

2023

REQUEST FOR PROPOSALS

FOR

RENEWABLE ENERGY

FOR

NEW MEXICO

(AMENDED)

P.O. Box 982
El Paso, Texas 79960

Issue Date: October 6, 2023
Amended Date: November 17, 2023



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1.0 INTRODUCTION

El Paso Electric Company (“EPE”) is issuing this 2023 Request for Proposals (“RFP”) for Renewable Energy for New Mexico 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 per the New Mexico Renewable Energy Act NMSA 1978, §§ 62-16-1 to -10 (“REA”) implemented through the New Mexico Public Regulation Commission (“NMPRC”) Rule 17.9.572 (“Rule 572”). The REA and Rule 572 require EPE to meet 40% of its New Mexico retail energy sales with renewable energy resources beginning in 2025, increasing to 50% in 2030. Only renewable energy that is delivered to EPE and assigned to New Mexico customers is eligible for RPS requirements under the REA and Rule 572. 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 the REA and Rule 572 and will seek required approval for the procurement from the NMPRC. EPE’s preliminary determination is that it requires up to **150,000** megawatt-hours (“MWh”) of renewable energy per year beginning May 1, 2025, if achievable, but no later than May 1, 2027. 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 REA and Rule 572.

Bidders responding to this RFP may include Power Purchase Agreements (“PPA”) for sale of energy proposals for EPE purchase or equity participation in the Bidder’s new or existing generation facility, build-transfer agreements, distributed generation (“DG”), as well as other proposals that will help EPE achieve compliance with the REA and Rule 572 and provide for its energy needs. 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 net capacity of approximately 2,093 megawatts (“MW”). In addition, EPE has PPAs with six companies for an additional nameplate capacity of approximately 227 MW (solar).

EPE serves approximately 460,000 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 guaranteed renewable energy resources. Proposals seeking to provide the full requirement should provide a guaranteed renewable energy minimum annual output of **150,000** 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 **150,000** MWh total. EPE may consider whether the proposals can also provide high availability and guaranteed renewable energy production during EPE’s peak hours in the months of May through September. Transmission Energy Resource Interconnection Service projects do not qualify.

EPE will use a single-stage pricing process to evaluate proposals in response to this RFP, whereby, the evaluation and selection of proposals will be based solely on those proposals submitted on the proposal due date. 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.

For purposes of this RFP “guaranteed renewable energy” means a minimum required amount of renewable energy and associated RECs delivered to EPE’s system.

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 the REA and Rule 572 and to provide cost effective, continued reliable and adequate electric service to its customers. 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 the REA and Rule 572 and may initiate contract negotiations with Bidder(s), as appropriate. All selected proposals and contracts will be subject to approval from EPE Management and the NMPRC.

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. **Please visit the EPE website (www.epelectric.com/company/request-for-proposals) for important updates and announcements to this RFP.**

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

Primary Contact: Monica Garcia
[Principal Engineer](#) - Resource Strategy
Monica.Garcia@epelectric.com

Secondary Contact: Emmanuel Villalobos
Director - Market Development and Resource Strategy
Emmanuel.Villalobos@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 the information it deems to be “Confidential”. Bidders may not mark an entire proposal as confidential. 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 and/or PUCT, even if marked "Confidential." All Bidders shall cooperate with EPE, as it deems necessary or appropriate in its sole discretion, in making technological descriptions, pricing and other contract terms available for review as part of any regulatory approval process. 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.

Additionally, as EPE deems necessary and appropriate, Bidders whose proposals are selected agree that key terms of negotiated agreements are subject to NMPRC and any other regulatory and governmental agency reviews and approvals. Key terms include: (1) term and any option to extend term; (2) the size of the capacity in MW and the amount of energy in MWh or kWh per month and any conditions regarding the minimum or maximum amount of energy 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 resulting 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 are imported via 345 kilovolt ("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 ("PVGS") from Units 1, 2, and 3. This resource is outside the EPE service area, and its output that serves EPE's jurisdictional load is imported via EPE's 345 kV tie-lines.
- EPE currently owns approximately 1,500 MW of local generation for baseload, intermediate and peak service. These local resources, which are fueled by natural gas, include 63 MW at Copper Generating Station, 227 MW at Rio Grande Generating Station, 858 MW at Newman Generating Station (includes 228 MW for Newman Unit 6, which is expected to begin operations in late 2023) and 352 MW of peaking duty generation at Montana Power Station.
- EPE purchases the output of utility-scale solar facilities totaling a gross capacity of approximately 277 MW.
- EPE also owns several small solar facilities.

Additionally, approximately 44 MW of generation at the Rio Grande Generating Station Unit 6 will be retired consistent with the NMPRC's abandonment order. EPE plans to file for NMPRC approval for the abandonment of Rio Grande Power Station Unit 7 (RG7) and Newman Generating Station Unit 1 (NM1) in 2023. EPE will seek all necessary regulatory approvals for EPE to abandon RG7 and NM1.

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. The 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 **150,000** MWh of guaranteed renewable energy and associated RECs, by May 1, 2025, if achievable, but no later than May 1, 2027, (project capacity/size is dependent on project characteristics and type) to comply with EPE’s REA and Rule 572 requirements, as well as to reliably meet its customer needs. It is understood that proposals may not explicitly match the **150,000** MWh, therefore EPE will evaluate proposals to identify the most cost-effective resources or combination of resources that meet the requirements. EPE will consider a combination of viable proposals of those submitted that aggregate to the **150,000** MWh of guaranteed renewable energy per year beginning May 1, 2025, if achievable, but no later than May 1, 2027. EPE has a summer peaking load and will evaluate energy proposals based on their summer output profiles. EPE’s evaluation will include a review of expected annual output profiles and dispatchability of the proposals to determine their ability to maintain reliability and provide flexibility for balancing year-round. Resources with the flexibility to be used in multiple applications including, but not limited to, providing capacity during on-peak hours, economic dispatch in real-time markets, intra-hour balancing, and contingency reserves are anticipated to demonstrate higher values in EPE modeling. While short-term availability must be satisfied by the proposals, competitive resources with the ability to also support EPE’s long-term portfolio needs will be evaluated more favorably. Additionally, EPE anticipates a higher value for resources that will help integrate and firm its increasing portfolio of variable energy resources.

2.5 Timing of Renewable Energy Need

Pursuant to this RFP, EPE is soliciting proposals with commercial operation dates (“COD”) by May 1, 2025, if achievable, but no later than May 1, 2027. Proposals must include plans for project execution inclusive of long-lead equipment acquisition, land acquisition, permitting, securing transmission interconnection and its associated identification of necessary upgrades to the EPE transmission system or adjacent transmission systems, facility construction, and other critical timeline activities to demonstrate viability to meet proposed COD.

If Bidder’s project is not viable by May 1, 2025, or May 1, 2027, EPE is interested in the submission of the Bidder’s proposal(s) with respective timeline(s) and pricing.

3.0 SCHEDULE

The following schedule and deadlines apply to this RFP:

| Milestone | Date |
|---|---------------------------------|
| RFP Issuance | Friday, October 6, 2023 |
| Pre-bid Webcast * | Friday, October 20, 2023 |
| Notice of Intent to Bid Due Date | Friday, November 3, 2023 |
| Date for Final Submission of Questions | Friday, December 1, 2023 |
| Response to Questions | Friday, December 22, 2023 |
| Proposal and Proposal Fee Due Date | Friday, January 5, 2024 |
| Shortlist Notification | Friday, January 26, 2024 |
| Notice of Final Bid Selections ** | Friday, March 15, 2024 |
| Submittal to Spring Study Cluster for LGIA projects *** <i>(SGIA projects need to also submit application)</i> | Friday, March 29, 2024 |

* 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.

** All shortlisted bidders will be notified of whether their project was selected to move forward with contract negotiations with EPE. The final execution of any contract will be contingent upon required EPE Management and non-appealable state regulatory approvals.

*** Selected projects larger than 20 MW, are required to submit a Large Generator Interconnection Agreement (“LGIA”) application by March 29, 2024, into the Spring 2024 cluster study. Projects under 20 MW are also required to submit a Small Generator Interconnection Agreement (“SGIA”) application.

EPE reserves the right to modify, cancel or withdraw this RFP and to revise the schedule specified above if, in the sole discretion, such changes are necessary. The IE will be notified of any modifications, revisions, and/or changes pertaining to the RFP documents and/or RFP process. To the reasonably extent 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 this the RFP process via e-mail to all potential participants, of whom it is aware of, on the issue date. EPE will issue a press release to notify the media, energy industry trade publications, and the general public to reach potential participants. EPE will post the RFP on its website (www.epelectric.com) on **Friday, October 6, 2023**, the RFP issuance date. When on the EPE website, click on “Request for Proposals” located on the bottom left corner, under ‘**COMPANY**’, to access the RFP or click on the following link: www.epelectric.com/company/request-for-proposals.

Receipt of the RFP invitation should be confirmed via e-mail as per Section 1.3 RFP Communications.

3.2 Pre-Bid Webcast

A pre-bid webcast will be held on **Friday, October 20, 2023, at 2:00 p.m.**, Mountain Daylight Time. The webcast link and sign-on information will be posted on EPE's RFP web page (refer to Section 3.1 on how to access the web page). Attendance at the Pre-bid webcast is intended to clarify any issues surrounding the RFP in advance of preparation of the Bidder's package. Attendance at the Pre-bid webcast is not mandatory but is highly encouraged.

Questions concerning the RFP are to be submitted in writing via e-mail, as per the requirements of Section 1.3 RFP Communications, by Friday, October 13, 2023. EPE representatives will strive to have responses available at the time of the Pre-Bid webcast.

3.3 Notice of Intent to Bid

The Notice of Intent to Bid ("NOI") is mandatory for proposals to be accepted. Bidders must submit a NOI by 11:59 p.m., Mountain Daylight Time on **Friday, November 3, 2023**. 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 Bidders.

3.4 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 periodically distribute the questions and responses. Responses to common questions will be distributed to all Bidders and posted on EPE's RFP web page. Responses that are project specific will only be provided to the original inquirer. Any questions related to the RFP must be submitted by **Friday, December 1, 2023**, to ensure enough time is allotted for (1) Bidders to go through the RFP and (2) responses to be developed and distributed in advance of the proposal due date.

3.5 Proposal

All proposals **MUST** be received as per the requirements of Section 1.3 RFP Communications by **11:59 p.m., Mountain Standard Time on Friday, January 5, 2024**. Any proposal submitted after the due date may be excluded from consideration.

Only those bidders who submit a Notice of Intent to Bid must join EPE's 2023 NM RPS RFP Teams Group by registering for a Microsoft Teams channel. **Bidders are required to submit their bid packages/proposals and related files to their Microsoft Teams channel.** Bidders will be required to accept EPE's security policies to gain access to the 2023 NM RPS RFP Teams Group. The link to the form to register to EPE's 2023 NM RPS RFP Teams Group is available on EPE's web site at [Electricity for West Texas and Southern New Mexico | El Paso Electric | 2023 RFP for Renewable Energy for New Mexico Registration \(epelectric.com\)](https://www.epelectric.com/Registration).

Please refer to Section 6.0 for Submittal Preparation Instructions.

3.6 Proposal Fee

A \$2,500 non-refundable filing fee must be submitted with each primary proposal. The \$2,500 filing fee will apply to a Bidder's primary proposal (option one) and a **maximum of two (2) options**, i.e., option 2 and option 3, for a total of up to three (3) proposal variations for \$2,500. A proposal is defined by its site/location and resource technology type¹. An option is defined as the same "proposal" (i.e., same site/location and resource technology type) but with varying nameplate, pricing, COD, inclusion/exclusion of battery storage, or inclusion of a Right of First Offer and Right of First Refusal provision for PPAs. Bidders may only propose a maximum of three (3) primary proposals, each with only a maximum of two (2) options. An option to a primary proposal above the maximum two (2) allowed, will be treated as a separate primary proposal, still eligible for the maximum of two (2) options and will incur the \$2,500 proposal filing fee. All primary proposals count toward the three (3) primary proposal maximum. No more than two (2) options per primary proposal will be accepted.

Filing fee payments are due electronically by end of business day, **Friday, January 5, 2024**. EPE's Electronic Payment Instructions will be provided to Bidders who submit *Attachment 9.1* Notice of Intent to Bid.

IMPORTANT: Please complete *Attachment 9.2* Notice of Wire Payment Information and submit as per the requirements of Section 1.3 RFP Communications prior to sending the electronic wire transfer.

3.7 Shortlist Notification

Following a review of bidder proposals, EPE will make an initial determination of the proposal or proposals that best meet its objectives and may initiate negotiations with the applicable Bidder or Bidders. EPE will notify the shortlisted Bidders by **Friday, January 26, 2024**.

3.8 Notice of Final Bid Selections

EPE will notify all Bidders of the Final Bid Selections by **Friday, March 15, 2024**. EPE may initiate discussions and negotiations with selected Bidder(s), as applicable, to assess the winning proposal(s). EPE's objectives include securing low-cost resources, resources that can move energy to EPE's load center without substantial transmission infrastructure costs, and resources that can demonstrate their commitment to being ready to serve EPE timely. Any contract between EPE and Bidder(s) will be contingent upon approval by EPE Management and required state or federal regulators. EPE reserves the right to reject any proposed contract(s) that results from the RFP if subsequently issued regulatory approvals or authorizations are subject to conditions, including but not limited to, ratemaking treatments, that are in EPE's sole discretion unacceptable.

3.9 Proposal Validity

Each Bidder must hold its proposal open and valid for a period of 360 days following the proposal's submittal. This timing is to allow for contract negotiations and initial filings of regulatory approvals. Upon expiration of the proposal validity period, shortlisted Bidders must promptly provide any changes to their proposal(s) or agreement that would affect extension of such proposal(s) for an additional period.

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".

4.0 SUBMITTAL OPTIONS AND REQUIREMENTS

4.1 Commercial Transactions

Proposals to be considered by EPE will include supply-side and demand-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 up to but not including five years) or Long-term PPAs (five and up to twenty years) for sale of energy from new or existing resources. PPA's for renewable energy resources are to include the transfer of associated RECs to EPE;
- build-transfer for standalone renewable generation and paired with battery storage;
- proposals for renewable generation that are initially PPA, to provide a build-transfer option at year five (provide PPA cost and transfer price with projected O&M); and
- proposals for EPE purchase or equity participation in the Bidder's new or existing generation facility.

All Bidders must complete and return *Attachment 9.3*. Failure to complete and return all required forms and attachments as instructed, may result in disqualification of the Bidder's proposal at the sole discretion of EPE. 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 feasible site(s) selected and at a minimum have a firm option to purchase or lease to demonstrate site control with landowner(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 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 5 to 20 MW to interconnect to EPE's distribution system (dependent on location and feeder/system characteristics), which may facilitate shorter project lead-times. However, EPE is open to all proposals which demonstrate the ability to deliver guaranteed renewable energy to EPE's load area, whether the proposal contemplates a PPA or a facility build-transfer agreement.

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 secured, or is in the process of securing, 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 the delivery of power to EPE's local transmission system into Springerville, Greenlee and West Mesa is subject to WECC Path 47 operating limits, and this factor will be taken into consideration during bid evaluation. Furthermore, if the resource is located outside of EPE's Balancing Area and 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, or
 - 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 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 Network Resource Interconnection Service from EPE; (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.

EPE will select the winning proposal(s) after EPE identifies and evaluates the proposals that best meet its objectives and that are comprised of the most economic and reliable renewable resources from each resource type group based upon each resource's total cost delivered to the boundary of EPE's transmission system. Final selection of winning proposal(s) will include consideration of whether the resource(s) as proposed requires network upgrades for EPE to receive the renewable energy into the EPE local transmission system and/or to deliver the renewable energy to EPE's New Mexico retail customers by including those estimated costs. Final selection of winning proposal(s) also will include consideration of whether the resource(s) and the Bidder have demonstrated a commitment and ability to be ready to serve EPE load timely.

The winning Bidder(s) will be required to have in place or to secure Interconnection Service as specified in the EPE Large Generator Interconnection Procedures (Network Resource Interconnection Service or Energy Resource Interconnection Service) or as specified in the EPE Small Generator Interconnection Procedures, as applicable, and sign a Generator Interconnection Agreement as specified in EPE's Open Access Transmission Tariff ("OATT") (www.epelectric.com/company/transmission/tariffs-and-pending-tariff-filings). In addition, Bidder(s) pursuing Network Resource Interconnection Service under EPE's

Large Generator Interconnection Procedures, **MUST** submit an Interconnection Request under EPE’s OATT in the next open cluster window, for any Bidder that is not already in EPE’s interconnection queue. **For this RFP, the required cluster study is EPE’s 2024 Spring cluster. A Bidder’s Interconnection Request MUST be submitted by March 29, 2024, to be eligible to move to the negotiation phase, if selected.** Regardless of the interconnection procedures used, the resource must be eligible to be designated by EPE as a Network Resource under EPE’s OATT. However, any resource seeking to interconnect to EPE’s distribution system may not need to proceed under EPE’s OATT.

As described in the timeline, qualifying final bid selections **MUST** submit into the Spring 2024 cluster study. If any unforeseen circumstance arises that delays the RFP final bid selection process, EPE may request that shortlisted proposals submit into the Spring study cluster pending final bid selection notification.

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

Primary Contact: Roberto Favela
EPE System Interconnections
roberto.favela@epelectric.com

Secondary Contact: Donna Enriquez
EPE System Interconnections
donna.alhakeem@epelectric.com

4.3 Energy Limitations

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

- renewable 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;
- 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 applicable

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 guaranteed renewable energy per the REA and Rule 572.

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 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.

4.4 Communications for Operations

All supply-side proposals will be required to establish real-time communications with EPE's Energy Management System ("EMS") to provide status information and be able to receive control signals for requirements such as, but not limited to:

- dispatch control for applicable proposals, e.g., renewable generation with battery storage or biomass;
- curtailment of renewable resources; and
- AGC control for any applicable resources.

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 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 the specific requirements to construct and/or operate any generation facility and associated interconnection facilities. Proposals should include a listing, description and associated timing for required permitting up to the interconnection point/facilities. 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 selected, EPE will 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 guaranteed renewable energy from an existing or proposed generation resource, or a guaranteed renewable energy system sale are acceptable within the guidelines outlined in this section. Bidders must complete and return *Attachment 9.4*. Bidders may propose to provide up to **150,000** 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 additional renewable energy resource requirements and considerations for specific resource types. At EPE's sole discretion, EPE may choose not to consider proposals that are significantly greater than the current renewable energy needs if the proposal offers benefits to customers.

For EPE to fulfill its 2025 RPS requirements under the REA and Rule 572, 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 to up to but not including five years and long-term contracts for a term of five and 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 renewable generation and battery, what is the fixed price for the renewable 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 and 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. 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 fixed heat rate or heat rate curve, or a fixed energy cost proposal. Pricing indices selected by the Bidder shall be nationally recognized indices. EPE may consider indexing based on CPI or GDPIPD for O&M costs. Bidders must provide 20 years of historical data for each index, or history as it 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 renewable energy and associated capacity utilizing different types and combinations of generation facilities, the proposal(s) shall clearly identify the exact pricing, capacity, and/or availability variations based on specific characteristics of the generation facilities.

EPE requires Bidders to include a Right of First Offer and Right of First Refusal in conjunction with any PPA proposal. Guaranteed renewable energy 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 the energy is 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, to 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 9.5*.

EPE is requiring Bidders to have a feasible site(s) selected and at a minimum have and provide evidence to EPE of site control with landowner(s) and other stakeholders that may impact the execution of the land purchase or lease in the form of an option to purchase or lease. For sites on federal land, such as the Bureau of Land Management, alternate documentation may be considered. EPE prefers projects on land owned by the Bidder, but EPE may or may not, at its sole discretion, consider proposals based on projects built on leased land.

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

Proposals must include O&M projections which should include:

- recommended plant staffing levels,
- estimates for consumables in \$/MWh, and
- 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. **All Proposals should 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. Bidders must complete and return *Attachment 9.5*. Bidders may propose to provide up to **150,000 MWh** per year. At EPE's sole discretion, proposals that 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 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 the REA and Rule 572. In addition, the resource must be eligible for a designated 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 9.6*.

Bidders must submit their proposals by providing the data required for PPA proposals in *Attachment 9.4*. Proposals may only offer capacity pricing if they include battery storage or another method to firm up the energy output. Proposals that include capacity pricing must provide the basis for measurement to determine the capacity. Bidders shall provide a predictable, specific methodology for energy pricing, or energy and capacity pricing, on an annual basis. For proposals that include solar and battery storage, Bidders will be responsible for auxiliary loads (house power.)

Bidders may, but are not required to, provide Positive Sequence Load Flow power flow models and one-line diagrams identifying megavolt-ampere apparent power (MVA), megavolt-ampere reactive power (MVAR), and power factor capability of the facility.

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 the fuel resource availability and the ability to secure fuel resources for the life of the project.

Any dispatchability or output limitations should be clearly described; specifically, yearly total output expectations and commitments. Typical daily output profiles should also 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 annual expected renewable energy production output and annual guaranteed renewable energy production output profiles.

Projects should be a minimum of five MW in size.

If proposals are for facilities with a nameplate capacity greater than 50 MW, Bidders should propose the project in 25 MW increments.

EPE will evaluate any proposed intermittent resources in combination with other proposals and existing EPE resources to identify the optimal portfolio resource mix in consideration of reliability to provide regulating reserves and guaranteed renewable energy production output during peak hours.

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

Inverter based renewable resource (i.e., 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.

Variable Energy Resources (“VERs”) are to be AGC control capable for management of curtailment commands directly from EPE’s EMS. This implies dispatchability of curtailment, or release of curtailment, within six-second AGC command cycles. EPE requires full AGC capability but if technology does not allow for this, please provide an explanation on the limitations of your proposal.

For energy curtailment measurement, the bidder shall consent to using the five-minute VER forecast that is used in the market to establish the baseline for any measurement of curtailed energy (MWh). Further, the bidder shall consent to an unbiased forecast of EPE’s choosing to set the market awards and dispatches. For example, this may be coordinated with the OATT changes since they mandate the Energy Imbalance Market entity and have a five-minute forecast.

5.3.1 Inflation Reduction Act (“IRA”)

The Inflation Reduction Act of 2022 (“IRA”), signed into law on August 16, 2022, aims to address climate change in the United States. The IRA supports clean energy by including nearly \$370 billion in rebates, tax credits, and incentives for renewable energy projects.²

5.3.2 Tax Credits

Some of the key benefits of the IRA that affect Bidders are in the form of tax credits for renewable energy resources, such as solar and wind.

The two types of IRA incentives available are the Investment Tax Credit (“ITC”) and Production Tax Credit (“PTC”). ITC is given to qualifying entities that invest in renewable energy projects through a tax credit of up to thirty percent of the capital costs³. PTC provides a tax credit for every kilowatt-hour (kWh) of electricity produced from eligible renewable resources⁴.

EPE requires that Bidders provide a detailed description of the Bidder’s strategy regarding the utilization of the ITC or PTC associated with its project in their proposal. EPE also requires that Bidders include a description of whether the Bidder intends to qualify for any bonus credits for domestic content and energy communities as well as any plans to leverage other potential tax benefits from the IRA. EPE requires Bidders to indicate the level of tax benefits that are included in the Bidder’s proposal pricing. If the Bidder intends to qualify for any bonus credits, Bidders must provide any documentation available to support their proposal. Bidders are also required to indicate if their project is expected to meet labor requirements associated with certain prevailing wage and apprenticeship conditions for compliance and conformance.

EPE requests that Bidders include the breakout of any IRA tax incentives assumed in their proposed pricing.

² “What does the Inflation Reduction Act mean for energy and utilities' C-suite planning and cleaner energy?” Price Waterhouse Coopers, November 2022, www.pwc.com/us/en/industries/energy-utilities-resources/library/energy-utilities-inflation-reduction-act.html. Accessed September 26, 2023.

³ “Investment Tax Credit (ITC)” Carbon Collective, September 2023, www.carboncollective.co/sustainable-investing/investment-tax-credit-itc. Accessed September 26, 2023.

⁴ “Production Tax Credit (PTC)” Carbon Collective, September 2023, www.carboncollective.co/sustainable-investing/production-tax-credit-ptc. Accessed September 26, 2023.

5.4 Energy Storage

All energy storage system proposals will be evaluated considering the following requirements:

- the provision of active and reactive capability at a power factor of 0.9 at the Point of Interconnection or as instructed by System Operation during peak load periods and for providing ancillary services;
- assistance with ensuring grid reliability, including transmission and distribution system stability, while integrating VERs into the grid;
- support for diversification of energy resources and enhance grid security; and
- the inclusion of charging from grid power and renewables if co-located with a renewable energy.

Projects involving energy storage shall comply with the following requirements:

- be a four-hour battery with a MW size matching the renewable resource;
- be fully dispatchable by EPE;
- battery energy storage systems shall have a system latency of one second or less, a ramp rate (in both charging and discharging) of full MW capacity within one minute, and shall be provided with grid-forming inverters;
- have full AGC capability of the battery storage resource; and
- have a minimum rate of charge equivalent to its rate of discharge.

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 the following types of items:

- number of expected cycles (full cycle should be equivalent to full discharge of battery in MWh);
- charge and discharge ranges;
- round trip efficiency;
- degradation schedules; and
- other operating capabilities/specifications/restrictions as identified by Bidder.

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

EPE will evaluate build-transfer options if the technology is no longer considered "prototype," but rather have significant deployments in the field to be categorized as a "proven" technology.

5.5 EPE's Energy Imbalance Market Requirements for Metering in OATT

All proposal projects must be eligible for a designated Network Resource under EPE's OATT. EPE requires five-minute metering for each solar, storage, and/or auxiliary house power projects. For proposals that include solar and battery storage, Bidders will be responsible for auxiliary loads (house power.)

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, the forms provided in Section 9.0 Attachments of the RFP, and the 2023 NM RPS RFP Tables and Input Templates Excel workbook (available for download from EPE's website www.epelectric.com/company/request-for-proposals) **must** be completed and submitted as part of the Bidder's bid package..

Each proposal shall be organized by section as referenced below. A description of each section is in Section 6.1.

1. Proposal Overview
 - 1.1. Executive Summary
 - 1.2. Type of Proposal
 - 1.3. Technical Information
 - 1.4. Economic Information
 - 1.5. Delivery of Power
2. Operations and Maintenance
3. Regulatory and Environmental Compliance
4. Project Schedule
5. Financial Capability
6. Capability and Experience of Bidder
7. Attachments

Furthermore, each page of the proposal shall have the following information on the top right corner:

- 2023 RFP for Renewable Energy for New Mexico,
- Company Name of Bidder, and
- Project Name.

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

6.1 Section 1 - Proposal Overview

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

6.1.1 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 pages. The summary should include a clear listing and brief description of options and alternatives included in the proposal.

6.1.2 Type of Proposal

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

6.1.3 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
- Status of site control consistent with minimum requirements
- Site layout map and characteristics (such as lease agreements, water resources, waste disposal)
- Electrical interconnection
- Metering
- Guaranteed renewable energy availability for the project
- Forced and unforced outage rate
- 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 8,760 hourly (typical day) generation profiles
- 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

6.1.4 Economic Information

The following economic information must be provided in this section, as applicable for the project proposed. Bidders are to complete the financial templates in Excel format for their proposals. Excel templates are available for download from EPE's RFP web page. Bidders should provide a description of the pricing approach used as well as the price formula proposed, to include:

- energy offered and energy price per year including any assumed IRA tax benefits and bonus credits;
- capacity offered and capacity charge per year, if applicable;
- energy cost by year or fixed 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; and
- 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.

6.1.5 Delivery of Power

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

6.2 Section 2 - 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 methodology 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, the assumptions used, and items included in the calculation.

6.3 Section 3 - Regulatory and Environmental Compliance

The Bidder is exclusively responsible for meeting all federal, state, and local permits, licenses, approvals and/or variances that are currently required, or are required in the future, to assure the physical delivery of associated renewable energy in accordance with their proposal(s). Projects involving the facility, new construction, and renewable resources 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
- 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
- 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 ("FERC") license, exemption, or preliminary permit number (for hydroelectric facilities)

- Local approvals (zoning)
- Other applicable permits

6.4 Section 4 - 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 include a project schedule identifying milestones in PDF compiled from Microsoft Project or other scheduling tool.

6.5 Section 5 – 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 Financial Statements (i.e.; Income Statement, Balance Sheet, and Statement of Cash Flow);
- bond rating of Bidder, or its parent company and/or major financing partners, by Moody’s, Fitch, 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; and
- identification of the Credit Assurance provider for the project if different from the Bidder or its parent company.

6.6 Section 6 – 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:

- brief description of the company structure, which identifies parent, holdings, subsidiaries, and any other affiliates;
- number of 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;
- with reference to the above question, describe bidder experience developing, financing, and operating similar projects; and
- minimum of three references on completed projects of similar size.

6.7 Section 7 – Attachments

All applicable forms and file attachments to this RFP must be completed and submitted with the proposal as per the requirements of Section 1.3 RFP Communications by 11:59 p.m., Mountain Standard Time on **Friday, January 5, 2024. Failure to properly fill in and submit all the required attachments listed below may result in disqualification of the proposal.**

All forms are available in Section 9.0 as follow:

- Attachment 9.2 Notice of Wire Payment Information
- Attachment 9.3 Data for All Projects
- Attachment 9.4 Additional Data for Purchase Power Agreements, if applicable
- Attachment 9.5 Additional Data for Equity Purchase (Full or Partial), if applicable
- Attachment 9.6 Additional Data for Intermittent, Non-Dispatchable Renewable Energy Resources, if applicable

The 2023 NM RPS RFP Tables and Input Templates Excel workbook will be available for download on EPE's RFP web page www.epelectric.com/company/request-for-proposals.

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. EPE will use a single-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 single-stage pricing process consists of evaluating initial bids that have met the requirements of the responsiveness and viability reviews. **The evaluation and selection of proposals will be based solely on the proposals submitted on the proposal due date. Therefore, there will be no opportunity to submit best and final proposals.** Those initial proposals that are found to have satisfied the RFP requirements during the responsiveness and viability reviews will be evaluated based on a 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, EPE purchase or EPE equity participation in Bidder's facility). Once grouped, EPE may select the top-ranking bids from each group to shortlist. The shortlisted Bidders will be included in EPE's optimization model to determine the winning bid(s).

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 within the timeframe stated in the RFP. The Bidder's financial ability and capability review will determine 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 a single-stage pricing process. The proposals will be evaluated on a levelized cost basis and will be compared to proposals within their resource type group and 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:

- firm energy 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, if applicable; 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
 - Evidence of 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
 - 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
 - Compliance with REA and Rule 572
 - Chance of regulatory approval
- 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 Bidders other than the lowest price Bidder or with Bidders other than the Bidder evidencing the greatest technical ability, if EPE, at its sole discretion, determines that doing so would result in the greatest value or lowest risk to EPE and its customers. EPE reserves the right to enter discussions with multiple Bidders at any time 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 SHALL BE CONDUCTED IN WRITING AS PER SECTION 1.3 RFP COMMUNICATIONS.

8.0 NOTICE OF DISCLAIMER

EPE has prepared the information provided in this RFP to assist interested persons and entities in deciding 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, except for 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 contend that this RFP contains all 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 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 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 | |
| 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 RFP Communications. Receipt of the Notice of Intent to Bid will be confirmed by e-mail from EPE to the Bidder. **Please submit a separate Notice of Intent for each project proposed that differs in resource type.**

This form must be delivered via e-mail by 11:59 p.m., Mountain Daylight Time, on Friday, November 3, 2023.

9.2 Notice of Wire Payment Information

The Proposal Fee Payment due date is **Friday, January 5, 2024**. This form must be completed and submitted as per the requirements of Section 1.3 RFP Communications prior to the Wire Transfer Payment.

NOTICE: EPE's Electronic Payment Instructions will be provided to Bidders who submit *Attachment 9.1* Notice of Intent to Bid.

Company Name: _____

Company Address: _____

Contact Person:

| | |
|------------------|--|
| Name | |
| Title/Position | |
| Telephone Number | |
| E-mail Address | |

Purpose of Payment: 2023 NM RPS RFP

EPE Internal Contacts: EPE Resource Strategy

Wire Payment Amount: \$ _____ .00 US Dollars

THIS FORM MUST BE COMPLETED AND SUBMITTED PRIOR TO THE WIRE TRANSFER PAYMENT.

9.3 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 TO NAMEPLATE MUST FILL OUT THE 12X24 OUTPUT PROFILE DENOTED IN SECTION 9.6).

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:

Net summer MW _____

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

c. 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.

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

e. Describe all expected permitted emissions levels: _____

4. Provide all information requested in Section 5.0.

9.4 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 one 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.
2. 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. 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 must 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 initial year price escalating at a fixed annual rate for the contract term.
 - iii. 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. **Expected and Guaranteed Renewable Energy Production**
 - i. **Total Annual Expected Renewable Energy Production:** Specify the expected annual MWh output from January 1 through December 31: _____
 - ii. **Total Annual Guaranteed Renewable Energy Production:** Specify the guaranteed annual MWh output from January 1 through December 31: _____

This data will be used to determine the MWh contribution of the resource and whether it can provide the **150,000** MWh per year, particularly on May 1, 2025 but no later than May 1, 2027. In addition, the PPA will contain penalty provisions for not meeting this minimum.

9.5 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 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. 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.

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 | |

TABLE 2: CAPITAL COST BREAKOUT SUB-CATEGORIES

| COST SUB-CATEGORIES | INDICATE WHETHER INCLUDED, NOT INCLUDED OR NOT APPLICABLE | COST CATEGORY IT FALLS UNDER | COST (\$000) |
|---|---|------------------------------|--------------|
| Land Cost | | | |
| Performance Bond or LOC | | | |
| Builder's Risk Insurance | | | |
| Water Interconnection and Metering | | | |
| Natural Gas Interconnection, Compression Station, Cleaning and Metering | | | |
| Transmission Allowance (Project to Substation) | | | |
| DCS Cost | | | |
| CEMS Cost | | | |
| RO/DI Cost (if applicable) | | | |
| Evaporation Pond and/or ZLD (if applicable) | | | |
| Deluge System/Fire Control System Cost (Transformers) | | | |
| LDs | | | |

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 associated with constructing and/or operating any generation facility and associated interconnection facilities.

9.6 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 facility(ies) 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 RFP web page in EPE’s website (www.epelectric.com/company/request-for-proposals). 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.