

**REQUEST FOR PROPOSALS**  
**FOR**  
**DEMAND RESPONSE PILOT PROGRAM**

**EL PASO ELECTRIC COMPANY**

P.O. Box 982  
El Paso, Texas 79960

**ISSUE DATE: June 14, 2016**



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## **1.0 OVERVIEW**

El Paso Electric Company (“EPE” or the “Company”) is requesting proposals for the purchase of products and/or services for an EPE Demand Response Pilot Program (“DRPP”). The DRPP will be a voluntary subscription program that engages EPE’s customers to primarily reduce their electricity use (load) during peak hours or, under certain electric system operating conditions. EPE is initiating the DRPP to gauge the acceptance and efficacy of demand response that targets air conditioning (“A/C”) load or other controllable load for residential and small commercial customers occurring in peak load hours.

This Request for Proposal (“RFP”) requires Bidders to describe their proposed demand response program in detail, including its design and functionality, hardware requirements, software solution capabilities, reliability features, evidence of load savings in kilowatts (“kW”) from similar type demand response (“DR”) initiated as well as associated references. In addition, Bidders must detail the costs associated with the proposed program, including hardware and software costs, program implementation schedule, and any associated maintenance or service fees.

### **1.1 Purpose**

EPE seeks competitive proposals for the purchase of products and/or services for EPE’s DRPP. Bidders’ proposals should focus on a program that prompts or enables participating customers to curtail usage during times of high demand or whenever EPE calls for a load curtailment event.

The DRPP will initially be open to EPE’s residential and small commercial customers in its Texas and New Mexico service territories. EPE’s intends to implement the DRPP by October 28, 2016. EPE seeks to enter into an agreement with one or more vendors to market, operate and monitor the program or programs. After selection of third-party vendor(s) and completion of contract negotiations, EPE will file an application with state regulatory agencies for final program approval.

The proposal shall describe the Bidder’s platform for management of programs, events, and devices. In addition, the Bidders shall describe the DR system maintenance schedule, including frequency and length of maintenance, and any required down time during specific hours.

Bidders shall describe how their proposed program will engage EPE’s customers in DR (whether long-term or event driven) and if the Bidder’s solution can provide participating customers access to web-portal, mobile applications

("apps"), or other interactive tools. The proposal shall describe the degree to which the DR system will require EPE's participation in marketing and operation of the program.

The Bidder's DR solution should enable the creation of program reports, events and customer data to be submitted for validation by the Company. During the term of the DRPP, EPE will select a statistically relevant sample of customers for interval metering to validate data reports provided by the selected Bidder.

In addition to defining measurable load reductions of the proposed program, the proposed solution should be scalable. The DR infrastructure design should allow future program expansion for the management of thousands of customer loads. The DR solution architecture needs to incorporate the latest cyber security techniques and standards provided by the Company.

The Company will consider the overall cost of the proposed program, the Bidder's experience with similar type programs provided to other utilities, estimated program implementation timeline, and value of the program to EPE's customers and the Company. EPE may elect to select one proposal or a combination of proposals from more than one Bidder to offer one or several DR program options to EPE's customers.

## 1.2 Communications

All communications from Bidders to EPE, including questions regarding this RFP, must be submitted via electronic mail. Based upon the nature and frequency of the questions EPE receives, EPE will choose to respond to individual Bidders either directly, post a response to the question on EPE's website, or address the question through a conference call.

All submittals, inquiries, and communications related to this RFP should be directed solely to the following EPE point of contact:

Melissa Muñoz  
Contract Negotiator  
E-mail: melissa.munoz@epelectric.com

The EPE Demand Response RFP Solicitation webpage can be found at:

<https://www.epelectric.com/doing-business-with-epe>

**All communications between Bidders and EPE shall be conducted via email. Oral communications are discouraged and shall not be binding upon EPE.**

### **1.3 Confidentiality of Responses**

EPE will consider proposals and associated 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 this RFP will be subject to the review of applicable local, state and/or federal regulatory agencies, specifically including, but not limited to, the New Mexico Public Regulation Commission (“NMPRC”) and Public Utility Commission of Texas (“PUCT”). Information submitted in response to this RFP may become subject to federal or state laws pertaining to public access to information as a result of any reviews conducted by government agencies. EPE shall not be liable for the release of any information subject to disclosure under any laws pertaining to public access to information. Except as required by regulatory reviews, EPE will use reasonable efforts to avoid disclosure of information designated as confidential to persons other than those involved with the evaluation and selection of the vendor and any subsequent negotiations. EPE will propose that any confidential information be provided under a protective order. If a Bidder’s proposal is selected by EPE, the Bidder shall cooperate with EPE in making technical descriptions, pricing, and other contract terms available for review as part of any regulatory approval process as EPE deems necessary or appropriate. EPE will follow applicable orders and rules of the NMPRC, PUCT, and/or other applicable agency, including any Protective Orders issued, such as disclosure of price, terms, or other information as required.

## **2.0 EL PASO ELECTRIC COMPANY SYSTEM DESCRIPTION**

### **2.1 Company Overview**

EPE is a 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 as illustrated in Figure 1. EPE serves approximately 404,500 residential, commercial, industrial and wholesale customers. EPE distributes electricity to retail customers principally in El Paso, Texas and Las Cruces, New Mexico utilizing remote and local generating stations. EPE’s Copper, Rio Grande, Newman and Montana Power Generating Stations are located in the El Paso area. The Palo Verde Nuclear Generating Station (“PVNGS”) Units 1, 2, and 3 are located west of Phoenix, Arizona. EPE owns a 7% share in Four Corners Coal Generating Station Units

4&5 but is currently seeking regulatory approval of the sale of ownership interest by mid-2016.

## **2.2 Existing Generation Resources**

EPE owns or has significant ownership interests in several electrical generating facilities providing it with a net dependable generating capability of approximately 2,055 MW. For the year ended December 31, 2015, the Company's energy sources consisted of approximately 47% nuclear fuel, 34% natural gas, 6% coal, 13% purchased power and less than 1% generated by Company-owned solar photovoltaic panels and wind turbines.

EPE owns 633 MW of generating capacity at the PVNGS and 108 MW of capacity at the Four Corners Generating Station. Of EPE's net total installed capacity, EPE owns 1313 MW of local natural gas fired generating resources which include 64 MW at its Copper Generating Station, 321 MW at its Rio Grande Generating Station, 752 MW at its Newman Generating Station and 176 at Montana Power Station. EPE also owns approximately 1.32 MW of capacity from its Hueco Mountain Wind Ranch. As of December 31, 2015, EPE has power purchase agreements for a total of 107MW from solar generation facilities.

### 2.3 El Paso Electric Property

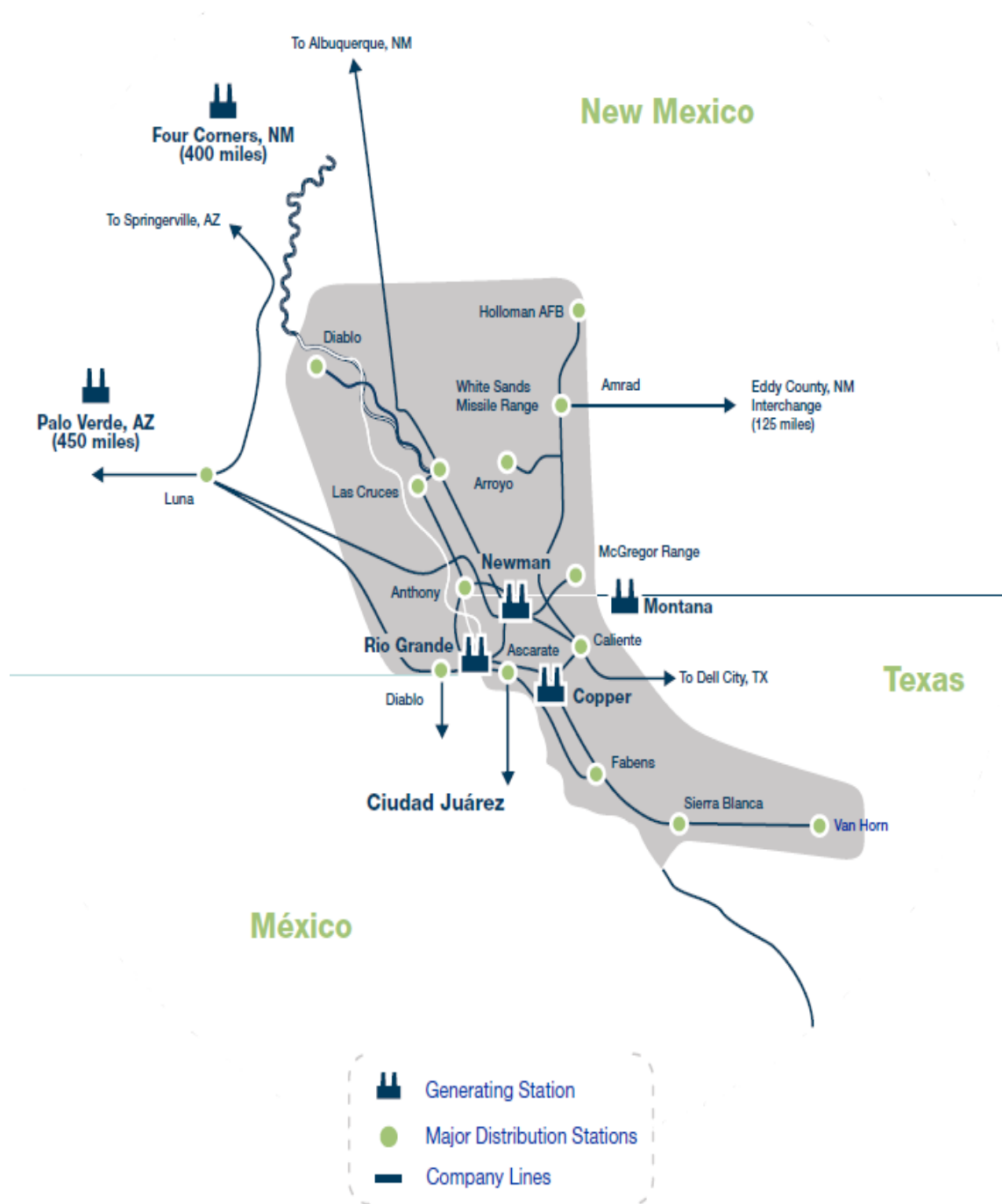


Figure 1 - EPE Service Territory and Electric System Update



### **3.0 BIDDER TERMS**

#### **3.1 Pricing**

- a. Proposals shall include costs for all components of the proposed DRPP and indicate any discounts relative to the Bidder's cost or list price. If Bidder's pricing is dependent on the number of participants in the program, Bidders must provide pricing options based on different levels of customer participation.

All proposal terms, conditions, and pricing are binding through the final selection notification and subsequent negotiations, as well as regulatory approvals.

- b. By submitting a proposal, each Bidder agrees to make available to the Company at any point in the bid evaluation process any financial data associated with the Bidder and its proposed demand response program so the Company may independently verify the Bidders submitted information. Financial data may include, but shall not be limited to, data supporting the life of the program, the fair market value of any hardware/software, and any and all other costs associated with the Bidders proposal. The Company may also use financial data contained in the Bidders financial statements (e.g. income statements, balance sheets, etc.) as may be necessary.

#### **3.2 Collusion**

By submitting a proposal to EPE in response to this RFP, the Bidder certifies that the Bidder has not divulged, discussed or compared its Proposal with any other Bidder(s) and has not colluded whatsoever with any other Bidder or third parties with respect to this or other Proposals.

### **4.0 RFP SCHEDULE**

The following schedule and deadlines apply to this solicitation:

RFP Issuance Date	June 14, 2016
Submission of Bidder Questions	June 24, 2016
Bidder's Conference Call	June 30, 2016

<b>Proposal Due Date</b>	<b>July 11, 2016</b>
EPE Selection of Project(s) Tentative Date	July 29, 2016
Contract Negotiations and execution of agreements Tentative Date	August 31, 2016
Pilot Project Implementation Date	October 28, 2016

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.

#### 4.1 RFP Issuance

EPE will extend an electronic invitation to companies and entities that EPE identified while conducting market research on available demand response programs/solutions. In addition EPE will post the RFP on its website at <https://www.epelectric.com/doing-business-with-epe> to allow other entities to participate in the RFP process.

Receipt of the RFP invitation must be confirmed via e-mail response from Bidders with EPE's point of contact, Melissa Muñoz, at the following e-mail address:

[melissa.muñoz@epelectric.com](mailto:melissa.muñoz@epelectric.com)

#### 4.2 Submission of Bidder Questions

The deadline for submission of written RFP related questions will be **June 24, 2016** at 5:00 p.m. Mountain Daylight Time to EPE's point of contact:

[melissa.muñoz@epelectric.com](mailto:melissa.muñoz@epelectric.com)

Any questions submitted after that deadline will NOT be addressed. EPE will prepare written responses to questions received and distribute the questions and responses to Bidders. Responses will be distributed to such Bidders with the question included but will not identify who originally submitted the question.

#### 4.3 Bidder's Conference Call

All technical questions related to this RFP will be addressed on **June 30, 2016** during a scheduled conference call. A conference call will be held after the initial RFP release but before the proposal due date.

Participation is not mandatory and will not positively or negatively impact the overall review of any Bidders' submissions. As the conference call will be open to all Bidders who wish to participate, Bidders should refrain from asking questions or communicating information that would reveal confidential and/or proprietary information specific to their proposal.

Conference Call Number: 1-877-820-7831

Participant Code: 9885342#

Time: 1:30 to 3:00 p.m. Mountain Daylight Time (MDT)

#### 4.4 Proposal Due Date

All proposals must be received at EPE's offices to the attention of Melissa Munoz, Contract Negotiator, 100 North Stanton Street, Location #121, El Paso, Texas 79901 by 5:00 p.m. Mountain Daylight Time on **July 11, 2016**. Any proposal submitted after the due date will be excluded from consideration. Proposals should be as complete as possible.

Three hard copies of the proposal(s) must be submitted. In addition, a soft copy of the proposal(s) must be submitted on a USB flash drive. Facsimile submittals shall be excluded from consideration.

Bidders are solely responsible for ensuring the proposals are received by EPE in accordance with the RFP instructions prior to the date and time specified, and at the place specified. EPE shall not be responsible for any delays in mail, or by common carriers, by transmitting errors, delays, or mislabeling.

#### 4.5 Tentative Date for Selection of Projects

Following a review of technical and financial information, Bidders experience and feedback obtained from references, EPE will determine which, if any, of the DRPP proposals best meet EPE's objectives, and may initiate negotiations with those applicable Bidders. EPE will notify the selected Bidders on or before **July 29, 2016**.

#### 4.6 Tentative Date for Contract Discussions

Should EPE choose to initiate negotiations with any Bidders, the tentative date for contract execution with the selected Bidder(s) is **August 31, 2016**. Any

contract between EPE and a Bidder will be conditioned upon prior regulatory approval by the applicable governmental agencies. EPE, at its sole discretion, reserves the right to reject any proposed contract(s) that result from this RFP for any reason including if subsequently issued regulatory approvals or authorizations are subject to conditions, including ratemaking treatments, which are unacceptable to EPE.

#### **4.7 Proposal Validity**

Each Bidder must hold its proposal open and valid for a period of two hundred forty (240) days following the submittal or during the time necessary to complete state regulatory approvals, whichever is longer.

#### **4.8 Division of responsibilities**

This section identifies some, but not all, roles and responsibilities of EPE and the selected Bidder. Bidders will be expected to identify specific information needed from EPE, as well as additional responsibilities required by Bidders to successfully deploy the DRPP and meet program objectives. Bidders must describe the DRPP implementation plan, including but not limited to identifying required resources and associated costs, project management processes and procedures, program implementation milestones schedule and change control procedures.

EPE's primary responsibilities will include the following:

- File for PUCT and NMPRC approvals;
- Define load control parameters and conditions;
- Coordinate load control events with selected Bidder(s);
- Provide interface for communications with the selected Bidder(s) systems;
- Review and approve Bidder's marketing materials and strategy;
- Provide minimum information technology requirements including cyber security requirements (please refer to Section 7.0);
- Evaluate program management processes throughout the term of the pilot program;
- Implement statistical sampling of participating customers;
- Validate data reports provided by the selected Bidder(s) to evaluate and report program deliverables to the state regulatory agencies.

Bidder(s) primary responsibilities will include the following:

- Describe in detail proposed DRPP with participation options for residential and small commercial customers;
- Provide timely enrollment of participants;
- Deliver timely installation of equipment (if applicable);
- Provide all system functionalities specified in the Bidder proposal;

- Prepare and submit marketing plan and strategy for EPE’s review and approval;
- Implement DRPP marketing plan;
- Track participating customers’ satisfaction levels, record reasons for customer claims, complaints, enrollment cancellations and provide reports to EPE;
- Provide a hosted or internal system/application that will be used for administration of the proposed DRPP;
- Collect data, perform post-event analysis and provide performance reporting to EPE;
- Supply EPE customer information necessary to implement statistical sampling of demand response;
- Provide EPE with forecasts of cumulative curtailment capability for a specific day (prior to triggering events);
- Acquire and maintain all applicable present and future licenses and meeting EPE’s functional, technical and cyber security requirements necessary for operation of the proposed demand response solution;
- Provide a customer web portal and/or mobile app, if the load control devices require customer interaction (e.g., smart thermostats);
- Provide program performance guarantees.

## **5.0 SUBMITTAL PREPARATION INSTRUCTIONS**

### **General Information**

#### **a. Schedule**

Proposals shall be submitted in strict accordance with the RFP schedule.

#### **b. Extensions**

EPE will not grant any extensions to the RFP schedule and will not accept late proposals. Any proposal received after the scheduled date will not be considered and the Bidder will be notified of its elimination.

#### **c. Reservation of Rights**

EPE reserves the right to accept or reject in its sole discretion any or all proposals for any reason at any time after submittal. EPE also reserves the right to select an offer that is not the lowest price, if EPE determines that to do so would result in the greatest value to EPE’s customers.

#### **d. Failure to Comply**

Failure to comply with all requirements of this RFP may result in the rejection of the applicable proposal in EPE’s sole discretion.

#### **e. No Liability**

Bidders that submit proposals do so without legal recourse against EPE or its directors, management, employees, agents, contractors or independent monitor based on EPE's rejection of any proposal or for failure to execute any agreement in connection with this RFP in law or equity, for any reason whatsoever relating to EPE's acts or omissions arising out of or in connection with this RFP. EPE shall not be liable to any Bidder or to any other party in law or equity. EPE further declares that it will incur no financial liability or obligation for Bidder's costs in preparing proposals.

f. Return of Documents

None of the materials received by EPE from Bidders in response to this RFP will be returned. All proposals and exhibits will become the property of EPE, subject to the provisions for confidentiality described in this document.

**Proposal Content**

Proposals must 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.

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

- 2016 Pilot Demand Response Program RFP
- RFP number: EPE-32505184-MM
- Bidder Name

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

**5.1 Proposal Content Requirements**

This section outlines the content and format requirements for proposals submitted in response to this RFP. Unless EPE in its sole discretion elects otherwise, proposals that do not include the information requested in this section will be ineligible for further evaluation, unless the information requested is not applicable or relevant to a given proposal. EPE reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate proposals.

**5.2 Proposal Format**

A complete proposal will include a thorough written discussion about the proposed DR program, assembled in the following format:

- Tab 1 - Executive Summary
- Tab 2 - DRPP Description and Functional Requirements
- Tab 3 - High-level program implementation schedule
- Tab 4 - Program Costs
- Tab 5 - Bidder Experience and Qualifications
- Tab 6 - Financial Information

### **Tab 1-Executive Summary**

The Executive Summary should provide an overall description of the proposal. The description should include details about the type of DRPP being proposed as well as key quantitative and qualitative benefits to EPE and its customers. The summary should specify how the program will engage EPE customers to participate in DR and describe estimated average load savings in kW based on similar program results.

### **Tab 2-Program Description and Requirements**

All proposals must include a thorough description of the program including, but not limited to, the following:

#### **Program Description**

All proposals must provide a comprehensive description of the DRPP, including program design, management and administration, marketing, customer enrollment, project milestones, load reduction studies/data, sample reports and other pertinent information.

#### **Program Requirements**

At a minimum, proposals should describe DR program functionality, type of the load control technology and software employed, program performance reporting and marketing approach.

The following information should be discussed in this section, as applicable for the DRPP solution proposed:

#### **a. Technical Requirements:**

- Provide a technical description of load control equipment, other major hardware and software characteristics;
- Summarize the commercial operating experience of the hardware/software used or to be chosen;
- Discuss compatibility requirements for customer A/C units or other targeted load with proposed DR equipment (Wi-Fi enabled, refrigerated air only, etc.);
- Describe the information technology (“IT”) configuration platform;
- Identify if the proposed software can manage multiple device brands;

- Describe the utility interface; provide graphics demonstrating utility's web-portal (if applicable);
- Describe the expectation of EPE's infrastructure (server needs, database capacities, security requirements, etc.);
- Define if program interface will be hosted by the Bidder or the utility;
- Provide any training requirements and schedule if EPE hosts the solution;
- Describe necessary software licenses and associated costs;
- Describe system architecture including cyber security standards (please refer to Section 7.0 for EPE's General Cyber Security Requirements);
- Describe the methodology for protecting customer or program sensitive information and recovery process in case of system security breaches;
- Describe the frequency and duration of periodic system maintenance;
- Provide graphics illustrating customer web portal and/or mobile app, if the load control devices require customer interaction;
- Describe software forecasting capabilities that can enable the Company to know the degree to which demand response as occurred to determine available energy at peak in a certain day prior to calling for load curtailment;
- Discuss if the proposed technology can offer advanced analytics features that provide energy efficiency savings;
- Describe warranties available for proposed hardware and software and associated costs (if applicable);
- Identify equipment diagnostics capabilities, required frequency of diagnostics, and availability of remote or on-site diagnostics;
- Describe data collection devices and capabilities; define how the data will be transferred to the utility. State if there are any limitations to accessing the data by the utility;
- Describe the process and frequency of equipment and software upgrades. Identify how hardware and software will be maintained in accordance with industry standards.

**b. Functional Requirements:**

- Describe functions and features of DR systems proposed;
- Discuss the extent to which customer action is required to control load;
- Describe if DR systems allows customers to manually over-ride the curtailment;
- Describe system controls over customer over-rides;
- Describe load control strategies (pre-cooling, cycling, storage, etc.) to be utilized for the proposed DR program;
- Define DR event response time;
- Provide evidence of similar programs load savings in kW;
- Describe if there are any limitations on the timing or number of load curtailment events a utility can call each year;
- Describe if the proposed program incentives structure will require integration with the utility's billing system;



- Indicate if the proposed DR solution can allow for load control by geographical areas, average customer consumption, customer type, etc.;
- Discuss program scalability potential.

**c. Marketing and Customer Engagement Requirements:**

- Describe utility's expected role in program marketing;
- Describe program marketing plan and customer enrollment strategy;
- Describe proposed DRPP customer incentives structure, if any (equipment rebate, annual participation incentive, seasonal incentive, event-based, etc.);
- Discuss target market for this program and how it will be reached;
- Describe if proposed program marketing can be integrated with utility's brand.

**d. Communications and Reporting:**

- Describe how a load shed signal will be delivered to the customer and the return path for communications back to vendor or EPE;
- Describe necessary communication infrastructure for the proposed DR program;
- Discuss the methodology of checking that communication signal is being received to ensure reliable operation;
- Provide description of your existing and future communication system options and associated costs;
- Identify if the proposed equipment can enable two-way communication with participating customers and how it is achieved;
- Identify how the load shed will be measured;
- Describe how the baseline usage will be estimated for evaluation of event impact;
- Provide post-event sample reports on load shed;
- Describe the frequency and type of data that will be shared with the utility;
- Specify if load savings information will be provided for individual devices or for an entire group of devices

**e. DR Solution Maintenance and Service Plan**

Bidders shall discuss DR program maintenance and service plans in detail, which may include the following:

- Current or expected system maintenance plan, including staffing, budget, management and control over IT platform, authority over the maintenance budget;
- Cost of an annual service plan;
- Maintenance and service guarantees and associated costs;
- DR system maintenance schedule such as frequency and length of maintenance and any required down time during specific hours.

- Discussion of contracting for outside services, if applicable;
- Cost of mandatory and optional system upgrades to ensure ongoing compliance with changing industry standards.

### **Tab 3 - Project Schedule**

All proposals must provide a detailed schedule of project development activities and target completion dates for hardware/software procurement, program implementation, any training and program rollout. Describe the overall project development strategy and work breakdown structure that will ensure that the DR program can be implemented in time to meet the proposed online date of October 28, 2016.

Bidders must provide a high level project development and completion schedule along with key milestone dates for program implementation.

### **Tab 4 -Project Cost**

Proposals must clearly state all components of the proposed DR program. Bidders must provide a breakout of the costs such as program implementation costs, licenses, marketing, administrative, etc. Bidders must offer project costs valid for at least two hundred forty (240) days following the proposal due date and during the time required for EPE to obtain state regulatory approvals, whichever is longer.

### **Tab 5 - Experience and Qualifications**

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 skills. Each proposal must include the following information as a minimum.

- Description of technical and project management experience, specifically with respect to the implementation of DR programs similar to those proposed, and previous collaboration efforts with electric utilities, if any;
- Identify what systems are in production with other utilities and what systems are under development;
- Description of maintenance and service experience for similar type programs as contained in proposal;
- Description of DR programs marketing experience for similar type programs as contained in proposal;
- Description of completed projects and documented DR program results for similar type programs contained in proposal;
- List of references.

## **Tab 6 – Financial Information**

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:

- Dun & Bradstreet (DUNs) number, if applicable;
- Most recent financial reports for the Bidder and any other parties involved, or most recent copy of certified public accountant (“CPA”) audited (or reviewed) income statements, balance sheets and cash flow statements for the past three years;
- Investment rating of Bidder or its parent company by Moody’s and/or Standard & Poor’s as applicable;
- Description of any current credit issues raised by rating agencies, banks, or accounting firms;
- A list all lawsuits, regulatory proceedings, or arbitration in which the Bidder or its affiliates or predecessors have been, or are engaged in, that could affect Bidder’s performance of its bid
  - Identify the parties involved in such lawsuits, proceedings, or arbitration, and the final resolution or present status of such matters

## **Risk Management and Insurance Program**

Bidders shall provide a list of existing insurance contracts, listing policies by coverage, expiration date, insurer and limits per policy. Also, on a per coverage basis, provide current experience modifier and prior Loss History for the last three (3) years. Bidders shall also describe their Risk Management program if insurance coverage will derive from a parent company. Additional information may be requested based on information provided with the original proposal.

## **6.0 EVALUATION PROCESS**

EPE will assess the proposals to determine which, if any, will provide the most value for EPE’s customers and the Company.

### **6.1 Proposal Review**

EPE will first determine if each proposal satisfies the threshold requirements summarized below. Those that do will be further evaluated through EPE’s screening evaluation described below. Only those proposals that satisfy the requirements of the screening evaluation will be further evaluated. If at any time during the evaluation process EPE determines that a proposal does not

meet its requirements, including timely submission of all documents pursuant to this RFP, EPE reserves the right to disqualify the Bidder's proposal and EPE will notify the Bidder accordingly during its notification process.

Favorable proposal characteristics include:

- Cost-effectiveness of the proposed program;
- Reporting capabilities- DR solutions that enable the creation of reports from the program, including load curtailment event and customer specific data and the ability to provide those reports or data in a usable format to the Company;
- Evidence of Load Reduction – Proposals that provide detailed description of load reduction resulted from similar type programs;
- Completeness and Responsiveness – Proposals must meet all criteria set forth in the RFP. A thorough explanation of all aspects of the proposal should be included. Detailed Program implementation plan should be provided;
- Financial Viability and Creditworthiness – Success of the project relies on the financial capabilities of all parties involved; Bidders should have a proven financial track record and be able to provide documentation that demonstrates access to financial resources required to complete the project;
- Experience – EPE seeks proposals from Bidders that possess extensive technical, marketing, and maintenance experience, and a history of successful projects of a similar nature;
- Scalability-EPE seeks proposals that will allow future program expansion.

## **Threshold Evaluation**

### **Step 1 – Bid Eligibility Determination**

Each proposal will be reviewed to determine if it meets the requirements outlined in this RFP.

The Company reserves the right to reject any, all, or portions of any proposal received for failure to meet any criteria set forth in this RFP. The proposal must be submitted on time and comply with the submission instructions.

### **Step 2 – Initial Bid Screening Process**

EPE will review each proposal for completeness in accordance with RFP requirements. Furthermore, the Company will evaluate if proposal meets EPE's DRPP objectives.

EPE will take into consideration the proposed program design, DR solution technical and functional capabilities, overall project costs, Bidder's demonstrated competence and experience delivering similar types of demand response programs, quality of proposed products and services, performance guarantees, references feedback and Bidder's financial capability.

### **Step 3 – Due Diligence**

The Company will conduct due diligence efforts primarily focused on those proposals that pass through the initial screening process described in Step 2.

The Company will conduct other due diligence as part of the overall bid evaluation process, including, but not limited to, consideration of the following proposal characteristics:

- DRPP design;
- Cost and benefits of the proposed program to EPE and its customers;
- Bidder/ developer experience;
- Bidder’s performance on previous projects with utilities/companies;
- Quality of proposed products and/or services;
- Proposed project schedule and project execution planning;
- Financial strength/credit worthiness of the bidder/developer;
- Reasonableness of the project load savings;
- Availability and cost of licensees and warranties.

EPE will evaluate the proposals submitted and select the proposals that will be subject to contract negotiations.

## **6.2 EPE’s Selection of Bids and Discussions with Bidders**

### **a. Evaluation and Selection**

After conclusion of the detailed evaluation of proposals, EPE may make a final selection of one or more proposals for negotiation of the DR program agreements. EPE will notify Bidders whose proposals are eliminated from further consideration.

### **b. Right to Terminate Negotiations**

If EPE cannot reach acceptable agreement terms with the final selected Bidder or Bidders, EPE reserves the right to terminate negotiations with such Bidders and begin discussions with other Bidders, begin a new solicitation, or cancel this RFP. Furthermore, EPE, in its sole discretion, reserves the right to not select any proposals for negotiation of any agreement if warranted by its evaluation.

## 7.0 TECHNICAL AND CYBER SECURITY STANDARDS

If the proposed DR solution is a “hosted solution”, it will be subject to the following requirements:

**7.1 Hosting Services.** Host shall provide EPE with access to any online Hosting System and will provide for the storage and retrieval of EPE data in connection with use of the hosting system.

**7.2 Access.** EPE users may include EPE employees, customers and contractors. EPE is responsible for the confidentiality and use of account names and passwords. Host shall deem any communication, data transfer, or use of the Hosting System received under EPE account names and passwords to be for EPE users benefit and use. EPE agrees to notify Host if account names or passwords are lost, stolen, or being used in an unauthorized manner. EPE represents and warrants that it has the rights to all EPE Data, including the right to upload EPE Data to the Host Server in connection with its authorized use of the Hosting System. EPE agrees that the customer data and its use do not infringe the rights of any third party and agrees to indemnify and hold Host harmless from any third-party claims of infringement as provided herein.

**7.3 Data Security.** When required, EPE agrees to access the Hosting System and to store and retrieve data using third party programs, including specifically Internet "browser" programs that support data security protocols compatible with those specified by Host. Host shall (i) back-up and maintain the security of EPE data using industry-standard back-up tools and data security protocols, and other methods reasonably deemed to be adequate for secure business data, (ii) notify EPE as provided in Section 7.1.4 in the event of a breach of security involving EPE user Data, and (iii) have in place a formal written security program that includes industry-standard policies and procedures for safeguarding EPE users data from loss, theft, and disclosure to unauthorized persons.

If EPE entrusts the Host with personally identifiable information or information deemed by EPE to be sensitive personal information, Host would agree to use reasonable measures to prevent the unauthorized processing, capture, transmission and use of the information that may be disclosed to Host during the course of the business relationship. Host would use reasonable measures to prevent unauthorized persons from gaining access to the data processing equipment or media where information is stored or processed. Host would agree to provide its employees and agent’s access to information on a need-to-know or need-to-access basis only and agrees that any persons having authorized access to such information will be bound by obligations of confidentiality, non-use and non-disclosure.

**7.4 Data Breach Notification.** HOST shall notify EPE in writing of any breach involving Unsecured EPE users' data immediately upon becoming aware of such breach. All reports of breaches of Unsecured EPE users' data shall be made in compliance with applicable laws, unless otherwise directed by law enforcement officials due to any criminal investigation that may arise from such breach.

In addition, Bidders proposing a "hosted solution" must provide the following information, if applicable:

- Use of Accounts; username passwords for access;
- Backup and maintain the security of EPE users' data;
- Notify EPE in the event of a breach;
- Have in place a formal written security program (provide a copy of written security program);
- EPE users shall retain ownership of the data stored or retrieved in connection with use of hosting system.

## **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.

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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 load savings goals and customer 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.