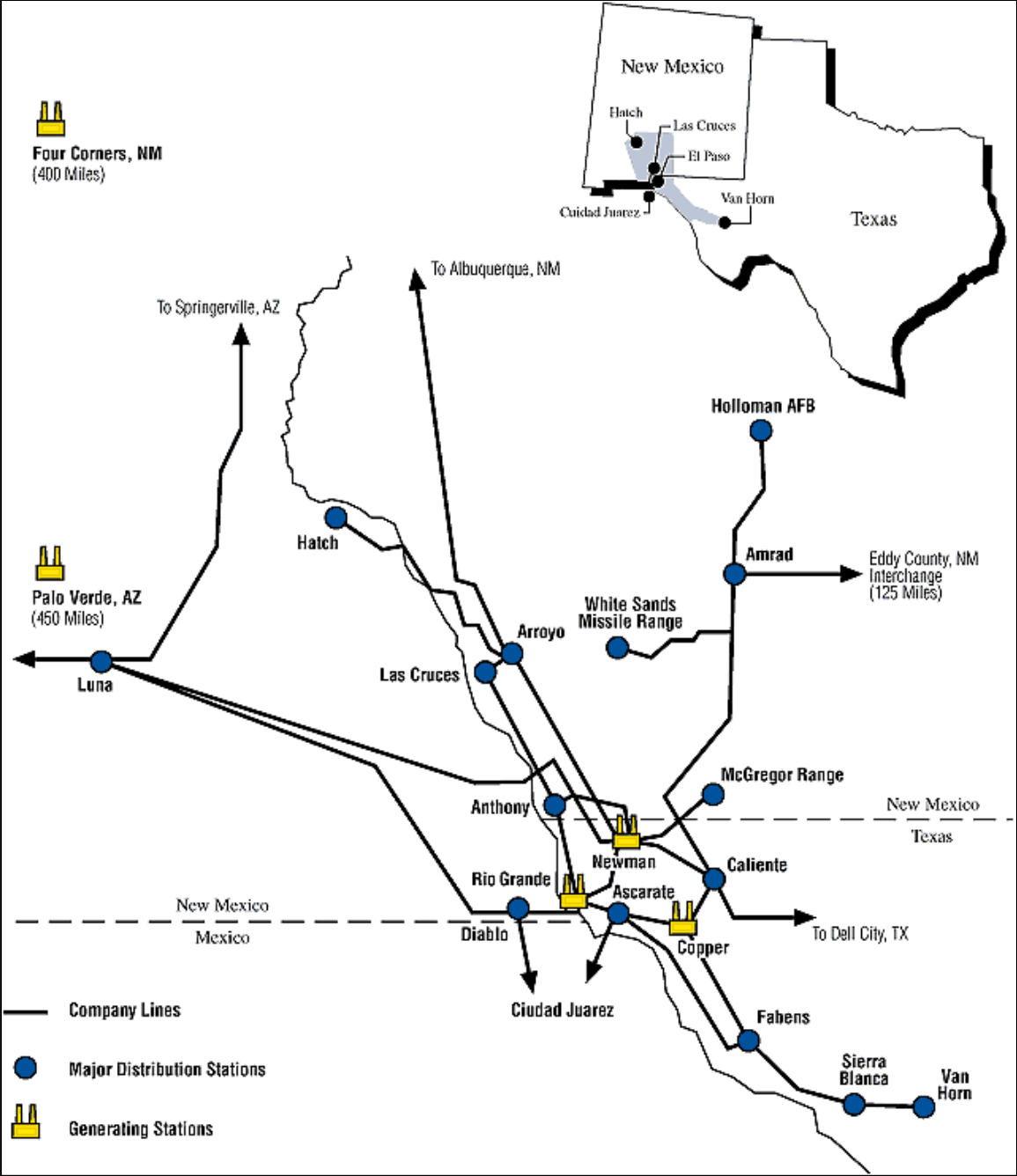


Figure 2 - EPE Service Territory and Electric System

2.4 Future Resource Requirements

Future capacity and energy requirements needed to reliably meet EPE's customer load will require additional supply-side and/or demand-side resources to supplement resources that EPE currently owns or has secured through power purchases.

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

The Bidder should clearly define dispatch capability for all options proposed, including renewable energy resources.

2.5 Capacity Need

EPE is seeking supply-side and/or demand-side proposals to meet its peaking capacity need of 80-100 MW in 2014 and 2015 and 160-200 MW in 2016. At EPE's sole option, proposals to provide greater than 100 MW in year 2014 and 2015 and greater than 200 MW in year 2016 will not be considered.

3.0 SCHEDULE

The following schedule and deadlines apply to this RFP:

RFP Issuance Date	June 28, 2011
Pre-Bid Meeting	July 14, 2011
Notice of Intent to Bid Due Date	July 21, 2011
Date for Final Submission of Questions	August 4, 2011
Proposal Due Date	August 18, 2011
Shortlist Notification	October 7, 2011
Tentative Date for Best and Final Proposal	October 21, 2011
Tentative Date for Execution of Any Contract(s)	November 18, 2011

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.

3.1 RFP Issuance

EPE will extend an invitation to participate in its 2011 Peaking Power Supply RFP process via regular mail or e-mail to all potential participants of whom it is aware. EPE will issue a press release to notify the media and general public in an effort to reach additional potential participants. EPE will post its 2011 Peaking Power Supply RFP in EPE's website (www.epelectric.com) on the RFP issuance date. Click on "About EPE".

Receipt of the RFP invitation should be confirmed via e-mail response from Bidders to EPE's point of contact, Mr. Ricardo Acosta., to the following e-mail address:

ricardo.acosta@epelectric.com

3.2 Pre-Bid Meeting

A Pre-Bid Meeting will be held in El Paso, Texas at EPE's office at 100 N. Stanton, El Paso, Texas 79901 on Thursday, July 14, 2011 at 2:00 p.m., Mountain Standard Time. Attendance at the Pre-Bid Meeting is not mandatory but will serve to clarify any issues surrounding the RFP. EPE will prepare

meeting minutes and distribute the questions and answers to those Bidders who have filed a Notice of Intent to Bid.

Questions concerning the RFP may be submitted in writing to EPE prior to the Pre-Bid Meeting, and EPE representatives will strive to have responses available at the time of the Pre-Bid Meeting.

3.3 Notice of Intent to Bid Due Date

Bidders must submit a Notice of Intent to Bid by 5:00 p.m., Mountain Standard Time on July 21, 2011. The Notice of Intent to Bid form is included as *Attachment 8.1*, and it may be submitted via facsimile to Ricardo Acosta at (915) 521-4656, or mailed to Ricardo Acosta at LOC 135, 100 N. Stanton, El Paso, Texas 79901. Clarification questions and responses will be distributed only to Bidders who have filed a timely Notice of Intent to Bid. Receipt of the Notice of Intent to Bid will be confirmed via e-mail from EPE to the Bidder.

3.4 Date for Final Submission of Questions

All questions related to the RFP should be submitted in writing to the following EPE representative:

Ricardo Acosta
LOC 135
100 N. Stanton
El Paso, Texas 79901
Fax: (915) 543-2040
E-mail: ricardo.acosta@epelectric.com

EPE will prepare written responses to questions received and periodically distribute the questions and responses to all Bidders who file a timely Notice of Intent to Bid. Responses will be distributed to such Bidders with the question included but will not identify who originally submitted the question. Any questions related to the RFP must be submitted in writing by August 4, 2011 to ensure a response prior to the proposal due date, August 18, 2011.

3.5 Proposal Due Date

All proposals MUST be received at EPE's offices to the attention of Ricardo Acosta at Location #135, 100 N. Stanton, El Paso, Texas 79901 by 5:00 p.m., Mountain Standard Time on August 18, 2011. For express delivery services, Mr. Acosta's phone number is (915) 543-2040. Any proposals submitted after the due date may be excluded from consideration.

A \$250 non-refundable filing fee must be submitted with each proposal. Filing fees should be by check made payable to El Paso Electric Company.

Three (3) hard copies of the proposal must be submitted. In addition, submission of an electronic copy of the proposal on a compact disc or flash drive is mandatory. Facsimile submittals will be rejected.

3.6 Short-List Notification

Following a review of technical, economic and environmental factors, EPE will make an initial determination of power supply-side alternative(s) that best meet its objectives, and may initiate negotiations with those applicable Bidder(s). EPE will notify the short-listed Bidders by October 7, 2011.

3.7 Tentative Date for Best and Final Proposal

EPE may request a Best and Final Proposal from short-listed Bidders. If Best and Final Proposals are requested, an expected date for submission of Best and Final Proposals is October 21, 2011. A schedule and outline of the Best and Final Proposal process will be distributed to the short-listed Bidders, as applicable.

3.8 Tentative Date for Execution of Any Contract(s)

Should EPE choose to initiate negotiations with any Bidder(s), the tentative date for execution of any contract(s) is November 18, 2011. Any contract between EPE and a Bidder will be conditioned upon prior regulatory approval by the PUCT and the NMPRC. 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.

3.9 Proposal Validity

Each Bidder must hold its proposal open and valid for a period of 360 days following submittal. A short-listed Bidder must hold its Best and Final Proposal open for a period of 360 days following the submittal of its Best and Final Proposal. Upon expiration of the proposal validity period, the short-listed Bidder(s) must promptly provide any changes in its proposal or agreement that would affect extension of such proposal for an additional period.

4.0 SUMMARY OF SUBMITTAL OPTIONS

Proposals considered by EPE will include self-build option, supply-side and demand-side alternatives including distributed generation:

- PPAs for sale of capacity and energy;
- PPAs for sale of capacity and/or energy from renewable resources, with mandatory transfer of associated renewable energy credits or certificates (“RECs”) to EPE;
- Proposals for EPE purchase or equity participation in the Bidder’s existing or proposed generation facility

All Bidders must complete and return *Attachment 8.2*. Failure to complete and return all needed forms and attachments as instructed, may result in disqualification of the Bidder’s proposal.

4.1 Transmission Requirements

All capacity and energy that EPE may purchase pursuant to this RFP must be delivered to the EPE load area, i.e., EPE’s 115kV system. If the Bidder’s project will not be directly interconnected to EPE, the bidder must also follow the queue and study processes laid out in the Large Generator Interconnection Procedures, and sign an Interconnection Agreement as spelled out in the EPE’s OATT (<http://www.epelectric.com/transmission/transmission-tariff>). Proposals for delivery of capacity and energy to Palo Verde, Four Corners, or SPS for receipt by EPE must be accompanied by a demonstration that Bidder has independent firm transmission capacity in the amount of the capacity proposed for delivery to EPE’s load area.

EPE may use an external consultant to assess Network Upgrades, if any, required by the Bidder’s project. The cost of these facilities will be assessed to the Bidder’s project for economic evaluation purposes. The Bidder’s proposal must include all Direct Assignment Facilities. Bidder is directed to EPE’s OATT for definitions of Network Upgrades and Direct Assignment Facilities.

Any questions related to EPE’s transmission system or services must be directed to Mr. Dennis Malone at 915-543-5757.

4.2 Capacity and Energy Limitations

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

- Capacity and associated energy sales to other parties;
- Transmission limitations (e.g., congestion);
- Environmental permit limitations or emissions;
- Weather conditions, including extreme high and low temperatures;
- Hours of operation due to staffing or external constraints;
- Fuel supply interruptions;
- Potential intra-hour volatility in power output to determine the impact of the project on EPE 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 prove reliable under extreme high or low weather temperatures, and Bidders should provide specific information on the reliability of the resource under these conditions in the area in which the resource is located. For example, EPE is adding additional protection to its local generation units to enable them to meet a design temperature of minus 10 degrees F, with a design coincident wind velocity of 25 mph. The ability of the Bidder's resource to continue operating in extreme high or low weather temperatures will be an important factor in the non-economic evaluation described in Section 6.3 below, with associated technical information to be provided as specified in Section 5.2.3 below. EPE reserves the right to request additional information from the Bidder on how the resource is or will be designed for extreme weather operation and, for existing resources, how they have operated under such conditions.

EPE will strongly consider those resources that demonstrate water efficiency and/or conservation.

In addition, EPE reserves the right to request additional information from the Bidder regarding limitations or any other details related to the 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 ability for EPE to establish pre-defined schedules is the minimum acceptable standard. 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.

4.3 Government Approvals

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

4.4 Power Purchase Agreement

Proposals involving power purchases of firm capacity and energy from an existing or proposed generation resource or a firm system sale are acceptable within the guidelines outlined in this section. EPE must have the ability to dispatch the purchased power on an hourly basis. Bidders must complete and return *Attachment 8.3*. Bidders may propose to provide up to 100 MW by May 1, 2014, up to 100 MW by May 1, 2015 and up to 200 MW by May 1, 2016. At EPE's sole option, proposals to provide greater than 100 MW in year 2014 and 2015 and greater than 200 MW in year 2016 will not be considered.

The length of any resulting contract must be for a term of at least 20 years. EPE shall have first dispatch rights to the energy. AGC for EPE control of dispatch levels is required if an existing or proposed generation resource is the source of the capacity and energy supply. 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.

The Bidder shall provide a predictable, specific methodology for capacity and energy pricing and include a description of the proposed methodology. 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. EPE will accept an energy pricing formula based on a fuel cost index and a guaranteed conversion rate, or a fixed

energy cost proposal. Pricing indices selected by the Bidder shall be nationally recognized indices. EPE will accept indexing based on CPI or GDPIPD for O&M costs. Bidders must provide 20 years of historical data for each index, or such history as exists for index if less than 20 years. 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 own discretion.

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

Firm system sales are acceptable, but Bidder should identify the generating resources available to meet the contract requirements. Bidders must have generation resources under ownership or control from which capacity and energy is sold.

4.5 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. Bidders must complete and return *Attachment 8.4*. Bidders may propose to provide up to 100 MW by May 1, 2014, up to 100 MW by May 1, 2015 and up to 200 MW by May 1, 2016. At EPE's sole option, proposals to provide greater than 100 MW in year 2014 and 2015 and greater than 200 MW in year 2016 will not be considered.

Proposals for partial ownership may include EPE having an undivided ownership interest in 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 based on both a lump sum payment structure when the project reaches commercial operation as well as a progress payment structure for the proposed generation unit as well as a specific cost forecast for ongoing O&M and energy costs. 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.

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. If Bidder will be responsible for ongoing operations and maintenance 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.

4.6 Renewable Resources

Proposals involving power purchases of firm capacity and associated energy with a term of at least 20 years from an existing or proposed renewable energy resource are encouraged within the guidelines outlined in this section. EPE must have the ability to dispatch the renewable energy power on an hourly basis. Bidders must complete and return *Attachment 8.5*. The proposals should be for a minimum of 30

MW of capacity and/or energy by May 1, 2014, May 1, 2015 and May 1, 2016. Capacity offers greater than 100 MW total may or may not be considered at EPE's sole option.

Bidders must submit their proposals by providing the data required for Power Purchase Agreement proposals in *Attachment 8.3*. The Bidder shall provide a predictable, specific methodology for capacity and/or energy pricing on an annual basis. Proposals that include capacity pricing must provide the basis for measurement to determine the firm capacity. EPE will accept an energy pricing formula based on a fuel cost index and a guaranteed conversion rate, or a fixed energy cost proposal.

All Renewable Energy Credits (RECs) associated with renewable energy proposals must transfer to EPE at no additional cost.

4.7 Load Management Resources

Demand-side proposals involving load reduction by utilizing load management resources are encouraged within the guidelines outlined in this section. Proposals must include the data specified in *Attachment 8.6*. While EPE will consider all proposals that encourage customers to save energy, EPE has a preference for summer peak shaving. The proposals should be for a minimum of 15 MW beginning in May 2014. For load management proposals, the preferred minimum contract term is five (5) years.

The Bidder shall provide a complete description of the program proposed, including the following:

- Estimated load reduction;
- Program cost;
- Plan for measurement and verification;
- Work plan describing the design, implementation, operation and management of the program; and
- Program limitations
- Specific information on the reliability of the resource under extreme high or low weather in the area in which the resource is located

If a potential limitation exists, it must be described in detail in the proposal. EPE reserves the right to request additional information from the Bidder regarding limitations or any other details related to the proposal.

The Bidder shall provide a predictable, specific methodology for capacity and/or energy credits proposed and all program costs incurred by EPE.

Load management projects with current customers will be preferred. Bidders are required to identify and provide a description of those customer arrangements.

5.0 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, the Attachments provided in Section 8.0 of this RFP must be completed and submitted as part of the Bidder's proposal as required.

Each proposal shall be organized by section as described below. Each page of the proposal shall have the following information in the top right corner:

- 2011 RFP - Electric Peaking Power Supply and Load Management
- Name of Bidder
- Project Name

All of the following sections shall be completed or identified as "Not Applicable".

5.1 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.

5.2 Section 2 - Proposal Overview

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

5.2.1 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 two (2) pages.

5.2.2 Type of Proposal

Describe the type of proposal being offered (i.e. PPA, EPE purchase, EPE equity participation in Bidder's facility, or renewable resource).

5.2.3 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
- 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 (at 1% summer design case – identify those conditions). 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 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
- 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
- Typical day hourly profile for renewable resources
- Anticipated volatility in power flows
- Proposed construction period (if new construction)
- Project management
- 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

5.2.4 Economic Information

The following economic information must be provided in this section, as applicable for the project proposed. Bidders should provide a description of the pricing formula as well as the price formula proposed:

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

5.2.5 Delivery of Power

If the Facility is directly interconnected with the EPE system, describe the point of interconnection and current status of any agreements for interconnection and transmission service.

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

5.3 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.

5.4 Section 4 - Fuel Supply and Fuel Transportation

Identify the fuel supply source and discuss contract arrangements. Identify whether the facility has firm fuel transportation under contract, or back-up fuel supply to ensure no fuel interruptions. Bidders must describe their fuel supply plan and the extent to which energy costs will be determined relative to delivered fuel costs. Indicate whether the Bidder expects to provide fuel and/or other fuel-related services, including fuel supply management, or if the Bidder prefers a tolling structure.

5.5 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 capacity and associated energy in accordance with their proposal. Projects involving facility purchase, new construction and renewable resources are required to demonstrate that all required permits have been obtained or provide a timeline for future permit approval.

Provide information on the following as applicable:

- Environmental management
- Handling and disposal of hazardous and non-hazardous wastes
- 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 emissions rates for CO₂ emissions. Emissions 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)
- FERC license, exemption or preliminary permit number (for hydroelectric facilities)
- Local approvals (zoning)
- Other applicable permits

5.6 Section 6 - Project Schedule

Proposals involving new construction shall provide the anticipated project schedule associated with permitting, regulatory approvals, engineering design, manufacture, delivery, construction, startup and commission of the facility, and include as applicable performance incentives and delay damages.

5.7 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:

- Recent annual report for the Bidder and any other parties involved, or recent copy of audited income statement and balance sheet;
- Bond rating of Bidder or its parent company by Moody's and/or Standard & Poor's, as applicable;
- Description of financing 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.

5.8 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:

- Description of technical experience;
- Description of operating and maintenance experience; and
- Description of completed projects and customers.

6.0 EVALUATION PROCESS

EPE and its consultants will evaluate the proposals to determine which, if any, have the potential to provide the most economical, reliable, and viable alternatives for EPE's customers.

6.1 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 within the timeframe stated in the RFP. The Bidder financial ability and capability review will judge whether the Bidder has adequate financial capability and adequate competence, resources, and skills to perform its proposal.

In EPE's sole judgment, 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.

6.2 Economic Evaluation

Proposals passing the threshold evaluation will be analyzed 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 resource:

- Net capacity offer or purchase offer and capacity costs
- Energy costs, including fuel costs
- Fixed and variable O&M costs
- Unit start-up costs
- Production cost impacts
- Transmission and/or distribution system costs
- Other costs and system impacts
- Potential federal regulation of carbon emissions costs

In EPE's sole judgment, 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.

6.3 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
 - 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
- Ability of the resource to continue operating in extreme hot and cold weather temperatures
- Project team capabilities
- Performance guarantees and limitations on remedies
- Financial and Operational Viability
 - Bidder's financial strength
 - Operation and maintenance plan
 - Environmental and regulatory compliance
 - Environmental impact
- 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

6.4 Load Management Resource Evaluation

Because of load management characteristics, EPE may also consider the following criteria in evaluating demand-side management proposals:

- Cost-Effectiveness
 - Total Resource Cost Test
 - Rate Impact Measure Test
- Economic and Financial Risk
 - Measurement and Verification Plan
 - Resource Financing
 - Marketing Plan

6.5 Environmental Evaluation

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.

6.6 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 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, in its sole discretion, determines that to do so would result in the greatest value 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, in 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 shall be conducted in writing.

7.0 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 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, in 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.

8.0 ATTACHMENTS

8.1 Notice of Intent to Bid

Company Name: _____

Company Address: _____

Contact Person:

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

Anticipated Power Supply Type: _____

Location, Size and Interconnection Point of Project (if available): _____

Authorized Signature: _____

Date: _____

The Notice of Intent to Bid may be submitted via facsimile to Ricardo Acosta at (915) 521-4656, or mailed to Ricardo Acosta 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.

This form must be delivered to the above address no later than 5:00 p.m., Mountain Standard Time, on July 21, 2011.

8.2 Data for All Projects

1. Project Location

State: _____ County: _____ City: _____

Section: _____ Township: _____ Range: _____

2. Provide a general description of the resource project:

Bidders requesting a PPA or who seek an equity purchase or equity participation in a project by EPE must provide the remaining applicable data below.

3. The data below applies to resources that generate power using traditional prime movers such as a steam turbine and whose output can be dispatched (via AGC or pre-defined schedules). **ALL DATA SHALL BE NET OF ANY LOSSES REQUIRED TO DELIVER BIDDER'S POWER TO THE EPE CONTROL AREA.** 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 @ 1% wet bulb temperature occurrence: _____
- ii. Net capacity shall be based on 20-year average unit conditions, not 'new and clean'.
- iii. For the MW rating above, identify the wet bulb temperature (⁰F), mean coincident dry bulb temperature (⁰F), and altitude above sea level (ft.): _____

b. Primary fuel type: _____ Secondary fuel type: _____

c. Other unit operating parameters

- i. Minimum net unit output (MW) under normal operating conditions: _____
- ii. Maximum number of starts (requests) per day: _____
- iii. Time to bring on-line (minutes): _____
- iv. Minimum on-line time (hours): _____
- v. Minimum off-line time (hours): _____
- vi. Starting reliability (percentage of time the unit will successfully start): _____

-
- vii. Forced outage rate (%): _____
 - viii. Annual overhaul requirements (days/year): _____
 - ix. Minimum-Maximum Operating Temperature Range (F°): _____

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

d. Describe AGC capabilities: _____

e. Describe all expected permitted emissions levels: _____

4. Provide all information requested in sections 5.2.3 – 5.8.

8.3 Additional Data for Purchase Power Agreements

1. The additional data below applies to resources that generate power using traditional prime movers such as a steam turbine and whose output can be dispatched (via AGC or pre-defined schedules). **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 CONTROL AREA.** 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. **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 CONTROL AREA.** At a minimum, include the following items, if applicable:
 - a. **Pricing:** Provide ONE of the following:
 - 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.
 - b. **Minimum Guaranteed Energy Production**
 - i. **On-Peak Energy Production:** Specify the minimum guaranteed On-Peak MWh from 11:00 a.m. through 4:00 p.m. (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. In addition, the PPA will contain penalty provisions for not meeting this minimum.

8.4 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 (\$ 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
 - b. Variable O&M costs
 - c. Unit start-up costs
 - d. Major maintenance/overhaul 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., that 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.

8.5 Additional Data for Renewable Energy

Bidders should provide sufficient data and information that will allow EPE to meet certification requirements imposed by the NMPRC, New Mexico Legislature, PUCT or Texas Legislature. BIDDER IS RESPONSIBLE FOR ALL TAXES AND TRANSMISSION COSTS.

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:

8.6 Load Management Required Data

Provide a description of the load management methods that will be used and, at a minimum, discuss the following as applicable:

- Potential Peak Reduction
- Annual Effects
- Load Shape
- Direct Load Control
- Energy Efficiency
- Interruptible Load
- Other Load Management
- Program Cost

Attach additional sheets that provide a specific pricing proposal for the Capacity and/or Energy Reduction Offered by year and Capacity and Energy Pricing and Payment Terms.

BIDDER IS RESPONSIBLE FOR ALL TAXES.