

CITY OF LAS CRUCES' REVISED PALO VERDE 3 REPLACEMENT RESOURCE OPTION TEMPLATE

Basic Project Data	Information
Generation Technology:	Remove the approximately 40 MW of Palo Verde Unit 3 capacity and associated energy from the “existing” or “must run” resources included in Strategist runs and allow Strategist to select among all available supply side and demand side alternatives as and when needed.
Resource Description :	One or more available demand side or supply side resources, in any combination of resources that may vary from year to year, which are shown by Strategist to be the most cost-effective means of meeting EPE’s energy and capacity needs. This may include capacity purchases from PV3 at the “market price for the lowest available firm capacity and related energy” at times (intermittently over the course of each year, or for one or more full years, or for the term of the IRP itself) when “needed to serve EPE’s New Mexico customers” per the Stipulation in NMPRC Case No. 2722. If EPE continues to believe that the Credit Suisse “proxy price” meets these criteria, it may run Strategist using those prices for PV3 capacity and energy. EPE may also run Strategist with a different proposed proxy price for firm PV3 capacity as needed in increments up to 40 MW, so long as EPE clearly defines the parameters of the alternative proxy price and states its willingness to commit to that pricing, or may make a proposal for acquiring PV3 ownership within the New Mexico jurisdiction, under clearly defined terms to which the Company is willing to commit. EPE may also include in its Strategist runs economy energy purchases from PV3 without a capacity commitment, at market prices.
Commercial Structure:	The supply-side and demand-side resources identified by Strategist as replacements for 40 MW of PV3 and associated energy may be owned by EPE, owned or provided by customers, owned or provided by other third parties, and may include purchased power agreements or demand-side provider contracts as well as ownership of specific assets or rights.
Resource/Program Location:	New Mexico, Texas, or anywhere else, in any combination as shown by Strategist
Resource Life or Term:	Each supply or demand-side resource may be of any duration up to the 20-year IRP planning horizon and beyond.
Maximum Net Capacity:	40 MW in aggregate.
Minimum Net Output:	Any output from 1 kW upward, so that the aggregate from various units of each type of supply-side or demand-side resource and for all resources considered totals 40 MW
Output Profile Availability:	Output profiles will vary with the types of resources considered to replace the currently assumed output of PV3.
Available Capacity Factor:	Selected resource(s) need not be run as baseload (i.e., 90%) capacity as it is understood that PV3 is treated in EPE’s base runs of the Strategist program, but should be selected by Strategist collectively to provide the most cost-effective portfolio.

<u>Project Costs Data</u>	<u>Source</u>
Total Capital Costs:	Lazard's figures with specifications as recommended by other IRP Public Advisory Group participants or, when appropriate, recent actual costs of any utility's NMPRC-approved projects or prices of EPE's 2017 All-Sources RFP, for each resource considered by Strategist as an alternative to the 40 MW of PV3 capacity and associated energy. If EPE proposes making PV 3 a New Mexico jurisdictional resource, it may include the costs to which it is willing to commit.
Variable Operations & Maintenance Costs (\$/MWh):	Lazard's figures with specifications as recommended by other IRP Public Advisory Group participants or, when appropriate, recent actual costs of any utility's NMPRC-approved projects or prices of EPE's 2017 All-Sources RFP, for each resource considered by Strategist as an alternative to the 40 MW of PV3 capacity and associated energy. If EPE proposes making PV 3 a New Mexico jurisdictional resource, it may include the costs to which it is willing to commit.
Fixed Operations & Maintenance Costs (\$/kW-yr):	Lazard's figures with specifications as recommended by other IRP Public Advisory Group participants or, when appropriate, recent actual costs of any utility's NMPRC-approved projects or prices of EPE's 2017 All-Sources RFP, for each resource considered by Strategist as an alternative to the 40 MW of PV3 capacity and associated energy. If EPE proposes making PV 3 a New Mexico jurisdictional resource, it may include the costs to which it is willing to commit.
Outage Costs:	Historical data for similar resources as reported by EPE or any other utility to the NMPRC or other relevant regulatory authorities

<u>PPA Costs Data</u>	<u>Source</u>
All-in PPA price (\$/MWh)	Lazard's figures with specifications as recommended by other IRP Public Advisory Group participants or, when appropriate, recent actual costs of any utility's NMPRC-approved PPAs or prices obtained via EPE's 2017 All-Sources RFP, for each resource considered by Strategist as an alternative to the 40 MW of PV3 capacity and associated energy. If EPE chooses to view purchases from PV3 as purchased power agreements rather than capacity ownership, it should provide Strategist runs at the Credit Suisse "proxy price" and may run Strategist at alternative proxy pricing to which the Company is willing to commit, as described above under "Resource Description."
Fixed or Escalating (Yes or No)	Consistent with other assumptions used by EPE in Strategist modeling, for each resource considered by Strategist as an alternative to the 40 MW of PV3 capacity and associated energy and, if appropriate, with EPE's proposals regarding the Credit Suisse proxy price and any alternative proxy price to which EPE is willing to commit.