BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

In the Matter of IDAHO POWER COMPANY Application for Approval of 2028 All-Source Request for Proposals to Meet 2028 Capacity Resource Need.	)	UM 2317 NORTHWEST & INTERMOUNTAIN POWER PRODUCERS COALTION'S COMMENTS ON DRAFT REQUEST FOR PROPOSALS

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I. INTRODUCTION AND SUMMARY

The Northwest & Intermountain Power Producers Coalition ("NIPPC") respectfully submits its comments to the Oregon Public Utility Commission (the "Commission") on Idaho Power Company's ("Idaho Power") Draft 2028 Request for Proposals ("Draft RFP").

Idaho Power's RFP proposal largely follows the approved RFP structure and form of the immediate past RFP, which was approved by this Commission. However, Idaho Power's reliance on its past RFP framework does not obviate the need to carefully consider the need for revisions to the Draft RFP here, which is presented under different circumstances and with the benefit of lessons learned from the prior RFP. NIPPC's recommendations are intended to build upon the experience in Idaho Power's immediate past RFP, as well as other recent Oregon RFPs, and to address new circumstances applicable to this Draft RFP.

In particular, one notable change for this RFP is the somewhat unexpected timing of the RFP and less information for bidders than would normally be provided through the Integrated Resource Plan ("IRP"). NIPPC did not object to Idaho Power's proposal to proceed with the RFP in conjunction with development and review of Idaho Power's 2023 IRP, but the result of holding these proceedings concurrently is that the market did not have as much advance notice of the upcoming timing of the RFP or resource need as is envisioned under the applicable rules. Some of NIPPC's recommendations are intended to counterbalance this circumstance without delaying the solicitation.

Substantively, NIPPC has a limited number of recommendations to improve the competitiveness of Idaho Power's solicitation and supporting form contracts discussed herein. The Commission has long recognized that an investor-owned electric utility has an inherent bias against power purchase agreement ("PPA") and traditional tolling agreement proposals, or battery storage

agreements ("BSA"), where a utility-owned proposal could be chosen instead and placed in the utility's rate base to earn a return for the utility's shareholders.[1] Given that Idaho Power's Draft RFP includes utility ownership options, including both benchmarks and build transfer agreement ("BTA") options, NIPPC's review focuses on ensuring the Draft RFP limits potential bias in favor of those utility-ownership bids.

NIPPC recommends modifications and clarifications to the Draft RFP discussed in detail in these comments, which are summarized as follows:

- Scoring Utility-Owned Resources: The Commission should provide further guidance regarding scoring of utility-owned resources. Specifically, the Commission should require contingency risk adders be developed and applied for utility-owned resource costs in this RFP consistent with the process adopted in Portland General Electric Company's ("PGE") ongoing RFP.

- Interconnection and COD Limitations: Idaho Power should relax the requirement that bids be supported by an active interconnection queue position because that restriction would result in a very limited bid pool under the unique circumstances of this RFP—where independent power producers ("IPPs") had far too little notice of the RFP's interaction with Idaho Power's Federal Energy Regulatory Commission ("FERC") Order No. 2023 compliance filing to enter the interconnection transition queue in time to meet Idaho Power's proposed requirement. At least two modifications to the Draft RFP are necessary on this point. First, the RFP's treatment of post-April 1, 2028 Commercial Operation Dates ("CODs") should be clarified. Second, the interconnection requirements should be relaxed, particularly in the case of bids offering a COD after April 1, 2028.

- ERIS Interconnection: NIPPC recommends that Idaho Power take additional steps to facilitate use of Energy Resource Interconnection Service ("ERIS").

- Existing Facilities: The RFP should provide more clarity and opportunity for existing resources to bid to repower, add storage, or reprice the remaining years on an existing PPA

[1] *In the Matter of the Pub. Util. Comm'n of Ore.; An Investigation Regarding Performance-Based Ratemaking Mechanisms to Address Potential Build-vs.-Buy Bias*, Docket No. UM 1276, Order No. 11-001, p. 5 (Jan. 3, 2011) ("accept[ing] the premise that a bias exists in the utility resource procurement process that favors utility-owned resources over PPAs" and finding this bias "is really a logical inference drawn from an understanding of ratemaking practices" because "a utility's 'profit' is the opportunity to earn a return on the rate base and by purchasing a PPA in lieu of building a power plant, it is foregoing the potential to earn some amount of profit" (internal quotation omitted)).

to facilitate a reasonable contract renewal.

- Uncertain Solar and Storage Tariffs: Idaho Power should provide further clarity regarding how it will address significant changes in tariffs after bids are submitted.

- Tax Benefits Modeling: The RFP's modeling of tax benefits for utility-owned resources requires further transparency and review.

- Form Contracts: NIPPC recommends certain, limited revisions to the Draft RFP's form contracts.

II. COMMENTS

A. Scoring Utility-Owned Resources: The Commission Should Provide Further Guidance Regarding Scoring of Utility-Owned Resources.

As explained below, NIPPC recommends the Commission require contingency risk adders be developed and applied for utility-owned resource costs in this RFP consistent with the process adopted in PGE's ongoing RFP.

NIPPC had concerns with the way the utility ownership bids' operation and maintenance ("O&M") costs and risks were modeled in the immediate past Idaho Power RFP. It appeared that utility benchmarks and utility ownership bids may not have had contractually supported operating costs and performance guarantees through long-term service agreements ("LTSA") and O&M agreements for the life of the term of the bid evaluated for scoring purposes and that adequate contingency cost and risk adders were not developed. Specifically, the Independent Evaluator ("IE") Report in Docket No. UM 2255 stated:

> The estimated [fixed O&M] costs for the Hemingway Storage 3 and Boise Bench projects [, which are both Idaho Power benchmark BESS bids,] are lower than the [fixed O&M] costs provided in the documents that [London Economics] reviewed from reputable sources as well as the 2021 IPC IRP. While a lower [fixed O&M] cost is advantageous to ratepayers, [London Economics] notes the [fixed O&M] cost includes basic services only and therefore does not include the optional costs such as (i) installation costs for capacity augmentation, (ii) extended warranty (beyond year five),

> (iii) extended warranty for the Power System Controller, and (iv) capacity performance guarantees. It is imperative to recognize the potential for higher final [fixed O&M] prices particularly if IPC opts to include additional optional services at the later stage of project development. It is important to highlight that the battery manufacturer's quote, presented as one of the bid documents, had already lapsed, leading to uncertainties surrounding the final price.[2]

Despite what appears to have occurred in the last RFP, these cost estimates for utility-owned bids should be conservative because once the asset is placed in rate base the actual costs will be recovered without a cost cap that would apply in a BSA or PPA. The above-quoted passage appears to confirm that the benchmark storage projects were allowed to use low estimates for fixed O&M costs, only had a five-year warranty of any sort (versus a 20-year asset), and appear to lack other protections like a capacity performance guarantee. This treatment may well have biased the solicitation, and NIPPC finds it very concerning.

In this RFP, Idaho Power has again omitted any requirement for LTSAs and O&M agreements for the life of the term of utility-ownership bids.[3] Only PPA and BSA bids must fix their costs for the life of the term of the bid. This is a recurring problem in RFPs with utility-ownership options.

NIPPC recommends the IE address this issue more directly than the last RFP and require that reasonable cost assumptions be included in the shortlist development, as directed in the last RFP. Specifically, after submission of the final shortlist in Docket No. 2255, Staff directed London

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[2] *In the Matter of Idaho Power Company Application for Approval of 2026 All-Source RFP*, Docket No. UM 2255, Idaho Power's Request for Acknowledgement of Final Shortlist, Attachment 1, p. 13 (Dec. 4, 2023) (containing Independent Evaluator's Redacted Report).

[3] *In the Matter of Idaho Power Co., Application for Approval of 2028 All Source Request for Proposals to Meet 2028 Capacity Resource Need*, Docket No. UM 2317, Idaho Power's Final Draft 2028 All-Source Request for Proposals, p. 9 (May 17, 2024) (hereafter "Idaho Power's Draft 2028 RFP") (requiring bids to include "proposed costs" for LTSA and O&M agreements); *id.*, Ex. C (minimum bid criteria).

Economics to perform additional analysis in their forthcoming UM 2255 Closing Report that, including the following analysis:

- LTSA, O&M costs, and any other areas of risk for cost over-runs by projects involving utility ownership that outbid a PPA or BSA alternative.
- A full analysis of how the specific commercial terms shaped the [final shortlist] and any impact to bid prices, including but not limited to analysis of negotiations on the following contract terms: Guaranteed COD, Transmission Upgrade Cost, Transmission Scheduling of Energy Effective Date, curtailment, and output guarantees.[4]

In NIPPC's view, that level of analysis would have been more useful in the Shortlist Report to help shape shortlist selection and acknowledgement. To improve on lessons learned from the past RFP, the Commission should clarify that it intends for this level of analysis to occur during development of the initial shortlist in this RFP. This recommendation is consistent with the Commission's order approving selection of London Economics in this RFP, which directed additional analysis to build upon "lessons learned" from the past RFP.[5]

Additionally, NIPPC recommends use of a method similar to the contingency cost adder that was required by Staff in PGE's RFP in Docket No. UM 2274. There, the Staff Report adopted by the Commission's order explained:

> Regarding NIPPC's request that PGE include forms of the long-term service and operation and maintenance contracts that will be used for utility-ownership bids, whether they are benchmark bids or build-transfer resources, Staff agrees in part. Staff agrees that the requirement that BTA resources only provide long-term service agreements for a minimum of five years is insufficient given the much longer useful life of those assets. NIPPC recommended that the IE could be tasked with developing appropriate cost adders to project those costs over the useful life of BTA resources. Instead, Staff recommends that PGE should include cost adders in the RFP prior to filing and that the IE will evaluate the appropriateness of the adder in its benchmark bid report.

[4] Docket No. UM 2255, Staff Report, pp. 11-13 & 16-17 (Feb. 1, 2024).

[5] Docket No. UM 2317, Order No. 24-120, App. A, p. 8 (May 2, 2024); *id.*, App. A, p. 13 (identifying need for discussion of "unique risks" of utility-owned bids in this RFP).

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> RFP Condition 11: Prior to issuance, PGE will amend Appendix P of the RFP to include a proposed cost adder for the long-term service agreement costs associated with any utility-ownership bid. PGE will ensure that the IE will evaluate the appropriateness of this cost adder in its report on benchmark bids.[6]

The same procedure to ensure the reasonableness of the un-fixed utility-ownership bid costs is equally justified in this RFP, and the Commission should adopt this requirement.

B. Interconnection and COD Limitations: Idaho Power Should Relax the Requirement that Bids Be Supported By an Active Interconnection Queue Position Because that Restriction Would Result In a Very Limited Bid Pool Under the Unique Circumstances of this RFP.

While NIPPC generally supports RFP requirements that bidders have reasonably advanced their proposed generation facility through the applicable interconnection process, the unique circumstances of this particular RFP and Idaho Power's expressed flexibility on allowable commercial operation dates (or "COD") warrant a more relaxed requirement than normal. Specifically, likely due to the unexpected timing of this RFP and Idaho Power's early FERC Order No. 2023 compliance filing, there are only a limited number of on-system projects in Idaho Power's interconnection queue that would be eligible to bid into the RFP under Idaho Power's proposal. As explained below, Idaho Power should clarify the RFP's treatment of bids offering CODs after April 1, 2028, and it should revise the interconnection requirement to enable more bids to participate for a more competitive solicitation.

1. Unique Circumstances Exist that Warrant Modifications.

Idaho Power proposes an RFP requirement that a bidder's proposed facility either have an

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[6] *In the Matter of Portland Gen. Elec. Co., 2023 All-Source Request for Proposals*, Docket No. UM 2274, Order No. 24-011, App. A, pp. 68-69 (Jan. 12, 2024).

executed Generator Interconnection Agreement ("LGIA") or have an active queue request in Idaho Power's transition serial or transition cluster processes.[7] Idaho Power's active interconnection queue—which at this time is limited to Idaho Power's transition serial and transition cluster queues—contains only 15 "active" interconnection requests.[8] Due to the circumstances here, bidders had to anticipate the upcoming RFP to ensure they entered the interconnection queue last fall and then elect to put forth significant deposits to remain in the transition queue just one day after they could have potentially known this RFP would occur. Specifically, the relevant circumstances include the following key events:

- September 6, 2023: FERC's Order No. 2023 is published in the federal register with an initial compliance filing deadline of December 5, 2023, which FERC later extended to April 3, 2023, and then ultimately to May 16, 2023.[9]

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[7] Specifically, the Minimum Bid Requirements, RFP Appendix C, item 6, states a bid is "not eligible" if it does not have an active interconnection application or an executed Generator Interconnection Agreement. Idaho Power confirmed this requirement at the RFP workshop.

[8] This data is available in "Generation Interconnection Queue" spreadsheet, within the "Generation Interconnection Queues" folder, within the "Generation Interconnection" folder on Idaho Power's OASIS website, available at: http://www.oasis.oati.com/ipco/. NIPPC requested that Idaho Power identify the number of eligible on-system projects in discovery, but Idaho Power directed NIPPC to OASIS. NIPPC acknowledges there are additional proposed facilities in the queue with a suspended Generator Interconnection Agreement, but it is not clear that suspended Generator Interconnection Agreements are still actively under development or that they could be revived consistent with the RFP's timelines. In general, the pro forma LGIA requires the customer to recommence construction within three years of its requested suspension or the LGIA may be terminated. *See Improvements to Generator Interconnection Procedures and Agreements*, Order No. 2023, 88 Fed. Reg. 61,014, at 61,320 (Sept. 6, 2023), *reh'g granted in part and denied in part*, Order No. 2023-A, 89 Fed. Reg. 27,006 (Apr. 16, 2024) (containing suspension provision in LGIA's Article 5.16, which was unchanged by Order No. 2023).

[9] *See Improvements to Generator Interconnection Procedures and Agreements*, 185 FERC ¶ 61,063, PP 1-3, 9 (Oct. 25, 2023) (granting rehearing to initially extend compliance filing due date from 90 days to 210 days after publication in the federal register, which extended the due date from December 5, 2023, to April 3, 2024); Order No. 2023-A, 89 Fed. Reg. 27,006, P 9 (revising due date until 30 days after April 16, 2024, the publication date of Order No. 2023-A).

- October 2, 2023: Idaho Power submitted its FERC Order No. 2023 compliance filing, which was two months earlier than the initial deadline and over six months earlier than FERC's final deadline, and triggered the 30-day deadline to be positioned in the queue in a manner necessary to be eligible for one of the transition processes.[10]
- November 1, 2023: For customers not in the queue, deadline to submit valid interconnection request to be eligible for Idaho Power's transition cluster process.[11] For customers already in the serial queue, deadline to receive a System Impact Study and a Facilities Study Agreement to be eligible to enter Idaho Power's transition serial process.[12]
- January 1, 2024: Idaho Power's proposed effective date of its new FERC Order No. 2023 compliance Large Generator Interconnection Procedure ("LGIP"), triggering 60-day deadline to enter the transition queues.[13]
- February 29, 2024: Idaho Power filed its initial application to hold an out-of-cycle RFP in this docket before acknowledgment of its IRP.[14]
- March 1, 2024: As proposed in the then-pending FERC Order No. 2023 compliance filing, Idaho Power requires eligible interconnection customers in the queue to submit a deposit to advance to the transition process or be withdrawn from the

10 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 1 (Mar. 21, 2024).
11 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 83 (Mar. 21, 2024).
12 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 83 (Mar. 21, 2024).
13 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 7 (Mar. 21, 2024).
14 Docket No. UM 2317, Idaho Power Company's Application and Request for Partial Waiver of Competitive Bidding Rules (Feb. 29, 2024).

queue without penalty,[15] which required:

- $5 million deposit for customers to enter the transition cluster; or
- Deposit equal to the full interconnection and network upgrade cost estimates in the System Impact Study to enter the transition serial queue.[16]

- March 21, 2024: FERC issues a retroactively effective order approving Idaho Power's compliance LGIP with an effective date of January 1, 2024, subject to numerous revisions to Idaho Power's proposed LGIP.[17]

Ultimately, the now-closed transition queues leave a very limited number of potentially eligible on-system bidders. The next opportunity to enter Idaho Power's interconnection queue is not until Idaho Power's first post-transition, regular cluster, which opens March 1, 2025 (the "2025 Cluster").[18]

Notably, all three of Idaho Power's benchmark bids were able to time their interconnection activities to qualify for the RFP with either an LGIA or transition cluster queue position.[19] However, IPPs did not necessarily have notice of the need to position their bids due to the unexpectedly early FERC Order No. 2023 compliance filing and the unexpected timing of this RFP. This circumstance creates a risk of structural bias in the RFP.

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15 *See* Idaho Power's OASIS website, Notice Posted Feb. 29, 2024, available at: http://www.oasis.oati.com/ipco/ (stating "Idaho Power is proceeding with the Transitional Study Process outlined in Section 5.1.1 of its LGIP Compliance Filing while awaiting FERC's Order on the filing. Interconnection Customers with projects eligible to proceed in the Transitional Study Process must submit the required documentation and deposits outlined in Section 5.1.1 of the LGIP Compliance Filing no later than March 1, 2024 at 11:59:59 p.m. MPT.").

16 *Idaho Power Co.*, 186 FERC ¶ 61,202, PP 7, 85, 154 (Mar. 21, 2024).

17 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 1 (Mar. 21, 2024).

18 *Idaho Power Co.*, 186 FERC ¶ 61,202, P 38 (Mar. 21, 2024).

19 Idaho Power's Draft 2028 RFP, Ex P.

Idaho Power has stated that it proposes the interconnection requirement in the RFP because Idaho Power's preference for a COD by April 1, 2028, cannot be met by projects entering the queue for the 2025 Cluster. Yet Idaho Power also stated at the RFP workshop that it will accept bids from projects that cannot offer a COD by April 1, 2028, and that such bids may be considered if there is still an economic case for such resources after selection of bids that can offer a COD by April 1, 2028. The Draft RFP itself is somewhat vague and lacking in detail on both the allowance, and the evaluation, of bids with a COD after April 1, 2028.[20]

2. NIPPC proposes two related modifications to the Draft RFP's treatment of preferred COD and interconnection status.

While NIPPC agrees that in most cases it may be unreasonable to assume that commercial operation is achievable by April 1, 2028 for a proposed facility in the 2025 Cluster, Idaho Power's Draft RFP lacks clarity on the potential exceptions that should be implemented. NIPPC recommends two important modifications.

a. First, the RFP's treatment of post-April 1, 2028 CODs should be clarified.

Idaho Power should expressly clarify in the Draft RFP document that it will allow bids with a later COD than April 1, 2028, and clarify the treatment of such bids as expressed at the workshop. The Draft RFP's vague reference to preferring bids with a COD prior to April 1, 2028,

[20] *See* Idaho Power's Draft 2028 RFP, p. 9 (for resource-based bids, listing first delivery as: "On or before April 1, 2028 (IPC will accept, categorize, and evaluate projects with later first delivery dates and will determine needs beyond the summer of 2028 as applicable)"); *id.*, p. 10 (same for market-purchase bids); *id.*, p. 11 ("IPC encourages bids regarding new resources expected to achieve commercial operation by April 1, 2028, or existing resources with remaining asset life that are not already contracted with IPC for delivery after April 1, 2028."); *id.*, p. 22 ("IPC will separate and prioritize bids that can conform to meet the summer peak in 2028 and desire a commercial operation date by April 1, 2028, separately from those that confirm to meet a later commercial operation.").

does not provide sufficient guidance to prospective bidders or sufficient transparency against which the IE and stakeholders can measure Idaho Power's evaluation of the bids and development of the shortlist. If Idaho Power intends to fully select a target level (MW) of capacity or energy with a COD no later than April 1, 2028 in order to ensure it meets its expected needs being finalized in the IRP, then the RFP should expressly state so. It should also identify the precise level of energy and capacity that will be acquired with CODs no later than April 1, 2028. Additionally, before development of the final shortlist, any preference or scoring benefit provided to bids able to meet the RFP's preferred COD, should be adjusted if ultimately the parallel IRP process demonstrates a reduced need for resources by April 1, 2028. Otherwise, an undue advantage will be granted to the bids able to meet the preferred COD of April 1, 2028.

b. Second, the interconnection requirements should be relaxed.

Idaho Power should also relax the requirement for an active interconnection request or executed LGIA, especially for bids with a COD after the Draft RFP's 2028 preferred target. The limited active interconnection positions eligible to bid in the RFP is a problem that has resulted in part due to the unexpected timing of Idaho Power's early FERC Order No. 2023 compliance filing and the lack of an acknowledged IRP announcing the need for the resources before issuance of the RFP. As noted above, Idaho Power filed its FERC Order No. 2023 compliance filing months earlier than required, and consequently triggered the deadline to enter the queue for the transition process earlier. Further, FERC retroactively approved Idaho Power's compliance filing—after Idaho Power had already enforced the deadline to submit deposits to get into the transition process, which occurred the day after Idaho Power first announced this RFP by initiating this case before obtaining acknowledgment of its IRP. Thus, it was far more difficult than it has traditionally been for IPPs to anticipate the RFP and position their projects in the pre-existing serial queue early

enough to be in a position to get into the transition queue to be eligible to bid in the RFP. Additionally, it is not reasonable to expect project developers to commit to the substantial deposits of $5 million (or more), and expose themselves to potential withdrawal penalties in the transition queues, as required to keep any queue positions alive, when they did not have reasonable notice that an RFP would be held so quickly and would bar participation of projects not in the transition queues.[21] It was reasonable to expect the next RFP to occur within a timeframe that would accommodate proposed facilities entering the 2025 Cluster.

In defense of its proposal, Idaho Power identified the lack of certainty as to a successful bidder's ability to complete construction before April 1, 2028, if it were in the 2025 Cluster and potential cost uncertainty for the interconnection without a cluster study. However, those concerns are mitigated because the Draft RFP already allows for bids with a COD after April 1, 2028. A relaxation of the interconnection requirement is warranted under these unique circumstances, and NIPPC recommends two specific accommodations that should be made for bids without an active interconnection queue position or executed LGIA.

First, Idaho Power could adopt the same treatment as in its last RFP. In Idaho Power's last RFP, NIPPC understands that Idaho Power allowed bidders without an interconnection study to bid and assigned a predetermined interconnection cost for bid evaluation purposes in cases where no interconnection study was available.[22] To enable more bids to participate in this RFP, Idaho Power should make this option available again. Indeed, it appears this element may be required

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[21] *See Idaho Power Co.*, 186 FERC ¶ 61,202, PP 77-80 (Mar. 21, 2024) (discussing withdrawal penalties in Idaho Power's LGIP for projects that elect to enter the transition queues).

[22] *See* Idaho Power's 2026 Request for Proposals, pp. 14-15 (June 8, 2023), https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/2026_IPC_AllSource_RFP.pdf; *see also id.*, Ex. C (Minimum Bid criteria table, which did not include a requirement to have an active interconnection request).

even for bids in the transition cluster because it is far from certain that Idaho Power will produce the transition cluster study reports in time for use in scoring for the shortlist.[23] NIPPC also notes that, although RFPs traditionally have required bidders to supply a transmission provider-produced interconnection study, there is ample precedent for relaxing this requirement in RFPs.[24]. With the new commercial readiness requirements and withdrawal penalties, utilities and commissions administering RFPs will need to carefully balance relevant considerations to ensure rapid and perhaps less predictable procurements remain efficient and competitive. Particularly where bidders had little notice of the timing of the RFP and the changing interconnection requirements, requiring an interconnection study or queue position would likely render the solicitation uncompetitive.

Second, the Draft RFP should be revised to allow bidders to support their proposed COD and interconnection costs through their own study with the assistance of in-house or consulting experts with expertise of the transmission system. Although the "publicly available heatmap"

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[23] *See Idaho Power Co.*, 186 FERC ¶ 61,202, P 38 (Mar. 21, 2024) (approving proposal that "Idaho Power must issue the final transitional cluster study report within 360 calendar days after January 1, 2024"); *see also id.*, PP 87 & 90 (approving due date of 200 days for the non-final, "interim transitional cluster study report for Idaho Power to address and fully consider interconnection customers' comments and incorporate them into the final transitional cluster study report").

[24] *See* Salt River Project 2024 All-Source RFP for Peaking Capacity, pp. 6-8, 12 (Apr. 10, 2024), available at: https://www.srpnet.com/assets/srpnet/pdf/doing-business/suppliers/SRP-2024-All-Source-RFP.pdf; *see also* Arizona Public Service Company, 2023 All-Source RFP, p. 54 (Scoring Matrix) (June 30, 2023), available at: https://www.aps.com/-/media/APS/APSCOM-PDFs/About/Our-Company/Doing-business-with-us/Resource-Planning-and-Management/2023_RFP.pdf; *see also* Tucson Electric Power Company & UNS Electric, Inc., 2024 All-Source RFP for Capacity and Renewable Energy Resources, § 3.10 (Dec. 21, 2023) (attached hereto as Attachment A); *see also* Colorado Springs Utilities, Respondent Information Document, All Source Sourcing Event PPAs, p. 10 (attached hereto as Attachment B).

required by FERC Order No. 2023 will not be available before bids are due in the RFP,[25] FERC explained in Order No. 2023 that sophisticated developers already have the capability to produce high quality interconnection information themselves: "[I]nterconnection customers, on their own or through the hiring of consultants, may be capable of performing studies with information already published by transmission providers to arrive at information similar to that required as part of this final rule, [and] we believe that making high level information more easily accessible to all prospective interconnection customers is needed to remedy unjust and unreasonable Commission jurisdictional rates."[26] Indeed, in response to FERC's proposed heatmap rule, Idaho Power noted that "Order No. 2003-A required interconnection study reports to be publicly available and provide locational and cost information for previously studied interconnections[,]" which may provide certain bidders the ability to study interconnections even without the heatmap.[27] Thus, while NIPPC fully supports the additional information and access that FERC's heatmap rule will eventually provide, it is likely that some bidders will be able to produce reasonably reliable interconnection studies of their own to support their bids even without an Idaho Power-supplied interconnection study. Idaho Power and the IE could develop a set of criteria and information a bidder could submit to support the bidder's conclusion its interconnection location is likely to be feasible within the proposed COD, and the IE could review Idaho Power's acceptance or rejection

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[25] Order No. 2023, 88 Fed. Reg. 61,014, P 141 (Sept. 6, 2023) (explaining "the heatmap would not be required to be made available until after the transition period").

[26] Order No. 2023, 88 Fed. Reg. 61,014, P 143; *see also id.*, PP 109, 143 (discussing ability to obtain detailed information analogous to the heatmap dataset through transmission providers' annually filed Form 715, subject to a nondisclosure agreement); *id.*, P 144 ("the Commission's regulations already provide that, upon request, transmission providers must make available all data used to calculate available transfer capability, total transfer capability, capacity benefit margin, and transmission reliability margin for any constrained posted paths publicly available (including the limiting element(s) and the cause of the limit (*e.g.,* thermal, voltage, stability)).").

[27] Order No. 2023, 88 Fed. Reg. 61,014, P 109.

of such study in support of the bid.

C. ERIS Interconnection: NIPPC Recommends that Idaho Power Take Additional Steps to Facilitate Use of ERIS Interconnection.

The Draft RFP requires further clarity on the treatment of bids utilizing energy resource interconnection service ("ERIS"). The RFP allows for bidders utilizing ERIS to bid, but further clarity could be provided to accommodate such bids. Idaho Power indicated during the RFP workshop that ERIS bids will receive a non-price scoring penalty in relation to network resource interconnection service ("NRIS") bids for 5% of the total non-price score.[28] The RFP also states elsewhere that it is possible an ERIS bid could be allocated additional costs: "Projects that are seeking to interconnect to [Idaho Power's] system and have not requested Network Resource Interconnection Service (NRIS) may need additional costs added to account for additional upgrades needed to ensure delivery to load."[29] In Idaho Power's last RFP, Idaho Power provided information with the RFP documents regarding known areas where interconnection was likely to be low cost.[30] However, at the RFP workshop for this RFP, Idaho Power orally indicated that it does not plan to provide any further guidance as to locations on its system that may require

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[28] Docket No. UM 2317, Idaho Power's RFP Workshop Presentation, Slide 9 (May 14, 2024).

[29] Idaho Power's Draft 2028 RFP, p. 14.

[30] Idaho Power's 2026 RFP explained:

> "For purposes of aiding Bidders in determining points of interconnection and delivery on the IPC transmission system, IPC has identified areas on the IPC system that are currently expected to have relatively high injection capability and relatively low cost and time to construct if studied by the IPC Transmission Provider. These areas are identified in EXHIBIT F Information on Preferred Locations for Resource Based Bids of this RFP."

Idaho Power's 2026 Request for Proposals, pp. 14-15 (June 8, 2023), https://docs.idahopower.com/pdfs/AboutUs/businessToBusiness/2026_IPC_AllSource_RFP.pdf.

additional costs for ERIS interconnections even though it had done so in its immediate prior RFP and such information is contained in its IRP.

NIPPC recommends that Idaho Power take additional steps to facilitate use of ERIS interconnection. ERIS interconnection may ultimately be a cheaper means by which to serve load that avoids costly network upgrades associated with NRIS interconnection. Idaho Power should be exploring way to enable renewable resources by more effectively utilizing transmission across its portfolio instead of proposing to score bids in a way that may negatively penalize ERIS resources when there could be synergies between those resources and times when Idaho Power is not utilizing its firm network transmission rights.

Thus, NIPPC recommends that Idaho Power again include in the RFP materials non-binding, preliminary guidance as to locations on its system where it does not expect significant additional costs to be allocated to ERIS bids as Idaho Power did in its last RFP. Bidders should not be required to search through Idaho Power's IRP to locate this information, especially because Idaho Power's acknowledged IRP is now out of date and this RFP is being issued before acknowledgement of the new IRP. Additionally, NIPPC recommends that the Commission's order approving the RFP direct Idaho Power to consider the likelihood of being able to reduce any new costs for an ERIS bid by dispatching existing resources to accept the power from the ERIS bid and the IE be directed to review this aspect and specifically comment on the reasonableness of any increased costs allocated to ERIS bids in the shortlist report.

D. Existing Facilities: The RFP Should Provide More Clarity and Opportunity for Existing Resources to Bid.

NIPPC recommends further clarity and opportunity for existing facilities to bid into Idaho Power's RFP because these resources may be able to provide an economic benefit to Idaho Power.

Idaho Power's Draft RFP document is somewhat unclear on the circumstances under which existing facilities currently selling to Idaho Power under a long-term PPA may bid into the RFP, but Idaho Power has clarified in discovery that it proposes to accept such bids only if the proposal would not alter the tail end of the existing PPA. Idaho Power explained as follows:

> The requirement that existing resources that submit bids not be currently contracted with Idaho Power beyond April 1, 2028, is intended to ensure that a resource provides incremental capacity in 2028. If Idaho Power were to accept bids from projects that are already contracted with Idaho Power for deliveries beyond April 2028, those projects would not provide incremental capacity in 2028. Essentially that would be more like a re-negotiation of contract terms and conditions, not a contract for incremental capacity that the Company was not already counting on. With respect to projects that expire later in 2028 – i.e., after summer – they would not provide incremental capacity in summer of 2028 but could be eligible to provide incremental capacity in a later year. Such bids may be considered to meet future needs, including through future RFPs. Idaho Power anticipates evaluating bids from existing resources that are interested in delivering to Idaho Power outside of the PURPA context through the RFP process as described above. PURPA QF projects that would like to pursue a replacement agreement under PURPA after termination of an existing agreement may do so under existing PURPA application processes outside of the RFP.[31]

Idaho Power's explanation overlooks important points that deserve serious consideration.

Most significantly, Idaho Power glosses over the actual circumstances of the existing facilities operating on its system today. As the data supplied by Idaho Power demonstrates, it has many existing wind and solar facilities—primarily Public Utility Regulatory Policies Act ("PURPA") qualifying facilities—that have long-term PPAs, including a significant number of

[31] *See* Idaho Power's Response to NIPPC's Information Request No. 1 (attached hereto as Attachment C); *see also* Idaho Power's Draft 2028 RFP, p. 11 ("IPC encourages . . . existing resources with remaining asset life that are not already contracted with IPC for delivery after April 1, 2028").

wind PPAs that will be expiring within the next several years after the Draft RFP's target date of April 1, 2028. But these facilities' existing PPA terms are not perfectly timed to expire within days or even months of April 1, 2028, as would be necessary to neatly fit within the framework for existing facilities proposed by Idaho Power in the Draft RFP. And, despite Idaho Power's suggestion, any such wind, solar, or storage facilities located in Idaho and exceeding Idaho's 100-kilowatt cap size cannot rely upon a replacement PURPA PPA for a term of longer than two years.[32] Plainly, without some reasonable opportunity to bid into RFPs occurring within a reasonable timeframe of expiration of their PPA, such existing facilities may be forced to simply shut down. Forcing these facilities to simply shut down by making it nearly impossible to bid into the relevant RFPs may well result in some of the best renewable energy sites in Idaho Power's service territory going unused.

Further, despite Idaho Power's assertion, a PPA that expires after April 1, 2028 could provide incremental capacity on or before April 1, 2028. Such a facility could repower with more modern equipment at a higher capacity, which is common for 15-year to 20-year-old wind facilities; or such facility could provide incremental capacity in the near-term through the addition of battery energy storage capacity to a wind-only or solar-only facility, potentially paired with a replacement term of power sale for the renewable-plus-storage output. Notably, the Commission required PGE to accept bids from repowered existing facilities in a recent RFP over PGE's objection.[33]

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[32] *In the Matter of Idaho Power's Petition to Determine the Project Eligibility Cap for Published Avoided Cost Rates and the Appropriate Contract Length for Energy Storage Qualifying Facilities*, Idaho Pub. Util. Comm. Case No. IPC-E-20-02, Order No. 34794, pp. 3, 10-14 (Oct. 2, 2020).

[33] *In the Matter of Portland Gen. Elec. Co., Application for Approval of an Independent*

In sum, if the goal is to obtain the maximum potential benefit of the resources within reach of Idaho Power's loads, the RFP should *encourage*, not discourage, existing facilities to bid into the RFP. Thus, NIPPC supports Idaho Power's clarification on the point that existing facilities may bid for a power sale term to commence after the conclusion of their existing contract, but NIPPC also recommends the following revision to the Draft RFP:

- The RFP should state the bidders with existing facilities selling to Idaho Power may bid a replacement power sale term which would terminate, or alter the terms of, the remaining term of its existing PPA, which could include bidding a repowering, reconstruction, or other upgrade to the facility for the remainder of the term in the existing PPA as well as a new power sale term thereafter.

This is a reasonable accommodation for the RFP and consistent with the Commission's recent order on the same subject in PGE's RFP in Docket No. UM 2166. Utilities regularly repower or otherwise make major investments to extend the life of their own existing facilities and typically forego the RFP process entirely to do so. Aside from PURPA (which is not an option for many of these facilities), an IPP's primary opportunity to secure a renewal PPA is through an RFP, and therefore the RFP should encourage, and not discourage, upgrading and renewing generation contracts to enable preservation of the value of existing sites for ratepayers.

E. Uncertain Solar and Storage Tariffs: Idaho Power Should Provide Further Clarity Regarding How It Will Address Significant Changes in Tariffs After Bids Are Submitted.

As discussed at the RFP workshop, there are multiple potential cost increases in the supply chains for solar and battery energy storage system bids resulting from new tariffs that might occur

Evaluator for 2021 All-source Request for Proposals, Docket No. UM 2166, Order No. 21-320 (Oct. 6, 2021) (explaining: "we direct Portland General Electric Company to ensure that its Request for Proposals (RFP) allow for the participation of existing resources, including submissions that would repower existing facilities. We recognize that this may add to the complexity of the analysis necessary to evaluate bids, but we find that customers will benefit from a full consideration of all viable projects.").

during pendency of the RFP. These new tariffs include potential elimination of the existing exemption from Schedule 201 tariffs on bifacial solar modules and the new Anti-Dumping and Countervailing Duties ("AD/CVD") petition, among other evolving developments.[34] Because the AD/CVD investigation focuses on the origin of cells, even those companies purchasing domestically manufactured modules may also have price uncertainty until the tariff rates are established because even domestic manufacturers often import the cells. Bidders cannot easily predict the outcome of these developments at the time of bid submission. Idaho Power indicated at the RFP workshop that the RFP allows for a repricing of the bids between the initial and final shortlist and that any subsequent changes could potentially be taken into account during contract negotiations. However, NIPPC recommends that Idaho Power provide further clarity regarding how it proposes to address a sudden change in relevant tariffs after bids are submitted, including the scenario of domestically manufactured modules that use imported cells. NIPPC reserves the right to further comment and make recommended modifications after better understanding how Idaho Power proposes to address this issue.

F. Tax Benefits Modeling: The RFP's Modeling of Tax Benefits for Utility-Owned Resources Requires Further Transparency and Review.

As explained below, NIPPC recommends that Idaho Power should make available assumptions regarding tax benefits modeling for utility-owned resources.

Prior to the Inflation Reduction Act, utilities typically applied a carrying cost for tax credits such as the production tax credit and investment tax credit associated with utility-ownership bids. The Inflation Reduction Act included a policy change that allows the transfer of those credits to

[34] *See* Diana DiGangi, *First Solar, QCells and 5 other solar manufacturers seek import tariffs, sparking industry divide*, Utility Dive (Apr. 25, 2024), https://www.utilitydive.com/news/first-solar-qcells-solar-manufacturers-petition-tariffs/714264/.

other eligible taxpayers, which limits the carrying cost for transferred credits. But secondary markets will likely apply a discount to any tax credits transferred from a utility in this manner. Given that this is a new policy, the assumptions used for this economic benefit are likely to be highly speculative and potentially unsupported for utility-ownership bids, yet the utility-ownership bids will likely pass on any increased costs resulting from incorrect assumptions to ratepayers if successful in the RFP. In contrast, ratepayers are insulated from the costs of incorrect assumptions relied upon by a bidder for a PPA or BSA bid, which must bake all these assumptions, and risks, into its fixed-price bid.

Thus, to increase transparency, NIPPC recommends that Idaho Power should make available assumptions regarding tax benefits modeling for utility-owned resources. This would include transferability assumptions, carrying costs, and similar metrics that will be used for scoring the utility-owned resources. The assumptions used in these critical modeling exercises could unreasonably bias the solicitation in favor or utility-owned resources if the assumptions used are not reasonably conservative. In PGE's ongoing RFP, the tax benefit assumptions were publicly disclosed and debated items.[35] NIPPC has asked for these assumptions in discovery, but did not receive a response in time to review and include in these comments. In NIPPC's view, the values used for utility-owned bids should be conservative to avoid biasing the RFP in favor of utility ownership. NIPPC reserves the right to further comment on the reasonableness of Idaho Power's proposed assumptions prior to the Commission's approval of the RFP.

[35] *In the Matter of Portland Gen. Elec. Co., 2023 All-Source Request for Proposals*, Docket No. UM 2274, Order No. 24-011, App. A, pp. 16-17 (Jan. 12, 2024).

G. Form Contracts: NIPPC Recommends Certain Revisions to the Draft RFP's Form Contracts.

NIPPC recommends a limited set of revisions to the Draft RFP's form contracts. The Commission's rules require that an RFP must include "[s]tandard form contracts to be used in acquisition of resources."[36] The requirement to include the contract forms with the RFP is important because the forms provide an opportunity for the Commission and stakeholders to publicly review whether the utility's proposed contract terms are commercially reasonable or whether the utility may be driving too hard of a bargain with IPPs to advantage a utility ownership structure it can place in rate base without the same contractual protections. NIPPC understands that Idaho Power's Draft RFP does not propose to penalize bidders for revisions made to the contract forms, and acknowledges that the same contract forms approved for use in the last RFP are proposed here. Thus, NIPPC has limited its comments on this topic to a discrete set of issues that would improve the contract forms.

1. COD Flexibility

NIPPC recommends greater flexibility in the Seller's window within which to achieve Commercial Operation in the Draft RFP's PPA and BSA. The PPA/BSA Forms currently allow for only a 90-day period between Scheduled COD and Guaranteed COD with immediate termination rights for Idaho Power if Guaranteed COD is not achieved.[37] There should be a longer window to achieve COD given the challenging development environment today. NIPPC recommends at least 180 days between Scheduled COD and Guaranteed COD.[38]

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[36] OAR 860-089-0250(3)(b).

[37] Idaho Power's Draft 2028 RFP, Ex. H, BSA, §§ 1.28, 1.127, 4.2, 4.5; *id.*, Ex. H, PPA, §§ 1.52, 4.2, 4.5.

[38] The delay cure period in PGE's Renewable Form PPA was changed to 180 days after the Commission directed the IE and PGE to revise provisions of the form contracts in its ongoing

2. Pre-COD Damages Payment

NIPPC recommends that the damages owed by the Seller for termination prior to COD should be limited to the amount of the Project Development Security. Under Idaho Power's proposed BSA/PPA, the Seller must pay the Project Development Security *plus* the Delay Damages owed during the delay if there is a termination pre-COD.[39] It appears that the amounts set forth for Project Development Security ($40,000/MWh for BSA and $90,000/MW for PPA) may be subject to negotiation in the forms, and that the Delay Damages amount per MWh is left blank and subject to negotiation. However, NIPPC submits that it is more typical for the termination damages to be reduced for the amounts in damages paid already by the Seller during pendency of the delay period after the Scheduled COD. Otherwise, the Seller would pay damages twice for that delay period occurring prior to termination. NIPPC recommends that damages owed by the Seller for termination prior to COD should be limited to the amount of the Project Development Security so that the Seller is credited for the damages paid during the delay.

3. PPA's Output Guarantee

NIPPC recommends that the PPA be revised to provide for an annual output guarantee. Under Idaho Power's proposed PPA, the Seller is subject to a monthly output guarantee.[40] But NIPPC submits that an annual guarantee is more typical in the industry and more easily administrable by the parties. For example, the analogous requirement in the BSA is the Guaranteed

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RFP. *See* PGE 2023 RFP, Appendix E, "Guaranteed Commercial Operation Date", available here: https://assets.ctfassets.net/416ywc1laqmd/4tpkyLJRZrFPpSjTnlfidB/a2fccfff40b83b8a3493736f14f74d57/Appendix_E_-_Renewable_PPA_Form_Agreement.pdf.

[39] Idaho Power's Draft 2028 RFP, Ex. H, BSA, §§ 1.28, 1.104, 1.106, 9.1.1 & 12.4; *id.*, Ex. H, PPA, §§ 1.101, 12.4.

[40] Idaho Power's Draft 2028 RFP, Ex. H, PPA, § 7.12.

Roundtrip Efficiency, which is measured on an annual basis.[41]

4. PPA's Deficit Damages

NIPPC recommends that the PPA's Deficit Damages for each MW placed in service less than the Expected Nameplate Capacity should be reduced from $150,000/MW to $100,000/MW,[42] which is more consistent with the level of damages for this type of development shortcoming.

5. Future Environmental Attributes

NIPPC recommends that the PPA/BSA be revised to ensure that the Seller is not responsible for the open-ended and uncapped costs to register and supply future environmental attributes that do not exist today. The Draft RFP's PPA suggests that the Seller must incur costs to ensure it produces and supplies future commodities that are created by future laws, carbon offset requirements, etc.[43] These future, unknown costs should be assigned to Idaho Power in the PPA because such future unknown costs will not be included in the utility-ownership bids. Thus, requiring PPA bidders to speculate regarding the extent of such potential costs and include them in their bid biases the RFP in favor of utility-owned resources.

III. CONCLUSION

For the reasons set forth above, NIPPC recommends that the Commission condition approval of Idaho Power's RFP on the requirement that Idaho Power incorporate NIPPC's recommended revisions to the Draft RFP.

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41 *See* Idaho Power's Draft 2028 RFP, Ex. H, BSA, Ex. 23.
42 *See* Idaho Power's Draft 2028 RFP, Ex. H, PPA, §§ 1.24, 4.5.3.
43 Idaho Power's Draft 2028 RFP, Ex. H, PPA, § 5.6.1.

Dated: June 3, 2024

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Of Attorneys for the Northwest &
Intermountain Power Producers Coalition

Attachment A

Tucson Electric Power Company & UNS Electric, Inc.,
2024 All-Source RFP for Capacity and Renewable Energy Resources

2024 All-Source Request for Proposals

for

Capacity and Renewable Energy Resources

Issued
December 21, 2023

Proposals due
March 8, 2024

prepared by

Tucson Electric Power Company
& UNS Electric, Inc.

Revision History

Revision	Date	Section	Description
Revision 1	1/11/2024	Section 1.7	Respondent Questions Due: Friday, January 26, 2024
Revision 1	1/11/2024	Section 3.17	Updated Table 3-1 headers.

TABLE OF CONTENTS

1 ASRFP OVERVIEW

1.1 Purpose

With support from Sargent & Lundy, Tucson Electric Power Company (TEP) and UNS Electric, Inc. (UNSE), the "Companies", have jointly issued this All-Source Request for Proposals (ASRFP) to solicit bids for capacity and clean energy resources with in-service dates preferred by May 1, 2026. The need for these resources is based primarily on the results from the 2022 ASRFP and informed by the respective Companies' 2023 Integrated Resource Plans (IRPs) and the Needs Analyses shown in Appendix A.

1.2 About the Companies

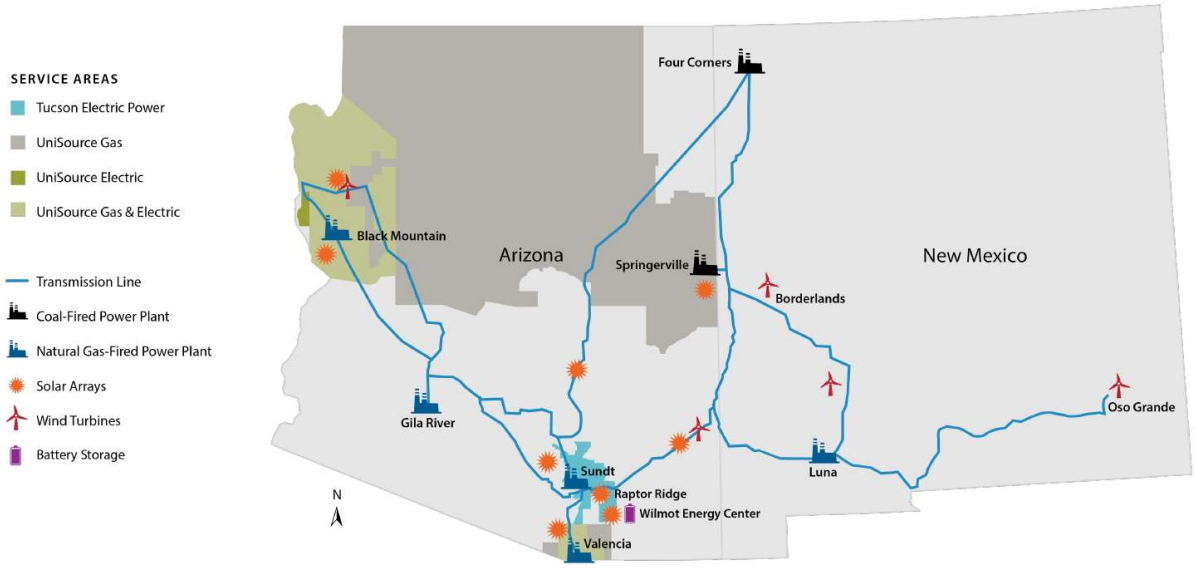
TEP is headquartered in Tucson, Arizona and provides safe, reliable power to more than 442,000 customers in the Tucson metropolitan area. TEP's 2023 IRP provides a plan that satisfies our customers' future resource needs in an affordable and reliable manner while reducing the Company's overall carbon emissions by 80 percent from 2005 levels by 2035. TEP's resource portfolio will be backed by firm, efficient natural gas fired generators and energy storage systems. The IRP also describes TEP's plan to transition to seasonal coal operations and to retire its remaining coal-fired power plants by 2032.

UNSE provides electric service to more than 100,000 customers in Mohave and Santa Cruz counties. UNSE's service territory in Mohave County is in the northwest corner of the state. It includes both Kingman, located in the high desert central portion of the county, and Lake Havasu City, situated in the low desert along the Colorado River. The Santa Cruz County service territory serves customers in the southern portion of the state, approximately 60 miles south of Tucson adjacent to the U.S. border with Mexico. UNSE's 2023 IRP provides a plan to transition its resource portfolio from high dependence on short-term market purchases to greater self-reliance on a mix of owned generating assets and long-term purchased power agreements (PPAs) sourced from a mix of natural gas, energy storage and renewables.

1.3 Service Map

Figure 1 shows the Companies' generation and high-level transmission system delivery paths within Arizona and New Mexico. Deliverability to the individual load service areas is dependent on the available transmission capacity with respective transmission line operators.

Figure 1: TEP and UNSE Electric Service Area



1.4 Resource Needs

In its 2023 IRP, TEP projects an annual increase of 1.23% in net retail demand through the study period. To meet the growing demand and to begin replacing the planned retirement of Springerville Unit 1 in the fall of 2027, TEP is committed to increase resource diversity, minimize exposure to market price risks, and transition to a cleaner resource mix. The Balanced Portfolio identified in the 2023 IRP anticipates an additional 600 MW of new capacity resources and 450 MW of new renewables by 2029.[1]

In its 2023 IRP, UNSE projects an annual increase of 1.55% in net retail demand through the study period. UNSE relies on the wholesale market for much of its energy and capacity needs. UNSE began acquiring its own physical resources to reduce its dependence on the market with the acquisition of the Black Mountain Generating Station in 2008 and a 25% ownership share in Gila River 3 in 2014. In its 2023 IRP, UNSE seeks a further transition to self-reliance, as well as a continued transition to a clean, diverse, and flexible resource mix. As a result, the 2023 IRP includes 375 MW of new capacity resources and 175 MW of renewable resources by 2029.[2]

Appendix A includes heat maps for 2028 showing the times of day and year when the Companies' existing resources are not expected to be sufficient to serve retail demand. The heat maps assume no capacity is available from the regional wholesale market and that no new resources are acquired by the Companies. Respondents should be aware that the Companies favor resources that can provide energy and capacity during the times indicated in the heat maps, although resources that provide or enable delivery of renewable energy throughout the day and year are also important for managing costs and reducing emissions.

[1] TEP's 2023 Integrated Resource Plan can be found at https://www.tep.com/2023-irp/

[2] UNSE's 2023 Integrated Resource Plan can be found at https://www.uesaz.com/2023-irp/

1.5 Products Requested

Clean Energy Resources

- The Companies are seeking competitive proposals totaling up to 625 MW of clean energy resources sourced from energy efficiency or renewables as defined in the Arizona Administrative Code.[3] These resources are preferred to be in service by May 1, 2026, but the Companies will accept proposals for projects with later in service dates if not integral to the summer capacity requirements described below.

Summer Capacity Resources

- The Companies are seeking competitive proposals totaling up to 825 MW of firm summer capacity. All supply-side resources, such as natural gas or energy storage, must provide at least four hours of continuous and dispatchable energy at the resource's summer-rated capacity each day of the summer. Demand-side resources such as demand response and load management may provide load reductions for less than four continuous hours, but must provide benefits during times of need, as shown in the Needs Analysis in Appendix A. Capacity resources are preferred to be in service by May 1, 2026, but the Companies will accept proposals for capacity resources with in-service dates as late as May 1, 2027.

Proposals may be submitted for capacity, energy, or both. As noted in Section 3, the Companies will consider both the capacity and energy value of each proposal, as applicable. The Companies expect that a resource or combination of resources that provide both summer capacity and energy may have significant economic value and benefit. Energy that is non-dispatchable by the Companies or is proposed as must-take energy may be evaluated less favorably.

1.6 ASRFP Independent Monitor & Evaluator

Sargent & Lundy (S&L) has been retained as the Independent Monitor (IM). The role of the IM is described Arizona Administrative Code R14-2-706. S&L will also help manage the ASRFP process, to include the review and the first-phase evaluation of proposals.

1.7 Schedule

The schedule below represents the expected timeline for conducting this resource solicitation. The Companies reserve the right to modify this schedule as circumstances warrant.

[3] See Arizona Administrative Code at https://apps.azsos.gov/public_services/Title_14/14-02.pdf Energy efficiency, demand response and load management resources are defined under R14-2-2401 and renewable resources are defined under R14-2-1802.

Table 1-1: ASRFP Schedule

Step	Date
Issue ASRFP	Thursday, December 21, 2023
Pre-bid Meeting	Friday, January 12, 2024
Respondent Questions Due	Friday, January 26, 2024
Notice of Intent, Non-Disclosure Agreement, and Respondent Pre-Application Due[4]	Friday, February 2, 2024
Proposals Due[5]	**Friday, March 8, 2024**
Initial Proposal Review and Evaluation	March-April 2024
Proposal Evaluation Completion Target and Short List	April 2024
Contract Negotiations & Notice of Awards	May-August 2024

[4] Term sheets individually provided in response to NOI and NDA.

[5] Term sheet redlines due with proposals.

2 PROPOSAL SUBMISSION

Entities that submit a proposal are herein referred to as Respondents. Qualified Respondents are invited to submit written, binding proposals in accordance with the requirements described in this ASRFP. Proposals must meet the general minimum eligibility requirements described in Section 3. Sargent & Lundy will screen all proposals for compliance with these requirements. Proposals that fail to meet one or more of the general minimum eligibility requirements may be disqualified from further consideration as part of this ASRFP process.

Respondents should refer to Appendix G – Proposal Checklist for guidance. However, in the event of a discrepancy between the body of this document and the Appendix, the requirements in the body of this document shall prevail.

All Respondents will directly interface with Sargent & Lundy for all communications, including questions, ASRFP clarification issues, and proposal submission. All questions should be submitted on the ASRFP website (https://uns2024asrfp.com/), and all other correspondence concerning this ASRFP should be sent via e-mail to UNS.2024.ASRFP@sargentlundy.com.

All proposals must be uploaded via the ASRFP website (https://uns2024asrfp.com/) no later than the Proposal Submittal Due Date shown in Section 1.7. Proposals received after the Proposal Submittal Due Date will not be accepted and shall be disqualified from further evaluation. The Companies reserves the right, at their sole discretion, to modify this schedule for any reason.

2.1 Information Provided to Potential Respondents

This ASRFP and all its Appendices are available on the ASRFP website (https://uns2024asrfp.com/). After registering with the website, interested parties may download this ASRFP and its required forms. Respondents are expected to complete the forms in Microsoft Word, Microsoft Excel[6], and/or PDF format as required.

2.2 Respondent Questions

A website (https://uns2024asrfp.com/) has been set up to collect all questions from potential Respondents as well as allow them to download the ASRFP and provide uniform communications, relevant Q&A, updates, and other details as may be provided throughout the bidding process.

2.3 Proposal Submittal

The ASRFP website provides a link for proposal submissions. Respondents will be required to include a contact name, email address, and company name. The uploaded documents will be automatically sorted by this information. Respondents may upload any number of documents but must use the same designated contact name, email address, and company name for each upload. Respondents will not be able to see or edit uploaded documents once submitted. The link will automatically expire after the submittal deadline date.

[6] Microsoft Excel format is required for the submission of Appendix E.

2.4 Proposal Evaluation Fees

Respondents may submit up to three proposals at a total cost of $5,000 per Company in response to this RFP. Respondents submitting more than three proposals per Company will incur a proposal evaluation fee of $5,000 for each additional proposal submitted. A proposal consists of a project with a single site and single point of interconnection. S&L will have sole discretion to determine whether a submission is deemed a single or multiple proposal. Generally, proposals with the same project characteristics (e.g., site, technology, size, etc.) but only offering a different structure (e.g., asset transfer or PPA) will be considered one proposal.

Proposals for Energy Efficiency and Demand Response resource projects are excluded from the proposal evaluation fee requirement.

Proposal fee payment information will be provided once Notice of Intent (NOI) and Non-Disclosure Agreements (NDA) are submitted by Respondents. Respondents may contact S&L at UNS.2024.ASRFP@sargentlundy.com for proposal fee payment instructions at that time.

2.5 Valid Proposal Duration

Respondents' entire proposal, including pricing, shall remain valid for six (6) months (through September 8, 2024). Proposals that are short-listed shall remain valid through contract negotiations and any Arizona Corporation Commission (ACC) processes determined as necessary by the Companies.

2.6 Required Documentation

All proposals submitted in response to this ASRFP must be received by S&L no later than the Proposal Submittal Due Date shown in Section 1.7. S&L and the Companies will not evaluate proposals as part of this ASRFP process if submitted after this date and time. Proposals **must designate TEP or UNSE** as the proposal recipient; multiple proposals submitted by the same Respondent must be identified and submitted separately. Financial statements, annual reports, technical specification documents, and other large documents can be uploaded electronically through the ASRFP website address. A checklist on the documentation requirements is provided in Appendix G.

2.6.1 Pre-Qualification Documentation

In accordance with the schedule provided in Section 1.7, each respondent must provide the following documentation as a pre-requisite to bidding:

- Appendix B – Notice of Intent to Respond
- Appendix C – Non-Disclosure Agreement[7] (executed by the Respondent in its present form via Adobe Sign)
- Appendix D – Pre-Qualification Application

[7] The NDA in Appendix C is provided for informational purposes. Respondents must submit the form provided (also in Appendix C) as instructed to initiate the process for electronic signing.

2.6.2 Final Proposal Documentation

All proposals are due on the Proposal Submittal Due Date as shown in Section 1.7, along with the following information in Appendices E and F:

- Appendix E – Proposal Data
- Appendix F – Environmental, Social, and Governance Questionnaire

2.7 Certification

By submitting a proposal, Respondent's effectively certify that:

1. There are no pending administrative, legal or civil actions that would impair the Respondent's ability to perform its obligations under the submitted proposal.

2. The Respondent has not directly or indirectly induced or solicited any other Respondent to submit a false proposal.

3. The Respondent has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal.

4. The Respondent has not sought by collusion to obtain any advantage over any other Respondent; and

5. The Respondent will indemnify S&L and the Companies as specified in Section 9.4 below and hold them harmless as specified in Section 9.5.

3 GENERAL ELIGIBILITY MINIMUM REQUIREMENTS

Proposals must meet the following minimum requirements presented in this Section. Proposals must also meet the additional technology-specific requirements set forth in Section 4 below. Proposals that do not satisfy all applicable requirements will be considered non-conforming and may not be evaluated by S&L and the Companies.

3.1 Eligible Resources

The Companies will accept Proposals for both supply-side and demand-side projects as described in this section. Supply-side projects offering capacity must provide at least four hours of dispatchable service per day throughout the summer. Demand-side projects offering capacity may provide capacity for shorter periods but must provide capacity benefits during times of need (see Appendix A). Projects may be based on a single technology or combination of technologies, such as solar-storage hybrid plants. Shares of new or existing eligible projects will be considered at the discretion of the Companies.

The following supply-side resources (whether stand-alone or in combination) are eligible for consideration:

- Solar
- Energy Storage
- Wind
- Natural Gas Fired Reciprocating Units
- Natural Gas Fired Simple Cycle Combustion Turbines
- Natural Gas Fired Combined Cycle Units
- Other[8]

The following demand-side resources (whether stand-alone or in combination) are eligible for consideration:

- Demand Response
- Load Management Programs
- Energy Efficiency[9]

3.2 Eligible Transaction Structures

The Companies will consider transaction structures such as Power Purchase Agreements, Asset Purchase Agreements (APA), Build-Own Transfer Agreements (BOTA) and Load Management Agreements. Proposed resources can be existing projects or projects that are yet to be constructed.

[8] Respondents interested in proposing supply-side resources not included in the list above should request a discussion with the Independent Monitor via the ASRFP website prior to submittal of a Proposal to determine the eligibility of such technology(ies).

[9] Energy efficiency projects need not be dispatchable but must clearly demonstrate their time-of-day and time-of-year benefits.

The Companies will evaluate Proposals that incorporate the following transaction structures:

- Power Purchase Agreements
  - Renewable Energy PPA
  - Renewable Energy Tolling PPA
  - Energy Storage Tolling PPA
  - Thermal Tolling PPA
- Build-Own-Transfer and Asset Purchase Agreements
  - Renewable Energy BOTA / APA
  - Energy Storage BOTA / APA
- Load Management Agreement

The Companies are providing non-binding indicative term sheets for the transaction structures listed above. The term sheets will be provided when Notice of Intent and Non-disclosure Agreements are submitted. The term sheets provided should be reviewed by Respondents and any unacceptable terms and conditions should be noted when developing the Proposals. The Companies expect to begin negotiations with pro forma agreements based on the terms and conditions included in the term sheets. The Companies will provide pro forma agreements to short listed Respondents for review during the Proposal evaluation period.

NOTE: If Respondent's Proposal represents a combination of technologies, it is incumbent upon the Respondent to review the term sheet applicable to each type of technology and include as part of its Proposal any modifications in the form of redlines in the applicable term sheets.

3.2.1 Power Purchase Agreements

If Respondent is submitting a Power Purchase Agreement option, they shall submit an annual power purchase price (dollars per kilowatt-month ($/kW-month) for capacity and/or dollars per megawatt-hour ($/MWh) for energy as applicable) consisting of a payment that is inclusive of all monetary consideration for the capacity, energy, ancillary services, renewable energy credits (RECs), and, if applicable, any ancillary facilities and contractual arrangements (e.g., for fuel supply and transportation, maintenance, pollution control bonds, etc.). If the Respondent can provide more competitive pricing which does not include all aforementioned products (i.e., a proposal which excluded RECs), the respondent shall provide their proposal pricing with and without the specific product. Respondents must submit their best and final price with their proposal. Respondents must provide details regarding any liabilities that the Companies might assume. The Respondent may also submit a proposed form of agreement/contract for consideration.

3.2.2 Build-Own-Transfer and Asset Purchase Agreements

If Respondent is submitting a Build-Own-Transfer or Asset Purchase Agreement option, Respondents shall submit an acquisition price consisting of a single fixed payment that is inclusive of all monetary consideration for the generation facility, working inventory, and, if applicable, ancillary facilities and contractual arrangements (e.g., for fuel supply and transportation, maintenance, pollution control bonds, etc.). Respondents must submit their best and final price with their proposal. Respondents must provide details regarding any liabilities that the Companies might assume as a buyer of a generation facility.

3.2.2.1 Cyber Security, Physical Security and Critical Energy Infrastructure Information

The Companies view cyber security, physical security and critical infrastructure protection as critically important aspects of modern power generation and load management systems. The Companies maintain a stringent set of standards and requirements that define the specifications for cyber security, physical security, communication system(s) and other applicable measures. The Companies deem the standards documents to be highly confidential and as such, only successful short-list respondents will receive copies of the standards to be addressed during the negotiation process.

To facilitate understanding of cyber security, physical security and communication infrastructure being proposed by Respondents, all Proposals for projects proposed as an Asset Purchase or Build-Own Transfer must include a detailed narrative describing the steps and actions taken to secure and manage access to electronic equipment, controls and communication systems, physical drawings, and other forms of Critical Energy Infrastructure Information (CEII) which may be created during construction and subsequent operation of a project. All generation owners and operators (to include PPA proposals), as defined by NERC, are expected to provide proof to Companies for how they will meet and adhere to NERC CIP and NIST cybersecurity standards.

3.2.2.2 State Contractor's License

Each Respondent proposing a build transfer Proposal under an Asset Purchase Agreement, must have a license to do business as a construction contractor in the state where the project is to be constructed. If Respondent does not have a license at the time of Proposal submittal, Respondent must describe, in their proposal(s), how Respondent will obtain its license no later than the end of Contract Negotiations listed in Section 1.7.

3.2.3 Load Management Agreement

For demand side Proposals, Respondents shall submit an annual power purchase price ($/kW-month for capacity reduced/avoided and/or $/MWh for energy reduction/avoided as applicable) consisting of a payment that is inclusive of all monetary consideration for the capacity and energy benefits of the resource proposal. Proposals for demand side resources shall also include a load modification shape in Appendix E of their submittals.

3.3 Term and Useful Life Requirements

All PPAs, except for those involving natural gas-fueled assets, should have a minimum term of 10 years and a maximum term of 30 years.

For generation resource acquisition proposals, facilities must have an estimated remaining useful life of no less than 10 years from the acquisition date to be considered.

In all proposals, Respondents shall describe the expected useful life of all facilities included in their proposals and the basis for such expectation.

For generation acquisition proposals, if Respondent can offer more competitive pricing and terms for title transferring prior to or after May 1, 2026, Respondent should detail the drivers and the optimal date for title transfer. Acquisitions will be contingent on projects achieving commercial operations.

3.4 Proposal Size

All proposals shall meet the following sizing requirements:

Supply Side Proposals: Unless exempted by the Companies[10] proposals must offer a minimum of 40 MW per site. The Companies prefer to limit any individual project size to a maximum 200 MW in order to mitigate project development risks, enable the deployment of multiple technologies or configurations, safeguard system integrity, and mitigate risk associated with a single point of failure. The Companies will, however, accept Proposals for supply side resources larger than 200 MW provided that the interconnection configuration for the proposed resource limits any single point of failure to 200 MW. Moreover, the Companies will also accept offers from existing thermal resources above 200 MW.

Demand Side Proposals: Demand Side proposals do not have minimum or maximum limitations; however, Respondents must define capacity and energy savings as appropriate and the year by which the savings will be achieved. Respondents must identify capacity and energy savings as appropriate through the end of the proposal term.

Combined Technologies Proposals: Both supply side and demand side Proposals may combine technologies, subject to the requirement that each combined technologies Proposal must offer either a minimum of 40 MW per technology per site for supply side resources or 25 MW in aggregate for demand side resources.

3.5 Capacity, Energy, and Ancillary Services:

Each proposed project must provide all available capacity, energy, and ancillary services for use exclusively by the Companies. Generally, proposed projects would be used for capacity according to the profile shown in Appendix A, but also dispatchable to meet NERC Control Performance Standards of Reliability Based Control (BAL-001), Disturbance Recovery (BAL-002) and for Frequency Response in autonomous droop control (BAL-003). Storage resource depletions of this nature, outside of the Appendix A envelope, shall be followed by immediate re-charge so the resource is fully capable for Appendix A dispatch.

Ancillary services may include frequency response, spinning reserve, non-spinning reserve, reactive power control, fixed power factor, and automatic voltage regulation. Any Proposal for a generating or energy storage resource with ancillary capabilities must include pricing for the proposed resource without foregoing ancillary service capabilities that are included as part of the Proposal.

3.6 Operations

For supply side resources (including energy storage), the proposed project must be able to operate autonomously and be controlled remotely with the Companies' Automatic Generation Controls (AGC), with interface through the Companies' Energy Management System. All supply side proposals must allow for and support any interface requirements for use in the California Independent System Operator (CAISO) Western Energy Imbalance Market (WEIM). Any Respondent that submits a Proposal for a non-supply side resource should consider whether such resource could be capable of operational control by the Companies and available

[10] Proposals offering unique advantages, such as non-variable clean energy, may be provided an exemption.

for potential use in the CAISO WEIM. Proposals that include such capability will be more favorably evaluated than those that do not.

3.7 Commercial Viability

In the case of a project yet to be constructed and developed, Respondent must demonstrate in its Proposal that it and/or its partner(s) have previously developed a project to the point of commercial operation and that the size of such previously developed project is at least ten percent (10%) of the size of the proposed project. In the case of existing projects, each Respondent must demonstrate in its Proposal that it and/or its partner(s) has previously *operated* a project utilizing the same technology being proposed, that the size of such previously operated project is at least fifty percent (50%) of the size of the proposed project, and that such project will have operated successfully for a minimum of one (1) year by the Proposal due date of March 8, 2024.

Any Respondent that requires a partner to satisfy the commercial viability requirement set forth in this Section must also demonstrate, to Companies' satisfaction, that the partner relationship has been legally established, is legally enforceable, and supports the Proposal being submitted.

3.8 Interconnection

The Companies are accepting project proposals with deliverability to their respective transmission systems from Respondent-Selected Site. Respondents should be aware that connection to a substation owned by the Companies may not guarantee connection to the transmission system. Any additional firm transmission service needed to connect a proposed facility to the Companies' transmission system is the responsibility of Respondent and should be accounted for in Respondent's Proposal.

3.9 Respondent-Selected Sites

Respondent must demonstrate current or imminent site control that is effective at the time of ASRFP Proposal submission and continues through the term of the associated agreement with the Companies. This demonstration must include evidence of fee ownership and/or land rights such as easement, lease, grant, license, etc.

Proposed projects must demonstrate the ability to interconnect directly to the Companies' transmission system or the Respondent must demonstrate the ability to deliver energy and capacity via firm transmission service from the proposed project to an acceptable delivery point on the Companies' transmission system. Firm transmission capability must be demonstrated for the proposed duration of the project's useful life. With firm transmission capability and deliverability demonstrated, it is the Respondents responsibility to secure firm transmission service should their projects be selected. All Respondent-Select Site project proposals must include firm transmission service (via system interconnection or external procurement) in the proposal. Losses incurred between the generating facility and the point of delivery are the responsibility of the Respondent. Applicable project interconnection cost estimates must be detailed in Appendix E.

TEP's Open Access Transmission Tariff (OATT) is located at: http://www.oatioasis.com/tepc/

UNSE's Open Access Transmission Tariff (OATT) is located at: http://www.oatioasis.com/UNST/index.html

Each proposed facility must be able to be constructed and interconnected to meet proposed capacity and energy deliveries by the in-service dates established in this ASRFP. Respondents will be required to enter the appropriate interconnection queue upon being shortlisted, see Section 3.10. Interconnection requirements along with instructions on the application process is detailed at: https://www.tep.com/generation-interconnection-services/

3.10 Interconnection Applications and Studies

The Companies recognize that the timeline for executing an interconnection agreement is a critical element in the project development process. For purposes of this ASRFP, Respondents will not be required to enter the interconnection queue process unless and until its Proposal is selected for Short List evaluation, which the Companies expects to determine as shown in Section 1.7. Respondents should note that the application processing time for interconnection requests will vary by location. Each proposed facility must be able to be constructed and interconnected to meet proposed capacity and energy deliveries by the in-service dates established in this ASRFP. The interconnection queue at each location is available to the respondents at the respective TEP and UNSE OASIS sites referenced above. Nevertheless, each Respondent is responsible for performing its own diligence with respect to the interconnection process and making its own determination about when it should submit its application to the appropriate interconnection queue, and otherwise participate in the interconnection process, in order to meet the requirements and preferences of this ASRFP.

Nothing in this ASRFP document is intended to provide definitive guidance to any potential Respondent regarding the specifics of the interconnection process that may be applicable to Respondent's proposed facility.

3.11 Energy Delivery Costs

Pricing included in any Proposal must be based on delivery to the Companies' system. If the Respondent is proposing to interconnect directly to the TEP or UNSE system, all losses between the generating station and the point of demarcation for equipment ownership and transfer to the Companies (typically referred to as the Delivery Point in the relevant agreement with the Companies) is the Respondent's responsibility. If the Respondent is proposing to interconnect to another utility's transmission network, all transmission wheeling costs to transmit project energy to the Companies' system on a firm basis are also the responsibility of the Respondent and must be included in the Proposal price.

3.12 Project Interconnection Costs

Each Respondent must include reasonable interconnection cost estimates as part of its submitted Proposal. Respondents may, in their discretion, utilize third party consultants to determine accurate interconnection estimates. Except for PPAs, a detailed description of such interconnection costs must accompany each Proposal and should include a breakdown of the significant equipment costs.

3.13 Permits and Zoning

Respondents shall identify and describe all environmental and land-related requirements, required permits (including required permit modifications) or plans necessary for siting, construction, operation, and maintenance (regardless of their current status) and prudent wildlife monitoring efforts. Respondents shall

also provide an estimated timeline for all permits, permit revisions, plans and monitoring efforts that are not yet final.

Such permits, permit revisions, plans and monitoring efforts may include, but are not limited to: Spill Prevention Control and Countermeasure Plans; air quality permits and plans under the Clean Air Act or applicable state statute (including anticipated permit revisions and related air emission analyses); Cap and Trade Permits; discharge permits under the Clean Water Act or relevant state statute; Water Withdrawal; Aquifer Protection Permits (under Arizona law); Pollution Incident Prevention Plans; Incidental Take and Special Use Permits.

The generation facility must have or be able to obtain all relevant environmental and other permits necessary for siting, construction, operation, and maintenance, which are the responsibility of the Respondent. Facilities without such permits or without a plan for acquiring such permits may be disqualified from consideration at the Companies' sole discretion. Respondents must also state whether there are any provisions or expected provisions that would prohibit the assignment of such permits and/or any consents required for the assignment of such permits.

Respondents shall describe any operating limitations imposed or expected to be imposed by permitting or environmental compliance that limit plant availability. Respondents shall also describe the attainment status of all applicable National Ambient Air Quality Standards (NAAQS) related to the location of the plant.

Respondents shall provide a description of any identified environmental liabilities (e.g., potential site remediation requirements, etc.) for the facility. This includes any Environmental Site Assessments performed at or adjacent to the facility, as well as any Resource Conservation and Recovery Act (RCRA) or Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) investigations, remediation or corrective actions at or adjacent to the facility.

Respondents should provide all known zoning requirement language for the project location (e.g., county, city, township, etc.) and describe any current discussions with the relevant zoning authorities. Respondents should provide the current status of project zoning.

3.14 Other Contractual Commitments

Respondents shall state whether there are other contractual commitments limiting or affecting the operation of generation resources included in proposals. Respondents shall state whether there are any other agreements in place for or claims on output from generation resources included in proposals. Such information should include any obligations that may restrict or compromise the ability to dispatch the facility and to claim and accredit the capacity associated with the generation resource.

3.15 Legal Proceedings, Liabilities & Risks

The proposal shall include a summary of all material actions, suits, claims, or proceedings (threatened or pending) against Respondent, its Guarantor (if applicable), or involving the generation facility or the site as of the proposal due date, including existing liabilities whether or not publicly disclosed, including but not limited to those related to employment and labor laws, environmental laws, or contractual disputes for the development, construction, maintenance, fueling, or operation of the facility.

3.16 Development Security Costs

Pricing shall include all costs for development security. The development security must be in the form of a letter of credit or cash deposit and must be submitted to the Companies in accordance with the terms of any agreement resulting from this ASRFP. In the case of a letter of credit, it must be of a term of at least 45 days past the term of the longest transaction and must be from a domestic bank (or a domestic branch of a foreign bank) with its lowest senior unsecured long-term debt rating from Standard and Poor's, Moody's, or Fitch at least "A-" (or its equivalent). In general, development security will be calculated in accordance with Table 3-1 below. The Companies may consider the status of Respondent's credit rating, the project construction costs, and any existing transactions between Respondent and the Companies which could impact credit exposure prior to determining the final development security requirements.

3.17 Post-Development Security Costs

Pricing shall include all costs for post-development security. The post-development security must be in the form of a letter of credit or cash deposit and must be submitted to the Companies on or before COD in accordance with the terms of any agreement resulting from this ASRFP. In the case of a letter of credit, it must be of a term of at least 45 days past the term of the longest transaction and must be from a domestic bank (or a domestic branch of a foreign bank) with its lowest senior unsecured long-term debt rating from Standard and Poor's, Moody's, or Fitch at least "A-" (or its equivalent). In general, post-development security will be calculated as described in Table 3-1 below. The Companies may consider Respondent's credit rating and any existing transactions between Respondent and the Companies which could create additional credit exposure to determine any necessary adjustments to collateral for final contracting.

Table 3-1: Security Costs

Resource	Contract Structure	Contract Execution ($/kWh)	Post Commercial Operation Date ($/kWh)
Energy Storage	PPA	40	20
Resource	**Contract Structure**	**Contract Execution ($/kW)**	**Post Commercial Operation Date ($/kW)**
New Solar	PPA	100	50
New Wind	PPA	150	75
New Thermal	PPA	100	50
Existing Thermal	PPA	50	50
Energy Efficiency	Load Management Agreement	100	50
Demand Response	Load Management Agreement	100	50

3.18 Tax Credit Strategy

Evaluation of Proposals will take into consideration each Respondent's proposed project schedule and its ability to satisfy the investment tax credit (ITC) and production tax credit (PTC) commence construction guidance,

pursuant to either the "physical work test" or the "five percent (5%) safe harbor," at the earliest realistic time to capture the maximum ITC/PTC.

The evaluation will also consider whether the proposed projects fulfill the prevailing wage and apprenticeship requirements, energy community requirements, and domestic content requirements outlined in the Inflation Reduction Act (IRA).

If a Respondent believes that it can achieve an overall lower Proposal price by satisfying the ITC/PTC commence construction guidance in a later year (i.e., lower percentage credit), or any other available incentives through the IRA, Respondent should describe its approach and detail the cost savings it expects to achieve that will compensate for the reduced ITC/PTC.

Each Respondent must provide a detailed description of its tax credit strategy, including the following information:

- Explanation of holistic strategy regarding ITC/PTC capture.
- Identification of the critical path items for meeting its proposed ITC/PTC physical work/5% safe harbor deadline (must be supported by a proposed project schedule), if applicable.
- If applicable, project cost comparison for achieving ITC/PTC physical work/5% safe harbor in the earliest year Respondent believes possible, versus the overall lower price by satisfying the ITC/PTC commence construction guidance in a later year.
- If applicable, plan to fulfill other IRA available incentives such as those related to prevailing wage and apprenticeship, energy communities, and domestic content.

4 TECHNOLOGY-SPECIFIC PROPOSAL REQUIREMENTS

In addition to satisfying the minimum requirements described in Section 3 above, each Proposal must satisfy additional minimum requirements specific to the technology proposed therein to be considered a conforming bid. Any resource acquisition proposal must clearly state all terms and obligations of the parties associated with the proposed transaction, including the disposition of any tax credits. For a PPA proposal, the energy price shall include the value of any applicable tax credits and be stated in dollars per megawatt-hour.

Below is a list of the additional minimum requirements for each resource technology type, as well as details on Companies' "Preferred Characteristics". Proposals that contain more of the Companies' "Preferred Characteristics" may be viewed as more valuable than those that contain fewer of the "Preferred Characteristics".

4.1 Renewable Energy Technologies

Section 4.1 applies to stand-alone renewable resource Proposals. The requirements in Section 4.2 below also apply to renewable resource Proposals that include those integrated with energy storage systems.

4.1.1 Minimum Requirements:

Any renewable energy technology Proposal must conform to the general eligibility minimum requirements set forth in Section 3 and the minimum requirements set forth in this Section.

1) Transaction Structure: A conforming Proposal must offer renewable energy pursuant to the term sheets for a renewable energy power purchase agreement, tolling agreement with a term of at least ten (10) years and not more than thirty (30) years or build own transfer agreement. The final PPA or tolling agreement must give the Companies ownership of all environmental attributes, as that term will be defined therein.

2) Eligible Resources: Eligible Renewable Energy Resources as defined in A.A.C. R14-2-1802(A), are applications of the following defined technologies that would otherwise be used to provide electricity to TEP and UNSE customers: Biogas Electricity Generator, Biomass Electricity Generator, Eligible Hydro Facilities, Fuel Cells that Use Only Renewable Fuels, Geothermal Generator, Hybrid Wind and Solar Electric Generator, Landfill Gas Generator, Solar Electricity Resources, Wind Generator.

3) Technical Characteristics:

    a) Renewable energy projects must offer operational flexibility, which can be achieved through a tolling agreement structure or through a PPA that includes curtailment rights. Proposals should be clear about the operational flexibility being offered and how that flexibility can be maximized to achieve the greatest value for the Companies.

    b) Any Proposal for a solar photovoltaic facility shall include three (3) hourly production profiles (i.e., 8760 profiles), which represent the hourly output of the project at the Companies' Delivery Point in Mountain Standard Time (MST) generated using the P90, P75 and P50 US TMY3 (Typical Meteorological Year) Solar Anywhere data sets. The Solar Anywhere data sets should be based on site specific 1km x 1km grids/tiles.

c) Any Proposal for a wind facility shall provide representative on-site wind data used in preparing 8760 production profiles as well as the method(s) for collecting on-site wind data in Appendix E ("Hourly Shape" tab) spreadsheet.

For renewable resources, Respondents shall provide expected annual capacity factors and the expected useful life of the asset. If applicable, Respondents shall also provide expected annual degradation rates. All RECs that are included in a proposal must be qualified to be registered with the Western Renewable Energy Generation Information System.

4.1.2 Preferred Characteristics:

1) Duration: A facility able to generate 100% of the proposed contract capacity when operated between 122°F and 0°F.

2) Peak Energy Production: A facility that maximizes the amount of energy production that it will generate and deliver during the months of June through September between the hours of 3:00 p.m. and 9:00 p.m. Mountain Standard Time (MST) as identified in the heat map attached as Appendix A.

3) Curtailment Flexibility: The ability for a facility to curtail energy production.

4.2 Energy Storage Technologies

Any energy storage Proposal must conform to the general eligibility minimum requirements set forth in Section 3 above and to the minimum requirements set forth in this Section.

4.2.1 Minimum Requirements:

1) Transaction Structure: A conforming Proposal must offer energy storage pursuant to the term sheets for an energy storage tolling agreement with a term of at least five (5) years and not more than twenty (20) years or build own transfer agreement. The final tolling agreement must give the Companies ownership of all environmental attributes, as that term will be defined therein.

2) Technology: Proposals include the following technologies:

   a) Battery energy storage system (BESS)

   b) Flywheel

   c) Pumped storage hydropower

   d) Compressed air energy storage system (CAES)

   e) Other energy storage technologies that meet the minimum requirements in this ASRFP.

3) Technical Characteristics:

   a) Any proposed facility must meet all BESS industry safety standards and requirements. Proposal pricing shall include all equipment and design necessary to satisfy all such safety requirements.

b) Any proposed facility must be capable of operating in desert conditions at 100% of the proposed contract capacity discharging for a minimum of four (4) consecutive hours.

c) Proposed projects must provide full duty cycle (one full charge and discharge) capabilities that meet peak demand requirements demonstrated in Appendix A for 2024 with potential to adapt to 2028 needs. Proposals must define equivalent cycles and the corresponding annual average state of charge.

d) Any proposed facility must be capable of satisfying a monthly availability requirement, as proposed during the term of the Agreement, in consideration of Appendix A.

4.2.2 Preferred Characteristics:

1) Proven Technologies: Storage technologies that have already undergone safety testing, safety evaluations, and safety design assessments and are in commercial operation as evidenced by supporting documentation included in the Proposal will be evaluated more favorably.

2) Duration: A facility able to deliver the full proposed contract capacity for a duration of four (4) consecutive hours or longer to meet peak demand needs as represented in the heat map attached as Appendix A.

3) Location: A facility located in the Companies' service territory and interconnected to TEP's transmission or sub-transmission system (69kV or higher).

4) Charge/Discharge: A facility that charges in a timeframe as close to matching the amount of time it takes to discharge and does not de-rate the power capacity of the facility as it reaches the high or low end of the state of charge.

4.3 Thermal Generation

Any Proposal for a thermal generation resource must conform to the general eligibility minimum requirements set forth in Section 3 above and to the minimum requirements set forth in this Section.

4.3.1 Minimum Requirements:

1) Transaction Structure: Proposed transaction must be in the form of a build-transfer, asset acquisition or tolling power purchase agreement with a delivery term of at least one (1) year and include a delivery period of June 1 through September 30. Proposals must also include Respondent's plan, if any, to reduce carbon emissions over the term of the proposed transaction, including through the use of clean hydrogen or by other means.

2) Technical Characteristics:

   a) Proposed gas-fired generation resources must be able to connect to a viable interstate natural gas pipeline. The Companies will evaluate the proposed point of gas interconnection connection to validate if there are any gas transport constraints specific to that location.

b) Proposed resource must have adequate water rights to support performance for the full contract capacity and for the proposed term of the tolling agreement.

c) The Proposed resource must be fully dispatchable by the Companies using AGC.

d) To the extent that carbon allowances are allocated to the proposed resource or part thereof, those allowances must be provided to the Companies for the term of the associated tolling agreement at no additional charge and may be allocated by the Companies toward its requirements pursuant to any applicable regulatory requirements.

e) The Companies evaluate gas turbine performance on the following parameters:

- Assumed elevation of 1,000 ft.
- June-September temperatures at 105°F and relative humidity of 19%.
    - Equivalent to 115°F and relative humidity of 9.5%.
    - Assumes inlet cooling.
- October, March-May temperatures at 73°F and relative humidity of 37%.
    - Assumes inlet cooling.
- November-February temperatures at 41°F and relative humidity of 51%.
    - Inlet Cooling is assumed off.

3) Water Supply and Permitted Discharge: Respondents shall provide a detailed description of the water supply, including but not limited to contract term, water usage, and cost of water for the generation facility. Respondents shall also provide the status of the facility's National Pollutant Discharge Elimination System (NPDES) permits (and any Arizona Aquifer Protection Permits), including, but not limited to, permit conditions, permit violations reported over the last five years, the timing of next permit renewal, and any other known water supply concerns.

4) Fuel Supply and Transportation: Proposals shall describe the generation facility's ability to access a reliable fuel supply that would support operation for all hours throughout the year, including the plant's on-site fuel storage and dual-fuel capabilities, if applicable.

4.3.2 Preferred Characteristics:

1) Stable Operation: A resource capable of stable operation at a minimum operating level of twenty five percent (25%) loading or lower without exceeding the legal limits for emissions (CO, CO2, NOx, SO2, VOC, PM10), whether pursuant to an applicable air permit or otherwise.

2) Starts: A resource capable of at least two (2) starts per day.

3) Ramp Rate: A resource with a minimum ramp rate of ten percent (10%) per minute of summer capacity rating.

4) Operating Parameters: A resource capable of full contract capacity at 118°F and relative humidity of 20%.

5) Fuel Supply: A transaction that allows the Companies the option to supply any fuel and related gas transportation for delivery to the lateral pipeline interconnection for the facility.

6) Natural Gas Transportation: For a natural gas resource, connection to both the El Paso and Transwestern interstate pipelines may be evaluated more favorably.

4.4 Energy Efficiency

Any Proposal for a demand side, non-dispatchable resource (referred to herein as "Energy Efficiency" or "EE" resource) must conform to the minimum requirements set forth in Section 3 and the minimum requirements set forth in this Section.

Respondents assume the risk of any future Company rate design changes or any changes in regulatory policy when submitting a Proposal for an Energy Efficiency resource. In addition, nothing in this ASRFP shall limit the Companies' ability to offer other Energy Efficiency programs in the future, regardless of whether or not it enters into an agreement for an Energy Efficiency resource as a result of this ASRFP.

4.4.1 Preferred Requirements:

1) Transaction Structure: A conforming Proposal must offer an Energy Efficiency resource pursuant to the term sheets provided on the ASRFP website for a term of at least three (3) years but not more than ten (10) years. The agreement must permit the Companies to count any energy or demand savings that results from the proposed resource toward the ACC's Energy Efficiency Standards.

2) Technical Characteristics:

   a) Cost Effective Tests: All proposed EE resources must pass the Societal Cost Test ("SCT") as defined by the ACC Energy Efficiency Standards defined in Arizona Administrative Code R14-2-2401(36). The Companies will screen all Energy Efficiency Proposals using the SCT as prescribed by the ACC. All Respondents must provide input assumptions and calculations to pass the Societal Cost Test.

   b) Reporting and Evaluation: All Proposals must include commitments to provide the data required to comply with the reporting and evaluation requirements defined under Arizona Administrative Code R14-2-2407(C), R14-2-2409(A)(4), R14-2-2412(C), R14-2-2415(A).

   c) Program Branding: All proposals must include commitments to follow the Companies' marketing, branding and customer communication requirements.

   d) Customer Base: All proposed EE resources may only aggregate customers within the Companies' individual service territory.

e) Measurement and Verification: All Proposals must include a proposed Measurement and Verification Plan ("M&V Plan") to verify actual energy (megawatt-hour) and demand (hourly megawatt) savings delivered, including estimated costs for implementing the M&V Plan. All proposals and must include hourly shapes for the load reduction. The load reductions must be verifiable by the Companies and validated through the use of the Companies' metering. EE resources that do not result in M&V verifiable energy and demand savings are not eligible.

4.4.2 Preferred Characteristics:

1) Cost Effectiveness: An EE resource that passes the Ratepayer Impact Measure and demonstrates cost effectiveness through other cost tests such as the Utility Cost Test, the Participant Cost Test and the Societal Cost Test.

2) Peak Energy Displacement: An EE resource that displaces energy during the months of June through September and between the hours of 3:00 p.m. and 9:00 p.m. Mountain Standard Time (MST) time as identified in the heat map attached as Appendix A.

4.5 Demand Response

Any Proposal for a demand response or load management resource (referred to herein as "Demand Response") must conform to the general eligibility minimum requirements set forth in Section 3 and the minimum requirements set forth in this Section.

Respondents assume the risk and impact of any future Company rate design changes or any changes in regulatory policy when submitting a proposal to the Companies. In addition, nothing in this ASRFP is intended to limit the Companies' ability to offer its own demand response programs of any type in the future, regardless of whether or not it enters into a demand response load management agreement as a result of this ASRFP.

4.5.1 Preferred Requirements:

1) Transaction Structure: A conforming Proposal must offer a demand response resource pursuant to the term sheets provided on the ASRFP website for a term of at least one (1) year but not more than ten (10) years. The agreement must permit the Companies to count any energy or demand savings resulting from the proposed program towards the ACC Energy Efficiency Standard.

2) Technical Characteristics:

   a) Peak Demand Reductions: A DR resource that displaces demand during the months of June through September and between the hours of 3:00 p.m. and 9:00 p.m. Mountain Standard Time (MST) time as identified in the heat map attached as Appendix A.

   b) Resource Size: DR Proposals must be scalable to a preferred capacity of 25 to 50 MW. The total capacity can be aggregated from eligible customers. Customers on interruptible riders or tariffs may not be eligible to participate.

c) Dispatch Event: The preferred DR resource may be called upon a minimum of twenty (20) times during a summer season (June 1 through September 31) and a minimum of 5 times during the winter season (October 1 through May 31).

d) Call Notification: The DR resource must respond within 30-minutes of the Call Notification.

e) Duration: Dispatch Event duration will be limited to 6 hours for each Call Notification.

f) Frequency: A maximum of one Dispatch Event may be called during a calendar day, and no more than three (3) Dispatch Events will be called during any consecutive five (5) calendar day period.

g) Availability of Capacity: The resource must provide one hundred percent (100%) of the contracted load reduction on each Dispatch Event.

h) Verification of Load Reduction: Initial preliminary load reduction analysis must be provided to the Companies 72 hours after an event ends with final analysis delivered 45 days after an event. The load reductions must be verifiable by the Companies' using the Companies' owned AMI metering.

i) Customer Base: The DR resource may only aggregate eligible customers within the respective Company service territories. The resource must be branded for the Companies.

j) Program Branding: All proposals must include commitments to follow the Companies' marketing, branding and customer communication requirements.

4.6 Environmental Considerations

New and existing resources must comply with all applicable environmental rules and regulations. To the extent applicable, all environmental attributes, including emission reduction credits and/or allowances related to the power being purchased, shall be conveyed to the Companies. This includes, but is not limited to, any and all credits in any form (emissions credits, offsets, financial credits, etc.) or baseline emissions associated with both known and unknown pollutants, including but not limited to SO_2, NO_X, Mercury (Hg), and CO_2.

For generation resource acquisition proposals, the Respondent will retain all pre-closing environmental liabilities and obligations as well as all known future environmental liabilities and obligations, in each case associated with the real and personal property transferred with or as part of a Sale of the Plant. This includes both on and off-site liabilities. The Companies will assume all other post-closing environmental liabilities and obligations. For purposes of facility design, the Respondent should assume that the resource will be required to meet the proposed New Source Performance Standards for Greenhouse Gases (40 Code of Federal Regulations (CFR) part 60, subpart TTTT) and all other applicable air quality and water quality requirements, as applicable to new and reconstructed sources.

5 PROPOSAL EVALUATION AND CONTRACT NEGOTIATIONS

The evaluation process will determine which proposals, when combined in a resource portfolio, are most capable of providing the Companies with affordable, reliable, and clean energy for their customers. The Companies will combine sophisticated resource planning tools and modeling with a qualitative assessment to determine best value projects. This section offers a framework for Respondents to understand the evaluation process at a high level. The Companies reserves the right to modify this process at their sole discretion and will not disclose the results of its evaluation to any Respondents.

5.1 Initial Review

Proposals will first be reviewed for completeness. Respondents providing proposals that do not meet the requirements of this ASRFP may be notified. Respondents may also be contacted for additional information or clarifications by Sargent & Lundy. These communications will be initiated via e-mail from UNS.2024.ASRFP@sargentlundy.com.

Complete Proposals will be grouped by technology, product type, and commercial structure and evaluated according to quantitative and qualitative criteria. For example, energy storage agreements may be evaluated against other energy storage agreements. Together, the quantitative and qualitative analyses are intended to identify high-value, low-risk proposals for detailed review, short-listing, and contract negotiations.

5.1.1 Quantitative Analysis:

Within each group, proposals will be scored primarily by cost, such as levelized busbar costs. Proposals that do not score well on a quantitative basis may be removed from further consideration.

5.1.2 Qualitative Analysis:

Following a quantitative analysis, Proposals will be further reviewed according, but not limited, to the following criteria:

- Commercial maturity of the technology (including safety issues)
- Site control, interconnection status, transmission availability (if applicable)
- Developer experience
- Point of Interconnection
- Potential benefits to be realized by communities affected by recent or planned coal unit closures.
- Counterparty credit risk
- Mitigation factors in place to reduce supply chain and workforce availability risk.

5.2 Proposal Evaluations

The Companies will take a two-phased approach for screening, evaluating and shortlisting projects. Each phase is mix of the qualitative and quantitative measures mentioned above. S&L will perform Phase 1 independently and without the influence of the Companies. Once this phase is complete, the ranking results will be provided to the Companies to complete Phase 2 and shortlist selections. A summary of this two-phased approach is as follows.

5.2.1 Phase 1: Independent Evaluation/Monitoring Screening

Proposals are to be scored by levelized cost of energy (LCOE) and levelized cost of capacity (LCOC), interconnection request status, supply-chain mitigation strategies/position and developer experience. The interconnection status of projects proposed have the potential to score up to 150 points. Demonstrating the ability to procure solar panels, batteries, step-up transformers other supply-chain constrained elements will be scored with a maximum score of 100 points. The most experienced respondents could score up to 50 points.

Table 5-1: Phase 1 Scoring

Criteria	Possible Points
LCOE/LCOC	500
Interconnection Status	150
Supply-Chain	100
Experience	50
Total	**800**

5.2.2 Phase 2: Detailed Review and Short-Listing

The Phase 2 review and evaluation will refine the Phase 1 evaluation and determine the cost effectiveness of projects to be short-listed. Proposals identified in Phase 1 as top-ranked will be studied further, for example by obtaining additional details from Respondents, performing due diligence, and performing portfolio analyses. When performing portfolio analyses, the Companies will utilize resource planning models to determine how well a proposal or group of proposals meet the system needs of the utility and how they may affect the overall cost of the utility's portfolio as measured by the net present value of its revenue requirements.

The projects' technical characteristics will be evaluated to identify how the projects address the Companies' system needs and deliverability in alignment with the 2023 IRPs. The projects will be evaluated for potential issues related to the available transmission capability, feasibility, timing and cost that could affect the projects' ability to interconnect to the system and meet the planned COD.

The Companies will develop a short-list of Proposals based on the above analyses. Development of the short-list and subsequent negotiations and awards may take additional criteria into consideration, such as Respondent-requested changes to standard terms and conditions and pro forma agreements and Respondent's environmental, social, and governance policies.

5.3 Discussion of Proposals during Evaluation Period

Based on the review above, the Companies may or may not select Proposals for further discussions. The utility will contact any selected Respondent in writing to confirm interest in commencing contract negotiations. The Companies' commencement of and participation in negotiations shall not be construed as a commitment to execute a contract. Negotiations will include finalizing all the terms and conditions of the contract agreements. While the Respondent may propose a form of such agreement, Company reserves the right to negotiate such terms and conditions, and/or propose a form of a contract as the basis of negotiating applicable terms and

conditions. If a contract is negotiated, it will not be effective unless it is fully executed with the receipt of all required regulatory approvals.

5.4 Contract Execution

This ASRFP does not obligate the Companies to enter into any agreements with any Respondent who submits an offer to the Companies and may in their discretion, reject any or all proposals described in this ASRFP.

Short-listing or the selection of a winning proposal shall not be construed as a commitment by the Companies to execute an agreement. Before executing any agreement, S&L and the Companies may conduct additional due diligence on the proposal, which may include onsite visits, management interviews, legal and regulatory due diligence, and detailed engineering assessments and facility dispatch modeling.

6 RESERVATION OF RIGHTS

Nothing contained in this ASRFP shall be construed to require or obligate the Companies to select any proposals or limit the ability of the Companies to reject all proposals in its sole and exclusive discretion. The Companies further reserve the right to withdraw and terminate this ASRFP at any time prior to the Proposal Submittal Due Date, selection of bids or execution of a contract. All final contracts will be contingent on required approvals.

All proposals submitted to the Companies pursuant to this ASRFP shall become the exclusive property of the Companies and may be used for any reasonable purpose by the Companies.

7 CONFIDENTIALITY OF INFORMATION

All proposals submitted in response to this ASRFP become the property of the Companies upon submittal. Respondents should clearly identify each page of information considered to be confidential or proprietary. Sargent & Lundy and the Companies will take reasonable precautions and use reasonable efforts to maintain the confidentiality of all information so identified in accordance with the terms of the ASRFP NDA (Appendix C).

8 REGULATORY APPROVALS

Pursuant to the terms of definitive agreement(s) that result from a proposal submitted pursuant to this ASRFP, the Respondent will agree to use its reasonable best efforts, including, if necessary, providing data and testimony, to obtain any and all State, Federal, or other regulatory approvals required for the consummation of the transaction.

Please note that regulatory approvals, while not anticipated, may be required before the transaction can be consummated between the selected Respondent and TEP.

9 MISCELLANEOUS

9.1 Non-Exclusive Nature of ASRFP

The Companies may procure more or less than the amount of assets solicited in this ASRFP from one or more Respondent(s). Respondents are advised that any definitive agreement executed by the Companies and any selected Respondent may not be an exclusive contract for the provision of assets. In submitting a proposal(s), Respondent will be deemed to have acknowledged that the Companies may contract with others for the same or similar deliverables or may otherwise obtain the same or similar deliverables by other means and on different terms.

9.2 Information Provided in ASRFP

The information provided in this ASRFP, or on the ASRFP, has been prepared to assist Respondents in evaluating this ASRFP. It does not purport to contain all the information that may be relevant to Respondent in satisfying its due diligence efforts. The Companies makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this ASRFP, and shall not be liable for any representation, expressed or implied, in this ASRFP or any omissions from this ASRFP, or any information provided to a Respondent by any other source.

9.3 Proposal Costs

The Companies shall not reimburse Respondent and Respondent is responsible for any cost incurred in the preparation or submission of a Proposal(s), in negotiations for an agreement, and/or any other activity contemplated by the Proposal(s) submitted in connection with this ASRFP. The information provided in this ASRFP, or on the ASRFP website, has been prepared to assist Respondents in evaluating this ASRFP. It does not purport to contain all the information that may be relevant to Respondent in satisfying its due diligence efforts.

9.4 Indemnity

Supplementing Respondent's assumption of liability pursuant to this ASRFP, Respondent shall indemnify, hold harmless and defend Companies and their parent Companies, officers, employees and agents, from any and all damages, liabilities, claims, expenses (including reasonable attorneys' fees), losses, judgments, proceedings or investigations incurred by, or asserted against, the Companies or its officers, employees or agents, arising from, or are related to, this ASRFP, or the execution or performance of one or more definitive agreements.

9.5 Hold Harmless

Respondent shall hold the Companies harmless from all damages and costs, including, but not limited, to legal costs in connection with all claims, expenses, losses, proceedings, or investigations that arise as a result of this ASRFP or the award of a proposal pursuant to the ASRFP or the execution or performance of a definitive agreement.

9.6 Further Assurances

By submitting a proposal, Respondent agrees, at its expense, to provide additional information and documents as requested by Sargent & Lundy or the Companies in order to facilitate: (a) the review of a proposal, (b) the

execution of one or more definitive agreements, or (c) the procurement of regulatory approvals required for the effectiveness of one or more definitive agreements.

9.7 Licenses and Permits

Respondent shall obtain, at its cost and expense, all licenses and permits that may be required by any governmental body or agency necessary to conduct Respondent's business or to perform hereunder. Respondent's subcontractors, employees, agents and representatives of each in performance hereunder shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirement.

APPENDIX A - NEEDS ASSESSMENT

Capacity Shortfalls Assuming No Future Resources or Market Purchases

Darker shading indicates periods of greater need for the time period and utility shown

TEP 2028

HE:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
JAN																								
FEB																								
MAR																								
APR																								
MAY																								
JUN																								
JUL																								
AUG																								
SEP																								
OCT																								
NOV																								
DEC																								

UNSE 2028

HE:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
JAN																								
FEB																								
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APR																								
MAY																								
JUN																								
JUL																								
AUG																								
SEP																								
OCT																								
NOV																								
DEC																								

APPENDIX B - NOTICE OF INTENT TO RESPOND

Contact Information			
Respondent			
Primary Contact (Name)			
Title			
Telephone			
E-mail			
Mailing Address			
Signature of Respondent		Date	

Projects	Technology Type (Solar, Wind, Stand-Alone Storage, Solar+Storage, etc.)	Nameplate Capacity[11] (MW)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Due: 5:00 p.m. PDT, Friday, February 2, 2024.

E-mail: UNS.2024.ASRFP@sargentlundy.com

[11] If hybrid project, provide the nameplate capacity of each technology type.

APPENDIX C – NON-DISCLOSURE AGREEMENT REQUIREMENT

2024 All-Source Request for Proposals - Non-Disclosure Agreements (NDA) Requirement

All respondents are required to execute TEP/UNSE's mutual NDA in order to submit a proposal. To request an NDA, complete the fields in the form below and submit via email to NDA@tep.com. Be sure to request your NDA well in advance of the February 2, 2024 deadline for NDA submittals. We will send the completed NDA through Adobe Sign to collect signatures. ***Do not request any changes to the NDA as they will not be accepted.***

Counterparty's Legal Name (The name must match the business name of record on applicable state's website.)	
State of Organization	
Type of Entity (*Corporation, Limited Liability Company, Partnership, Limited Partnership, S Corporation*)	
Signer's Name (Only list a signer who is authorized to legally bind your company to the NDA.)	
Signer's Title	
Signer's Email Address (Used to collect signature via Adobe Sign.)	
For Notices:	
Address Line 1	
Address Line 2	
Attention:	
with a copy to (add name; email address)	

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

(2024 All-Source Request for Proposal for Capacity and Renewable Energy Resources)

This Confidentiality and Non-Disclosure Agreement ("Agreement") is made and entered into as of the Effective Date (defined on the signature page), by and among **TUCSON ELECTRIC POWER COMPANY**, an Arizona corporation ("TEP"), **UNS ELECTRIC, INC.**, an Arizona corporation ("UNSE"), and **Bidder** (defined on the signature page) (together the "Parties" and each a "Party").

WHEREAS, the Parties wish to exchange Confidential Information (as defined below) under this Agreement for the purpose of Bidder's participation in the 2024 All-Source Request for Proposal ("RFP") initiated by TEP and UNSE to explore and compare potential energy capacity and renewable energy resources, and potentially establish business relationship(s) with the winning bidder(s) (the "Purpose").

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. **Confidentiality Agreement.** Any Confidential Information disclosed by a Party (a "Disclosing Party") to one of the other Parties (a "Receiving Party"), or to a Receiving Party's affiliates, successors, employees, officers, directors, attorneys, accountants, tax advisors, engineering advisors, financial advisors, contractors, or consultants or those of its affiliates or its equity investors (individually and collectively "Representatives") whether directly or indirectly, shall be subject to the following terms and conditions:

A. **Confidential Information.** The term "Confidential Information" as used in this Agreement means certain information (whether or not reduced to writing or specifically identified as non-public, confidential or proprietary), that is disclosed to a Receiving Party or its Representatives by or on behalf of a Disclosing Party in connection with the Purpose, including, but not limited to, information that is either non-public, confidential or proprietary in nature and/or a portion of which may be classified by such Disclosing Party as Critical Energy Infrastructure Information ("CEII") as defined in 18 C.F.R. § 388.113. CEII information will be marked as such. Confidential Information includes any trade secret, business, technical, marketing, financial or other information, whether in electronic, oral or written form. Confidential Information also includes all memoranda, summaries, graphs, business plans, drawings, specifications, standards, norms, manuals, notes, analyses, compilations, studies or other documents prepared by or on behalf of such Disclosing Party or a Receiving Party to the extent containing or reflecting such information provided by such Disclosing Party in whole or in part. The contents or existence of discussions or negotiations relating to the Purpose constitutes Confidential Information.

B. **Exceptions.** With respect to each Receiving Party, Confidential Information of a Disclosing Party does not include information that: (1) is or becomes part of the public domain other than as a result of disclosure by such Receiving Party or any of its Representatives in violation of this Agreement; (2) becomes available to such Receiving Party or any of its Representatives on a non-confidential basis from a third-party source, provided that, to such Receiving Party's knowledge, such third-party is not and was not prohibited from transmitting such information by a contractual or legal obligation; (3) was and can be demonstrated to have been, lawfully in such Receiving Party's possession or known to such Receiving Party prior to its disclosure by the Disclosing Party; or (4) can be shown by such Receiving Party to have been independently developed by such Receiving Party or any of its Representatives without access to or use of, in whole or in part, any of Disclosing Party's Confidential Information.

C. **Protection.** Except as expressly permitted by this Agreement, each Receiving Party shall protect and safeguard each Disclosing Party's Confidential Information with the same degree of care as such Receiving Party uses to protect its own confidential and proprietary information and trade secrets, but in no event with less than the degree of care that a prudent business reasonably would use to protect its own confidential and proprietary information and trade secrets of a similar nature. Each Receiving Party shall implement administrative, physical and technical safeguards to protect the Confidential Information in accordance with accepted industry standards and maintain an appropriate information security program to prevent the unauthorized disclosure, misuse, alteration, or destruction of Confidential Information and shall ensure that all such safeguards, including the manner in which Confidential Information is collected, accessed, used, stored, processed, disposed of and disclosed comply with all applicable data protection and privacy laws. Each Receiving Party shall promptly notify the applicable Disclosing Party of any unauthorized use or disclosure of such Disclosing Party's Confidential Information and take all reasonable steps to prevent further use or disclosure.

D. **Use.** Except in connection with the Purpose or as otherwise provided in this Agreement (including the evaluation, negotiation and implementation of the Purpose), each Receiving Party shall not extract, use, incorporate, publish, disclose, or otherwise employ any of the applicable Disclosing Party's Confidential Information or permit the Confidential Information to be accessed or used, in whole or in part, for any purpose whatsoever, unless such Receiving Party first obtains such Disclosing Party's written consent. Each Receiving Party further agrees that it shall use CEII solely for purposes contemplated under FERC regulations and case law. Each Receiving Party may furnish Confidential Information to those Representatives who need to have access to such Confidential Information to assist such Receiving Party in its evaluation, negotiation, or implementation of the Purpose. As a condition to such disclosure, each Receiving Party will inform its Representatives of the confidential nature of the Confidential Information and will be responsible for any disclosure or use of the Confidential Information by any of its Representatives in a manner not authorized by this Agreement. In addition, any Receiving Party may furnish Confidential Information to those third parties, such as investors, lenders and regulators, whose review or consent is needed for such Receiving Party's participation in the Purpose, provided that, other than with respect to regulators, such disclosures are made pursuant to a confidentiality agreement, protective order, or similar arrangement that is equivalent in all material respects to this Agreement.

E. **No Other Obligation**. The Parties agree that no Party shall be under any legal obligation of any kind whatsoever, or otherwise be obligated to enter into any business or contractual relationship, investment, or transaction, by virtue of this Agreement, except for the matters specifically agreed to herein. Each Party may at any time, at its sole discretion with or without cause, terminate discussions and negotiations with the other Parties, in connection with the Purpose or otherwise.

2. **Ownership and Return; Relationship of the Parties.**

A. All Confidential Information of a Disclosing Party will remain the property of such Disclosing Party, and no right, title, or interest, including all intellectual property rights, is granted to a Receiving Party with respect to any of such Disclosing Party's Confidential Information. Any disclosure of such Confidential Information under this Agreement shall not be construed as an assignment, grant, option, license, or other transfer of any such right, title, or interest to a Receiving Party or any of such Receiving Party's Representatives.

B. Except to the extent a Receiving Party is advised by counsel that such action is prohibited by law or except as otherwise provided herein, as soon as practicable after being requested by Disclosing Party in writing, such Receiving Party agrees to either destroy or immediately return, at Receiving Party's option, all originals and all copies of such Disclosing Party's Confidential Information, in whatever medium, to such Disclosing Party, including originals and copies of Confidential Information prepared by such Receiving Party or its Representatives to the extent reflecting or incorporating such Disclosing Party's Confidential Information. Upon written request, the fact of any such destruction will be certified in writing to such Disclosing Party by an officer of such Receiving Party.

C. The Parties acknowledge that Confidential Information transferred and maintained electronically (including e-mails) may be automatically archived and stored by a Receiving Party and its Representatives on electronic devices, magnetic tape or other media pursuant to automatic electronic archiving procedures or for the purpose of restoring data in the event of a system failure (collectively, "Back Up Tapes"). Notwithstanding the terms of this Agreement, neither Receiving Party nor any of its Representatives shall be required to destroy Confidential Information stored on Back Up Tapes, and the Parties agree that each Receiving Party may retain one copy of Disclosing Party's Confidential Information in such Receiving Party's files for audit and compliance purposes, provided that such Receiving Party shall continue to be bound by the terms and conditions of this Agreement with respect to such retained Confidential Information.

D. Nothing in this Agreement obligates a Disclosing Party to disclose any information to a Receiving Party or creates any agency, joint venture, partnership or other relation between them.

3. **Compelled Disclosure.**

A. If a Receiving Party or any of its Representatives is requested or required by law, rule or regulation or by legal or administrative process to disclose any of Disclosing Party's Confidential Information, such Receiving Party or such Representative will promptly notify such Disclosing Party of such request or requirement if and to the extent allowed by such law, rule, regulation or process so that such Disclosing Party may seek an appropriate protective order, waive compliance with the provisions of this Agreement, or seek other relief at such Disclosing Party's sole expense.

B. If a protective order or other relief is not obtained by a Disclosing Party within thirty (30) days following such Disclosing Party's receipt of such notice, or if legal counsel of such Receiving Party or the relevant Representative advises such Disclosing

Party that such Receiving Party is required to disclose the such Disclosing Party's Confidential Information prior to the expiration of such 30-day period, such Receiving Party or the relevant Representative may disclose such Confidential Information in accordance with such request or requirement, provided that such Receiving Party (1) may disclose only that portion of the Confidential Information which such Receiving Party's legal counsel advises is required to be disclosed; (2) must use its commercially reasonable efforts to obtain assurances from the applicable court or agency to ensure that the Confidential Information so disclosed is treated confidentially; and (3) must notify such Disclosing Party as soon as reasonably practicable of the items of Confidential Information so disclosed, if and to the extent allowed by the applicable law, rule, regulation or process.

4. **Remedies.** Each Receiving Party acknowledges that remedies at law may be inadequate to protect each Disclosing Party against any actual or threatened breach of this Agreement by such Receiving Party, and, without prejudice to any other rights and remedies otherwise available to such Disclosing Party, agrees that such Disclosing Party may seek specific performance and injunctive or other equitable relief in favor of such Disclosing Party without proof of actual damages. In the event of litigation or other proceeding concerning an alleged breach of this Agreement, the non-prevailing Party or Parties as the case may be, will be responsible for the prevailing Party's or Parties', as the case may be, costs and expenses in such litigation, including reasonable attorneys' fees. If a Receiving Party breaches this Agreement, the applicable Disclosing Party may only recover damages directly and proximately resulting from such breach of this Agreement against such Receiving Party. For the avoidance of doubt, damages resulting from economic or reputational harms to a Disclosing Party and arising from a Receiving Party's improper disclosure or misuse of Confidential Information shall be considered directly and proximately resulting from a breach of this Agreement.

5. **Representations and Warranties.** Nothing in this Agreement shall be construed to impose on a Disclosing Party any liability or responsibility for errors or omissions in, or any business decisions made by a Receiving Party or its Representatives in reliance on, any Confidential Information. No representation or warranty, expressed or implied, is made by a Disclosing Party as to the accuracy or completeness of any information provided to a Receiving Party.

6. **Term.** Unless otherwise extended by written agreement of the Parties, this Agreement will continue in effect for three (3) years from the Effective Date. However, this three (3) year confidentiality term shall not apply to any Confidential Information that meets the definition of a trade secret under applicable law ("Trade Secrets") and is marked as such, is marked as CEII or CIP Information. The obligations set forth herein with respect to Trade Secrets shall survive the expiration or termination of this Agreement and will continue to be in effect so long as that information remains a Trade Secret under applicable law. The obligations set forth herein with respect to any Confidential Information relating to CEII and CIP Information shall remain in effect in perpetuity.

7. **Notices.** Any notice or other communications required or permitted to be given pursuant to this Agreement shall be confirmed in writing and shall be deemed received when (A) hand delivered, (B) delivered by overnight mail service, (C) delivered by electronic mail with confirmation of receipt (e.g., read receipt or return email), or (D) mailed certified mail, return receipt requested, in each case, to the addresses provided below the signature block.

8. **Miscellaneous.**

A. This Agreement may not be assigned by any Party, by operation of law or otherwise, without the prior written consent of the other Parties and any purported assignment in violation of this Section shall be null and void.

B. This Agreement will inure to the benefit of and will be binding upon the Parties' respective successors and permitted assigns. Nothing herein, express or implied, is intended to or shall confer on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

C. In the event that any one of the provisions contained in this Agreement should be found to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the validity, legality, or enforceability of the remaining provisions contained in this Agreement will not in any way be affected or impaired by such a finding.

D. No waiver of any provisions of this Agreement will be valid unless the same is in writing and signed by the Party against whom such waiver is sought to be enforced. A waiver or consent given by a Party on any one occasion is effective only in that instance and will not be construed as a bar to or waiver of any right on any other occasion.

E. This Agreement contains the entire agreement of the Parties, supersedes any and all prior agreements, written or oral, between them relating to the subject matter hereof, and may not be amended unless agreed to in writing by each Party.

F. This Agreement may be executed by the Parties by scanned electronic image and in separate counterparts, each of which when so executed will be deemed to be an original and all of which together will constitute one and the same Agreement.

G. This Agreement will be governed by and interpreted in accordance with the laws of the State of Arizona without giving effect to any choice or conflict of law provision or rule that would cause the applicability of the laws of any other state. Any legal suit, action, or proceeding arising out of this Agreement shall be instituted exclusively in the courts of the state of Arizona.

9. **Publicity.** No Party shall make any public disclosures regarding another Party, its affiliates or equity investors, or the subject matter hereof, including, without limitation, any advertisements, publications or documents, without the prior written approval of such other Party.

10. **Export of Confidential Information.** Each Party receiving Confidential Information hereunder agrees that it and its Representatives will not export such Confidential Information in contravention of the provisions of (a) the U.S. Export Administration Act, as amended, and the regulations issued thereunder and (b) any other applicable laws of other countries and/or jurisdictions.

(*Signatures page to follow.*)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of {Date} (the "Effective Date").

TUCSON ELECTRIC POWER COMPANY and

UNS ELECTRIC, INC.

By:_____

S. Alison Rothwell-McAdorey, Legal Services Contracts Manager

For Notices: 88 E. Broadway Blvd.

Tucson, Arizona 85701

Attn: Lauren Briggs, LBriggs@tep.com

with a copy to: Legal Services Contracts Manager, LegalNotices@tep.com

{COUNTER PARTY'S LEGAL NAME}, a(n) {state of organization} {entity type} **("Bidder")**

By:_____

{Name}, {Title used to legally bind entity to NDA}, Authorized Signer

Email Address: {signer's email address}

For Notices: {Address Line 1}

{Address Line 2}

Attn: {Name}; {email address}

with a copy to: {NAME}; {EMAIL ADDRESS}

APPENDIX D – PRE-QUALIFICATION APPLICATION

Respondent's Credit-Related Information

Provide the following data to enable Tucson Electric Power Company and UNS Electric Inc. to assess the financial viability of the Respondent as well as the entity providing the credit support on behalf of the Respondent (if applicable). Include any additional sheets and materials with this Appendix as necessary. As necessary, please specify whether the information provided is for the Respondent, its parent, or the entity providing the credit support on behalf of the Respondent.

Full Legal Name of the Respondent: _____

Dun & Bradstreet No. of Respondent: _____

Type of Organization: (Corporation, Partnership, etc.) _____

State of Organization: _____

Respondent's Percent Ownership in Proposal: _____

Full Legal Name(s) of Parent Corporation: _____

Entity Providing Credit Support on Behalf of Respondent (if applicable): _____

Dun & Bradstreet No. of Entity Providing Credit Support: _____

Address for each entity referenced (provide additional sheets, if necessary): _____

_____

Type of Relationship: _____

Current Senior Unsecured Debt Rating from each of S&P and Moody's Rating Agencies (specify the entity these ratings are for): _____

OR, if Respondent does not have a current Senior Unsecured Debt Rating, then Tangible Net Worth (total assets minus intangible assets (e.g., goodwill) minus total liabilities):_____

Pending Legal Disputes, if any (describe):

_____

_____

General description of Respondent's ability to construct, operate and maintain project, to the extent applicable:

_____

_____

Financial Statements of the Respondent or its Credit Support Provider, where applicable, must include Income Statement, Balance Sheet, Statement of Cash Flows, all notes corresponding to those financial statements and applicable schedules for three most recent fiscal years and financial report for the most recent quarter or year-to-

date period. Also, if available, please provide copies of the Annual Reports and/or 10K for the three most recent fiscal years and quarterly report (10Q) for the most recent quarter ended, if available. If such reports are available electronically, please provide link.

_____

_____

APPENDIX E - PROPOSAL DATA

[See Excel file: Appendix E – Proposal Data Form]

APPENDIX F - ENVIRONMENTAL, SOCIAL AND GOVERNANCE NARRATIVE

Energy resource diversification and carbon emissions reductions are major components of TEP's energy sustainability strategy. The integrated resource plan (IRP) for TEP demonstrates how it is planning to build cleaner, more flexible resource portfolio. In 2020, TEP announced plans to reduce carbon emissions 80 percent below 2005 levels by 2035. TEP supports global efforts to reduce climate change and the plan represents a reduction of more than 50 million tons of carbon dioxide (CO2) emissions compared to TEP's previous plan.

As a provider of critical services, TEP has remained vigilant about supporting public health and ensuring the continued availability of safe, reliable energy. TEP invests significantly in the success of the community, contributing to charitable causes annually with funds from corporate resources, not customers' rates, and employees who contribute thousands of volunteer hours each year to hundreds of nonprofit groups throughout the state. In addition to support for established funding initiatives including low-income assistance, education and environmental protection, the company invests in efforts that promote diversity and social justice while supporting local nonprofit organizations that work effectively to strengthen equity and inclusion in our communities.

TEP's commitment to sustainable growth and responsible governance enhances the value the company provides to customers, the community and other stakeholders. This commitment guides the decisions of the board of directors, executives, managers and supervisors at all levels and in all areas of the company. TEP's Board of Directors draws on the expertise and strong business acumen of trusted business leaders with experience from the fields of utilities, defense, science, mining and medicine. Its members value integrity, accountability, collaboration, sustainability and the creation of opportunities for the company and all of its employees.

The TEP management team values innovation and excellent performance, and promote an unwavering culture of compliance, safety and a commitment to customers. With strong leadership skills and thorough knowledge of company operations, our leaders focus on improving efficiencies and generating value for a diverse set of stakeholders.

TEP requests that Respondents provide a narrative regarding their own ESG initiatives and mission. The questions below are provided as a guide for crafting the narrative. Brochures, testaments and other Respondent publications surrounding ESG are also welcome.

ESG Reference Questions:

1. Workforce Stability
    a. What is your strategic plan regarding diversity, equity, and inclusion within your workforce? What are your goals and are you meeting them? How do you monitor or measure success?
    b. What is your strategic plan for increasing employee engagement? What are your goals and are you meeting them. How do you monitor or measure success?
    c. Do you have a Unionized workforce? If yes, what percentage is Union? How often is the labor agreement negotiated?
    d. Do you maintain a formal business continuity plan that addresses maintaining operations through disruptions and significant loss of staff?

2. Impacts of Climate Change
    a. How do you assess the risk to your operations and supply chain of disruption due to climate change?
    b. What climate change impacts affect your company's operations now or will in the future?
    What measures have you put in place to mitigate the risk of impacts from climate change?

3. Social Performance
    a. How does your business culture support and emphasize a safe and healthy work environment for all employees whether they work locally, nationally or abroad. Do you require the same safety focus of your subcontractors and others in your supply chain?
    b. Do you have a Policy that addresses Human Rights (including child/forced labor) and are your suppliers and subcontractors required to uphold the same?

4. Environmental Performance
    a. What impacts does your business operations have on the environment?
    b. What is your formalized waste reduction/reuse/recycle plan? Detail your approach and provide your goals/metrics used to track performance.

5. Ethical Business Practices
    a. Does your organization have a written code of ethics and business conduct policy? How are the requirements and expectations of this policy communicated to employees? Are employees required to sign the policy? If so, how often? Please provide your most recent version.
    b. Does your company have a written code of business conduct for your suppliers, contractors, and manufacturers? Do these standards mirror and/or support those expected of your employees and company as a whole? Please provide your most recent version.

6. What are the current and future priorities for your company in addressing ESG?

APPENDIX G - PROPOSAL CHECKLIST

***Required*:**

☐ Appendix B – Notice of Intent to Respond

☐ Appendix C – Non-Disclosure Agreement

☐ Appendix D – Pre-Qualification Application

☐ Appendix E – Proposal Data

☐ Executive Summary of Project Proposal

☐ Generator Interconnection Agreement (if available)

☐ Cybersecurity, physical security and other critical infrastructure narrative

☐ Audited or unaudited financial statements including balance sheets, income statements, and cash flow statements for the proposed asset(s) for the past three years (if existing)

☐ Summary of relevant experience

☐ Resume of projects developed over the last year including counterparties, country of origin and project status.

☐ Describe any current litigation or environmental fines involving the Respondent within the last five years, including but not limited to, any litigation, settlements of litigation or fines, that could potentially affect the facility or its operation.

☐ Describe all bankruptcy or insolvency proceedings relating to the Respondent in any way.

☐ Describe any litigation related to PPAs or asset purchases similar to the transactions solicited in this RFP that the Respondent or its parent company have been a party to in the last six years.

☐ Description and status of acquiring all permits (Federal, State, local) necessary for construction and operation of the project.

☐ Description and status of meeting all zoning requirements for the project location.

☐ Description and status of acquiring all applicable tax credits for the project.

☐ Description and status of acquiring site control for the project.

☐ Description of any other contractual commitments of the project that would be binding for Tucson Electric Power Company or UNS Electric, Inc. upon acquisition.

☐ Discussion regarding roles and responsibilities of any Companies involved in the project's development, construction, or operations.

☐ Status of major equipment procurement for the project

☐ Development schedule and associated risks and risk mitigation plans for the project.

☐ Discussion of any financing arrangements related to the project.

☐ Statement indicating whether the Respondent is willing to include in any contract for asset purchase or a Purchase Power Agreement provision to make the effectiveness of such contract contingent on the Companies obtaining the requisite transmission service at a cost that is acceptable in the sole judgement of TEP and UNSE.

APPENDIX H – INDICATIVE TERM SHEETS

Terms Sheets will be provided by Sargent & Lundy once NOI and signed NDA are submitted by Respondents.

Attachment B

Colorado Springs Utilities
Respondent Information Document
All Source Sourcing Event PPAs

COLORADO SPRINGS UTILITIES

Respondent Information Document

All Source Sourcing Event
Power Purchase Agreements (PPA)

Note to Respondents

Colorado Springs Utilities ("UTILITIES"), a community-owned utility, provides essential services such as electricity, natural gas, water, and wastewater to the Pikes Peak Region. In April 2022, UTILITIES joined the Western Energy Imbalance Service (WEIS) Market of the Southwest Power Pool (SPP) and is also committed to membership in SPP's regional transmission organization (RTO).

The present project involves UTILITIES issuing an All-Source Sourcing Event for new Electric Generation and Battery Energy Storage System (BESS) to continue fulfilling its responsibilities to the community. UTILITIES Board of Directors (UTILITIES Board) approved a new Sustainable Energy Plan (SEP), which calls for UTILITIES to reduce carbon emissions by at least 80% by 2030 and 90% by 2050.

The process is intended to elicit proposals that will enable UTILITIES to obtain renewable energy generation at a competitive and reasonable cost with reliability, viability, and operational characteristics consistent with UTILITIES' long-term energy planning and energy policy requirements and objectives as outlined in this RFP.

The primary purpose of the "Respondent Information Document" is to furnish you with a comprehensive understanding of the RFP and its associated processes. We believe that by providing this background and pertinent details, we enable you to participate more effectively and confidently in the Proposal Stage.

Overview of the "Respondent Information Document":

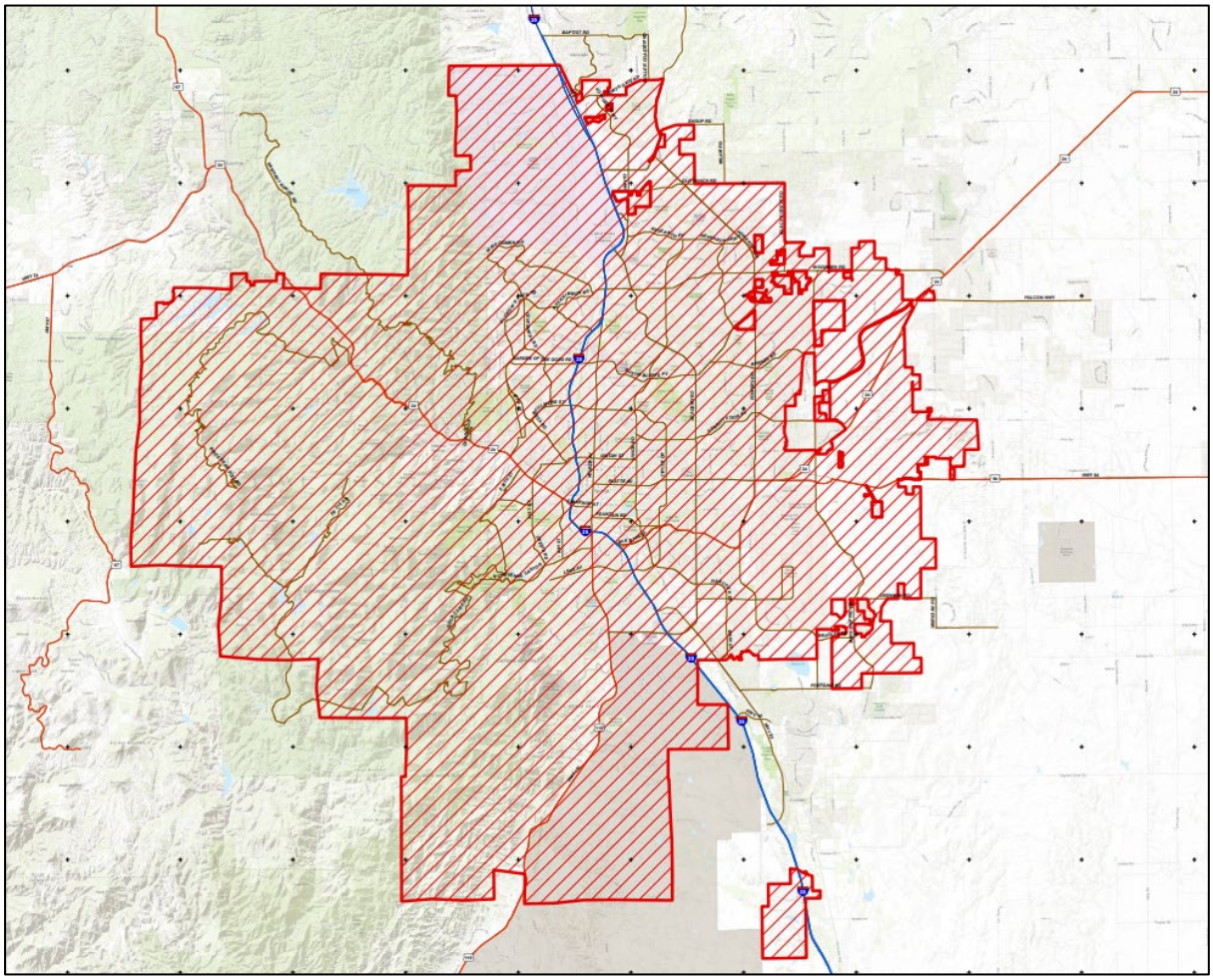
#	Chapter Name	Description
1	About UTILITIES	Provides key information about UTILITIES, including its background, organization structure, current generation portfolio, and electric system.
2	Sourcing Process	Explains the sourcing event's objectives and scope, presents the sourcing process, outlines the timeline, and communication platform used for the sourcing process.
3	Requirements and Proposal Submission Guidelines	Lists the minimum requirements, preferences, and documents that respondents must submit as part of the proposal package.
4	Evaluation Process	Provides a detailed account of the all-encompassing evaluation procedure, including aspects such as pricing, risk assessment, and potential system impact. This methodology will be employed to curate a select list of proposals for further discussions.
5	Respondent Discussions and Award Decisions	Outlines the systematic approach employed to reach the Award Decision, followed by transparent communication with the selected Awardees.
6	Contracting	Explains the subsequent steps involved in finalizing contracts after the Award decisions are announced.

Respondents are encouraged to carefully review this document in detail before proceeding to developing and submitting the proposals.

1 About UTILITIES

1.1 Overview

Colorado Springs is the second largest city in the state of Colorado with a population of approximately 479,000. UTILITIES is responsible for the operation and maintenance of the system and currently serves 243,456 electric service points within its 475 square mile electric service territory. A map of UTILITIES's electric boundary can be seen below.



UTILITIES Electric Boundary Map

Colorado Springs voted to establish a four-service public utility in 1924, and the community owns and operates its electric system. These citizen owners elect the City Council, which also serves as UTILITIES Board and governs UTILITIES. UTILITIES Policy Advisory Committee ("UPAC") provides recommendations to UTILITIES Board on specific policies and issues. Additionally, UTILITIES has set forth a plan to reduce GHG emissions by 80% (from 2005 levels) by 2030, in accordance with Colorado state guidelines for electric utilities.

UTILITIES joined the Southwest Power Pool's (SPP) energy imbalance market in August 2022. This imbalance market, called the Western Energy Imbalance Service (WEIS), helps to balance generation and load regionally in real time for participants in the Western Interconnection. SPP began administering WEIS on a contract basis February 2021. UTILITIES also has committed to joining SPP RTO in 2026. The market will centrally dispatch energy from participating resources throughout the region every five

minutes, enhancing both the reliability and affordability of electricity delivery from UTILITIES to their customers. As the market's administrator, SPP maintains reliability of the region's transmission system and meets demand with the most cost-effective generation available, reducing wholesale electricity costs for participants.

1.2 Generation Portfolio

In 2022, Colorado UTILITIES had energy requirements of 5,026,000 Megawatt-hours ("MWh") and an annual peak daily demand of 959 Megawatts ("MWs"). The highest daily peak demand on UTILITIES' system came in July 2021 at a value of 989 MW. In September of 2022, two of UTILITIES' last three remaining coal-burning units, Martin Drake 6 and 7, were retired. Six LM2500 aeroderivative natural gas units were placed on the Martin Drake site to replace this coal generation capacity. Additionally, the three Birdsall units' retirement dates have been moved forward from 2035 to 2025-2027. Finally, UTILITIES' final coal unit, Nixon 1, is set to be retired by the end of 2029. The table below lists the existing generating units and PPA contracts that currently make up UTILITIES' portfolio.

Table 1. Colorado UTILITIES Generation Portfolio

Unit Name	Category	Summer Capacity (MW)	Retirement Date	Ownership Type
Birdsall 1	Steam Turbine	16	12/31/2025	Owned
Birdsall 2	Steam Turbine	16	12/31/2025	
Birdsall 3	Steam Turbine	22	12/31/2027	
Nixon 1	Steam Turbine	195	12/31/2029	
Nixon 2	Combustion Turbine	30	After 2050	
Nixon 3	Combustion Turbine	30		
Front Range	Combined Cycle	460		
LM2500 1 - 6	Combustion Turbine	162		
Manitou 1	Hydro	2.5		
Manitou 2	Hydro	2.5		
Manitou 3	Hydro	0.5		
Tesla	Hydro	28		
Ruxton	Hydro	1		
Cascade	Hydro	0.8		
Spring Canyon	Wind	60	05/31/2030	PPA
Clear Spring Ranch	Solar	10	Between 2036 and 2044	
Grazing Yak	Solar	35		
Palmer	Solar	60		
Pike	Solar	175		
Solar Gardens	Solar	4		
U.S. Air Force Academy	Solar	5.2		
WAPA-LAP	Hydro	60	After 2050	
WAPA-SLC	Hydro	8.6		
BESS	BESS	100		

1.3 Electric System

UTILITIES owns and manages 52 active substations and an extensive network of 3,942 miles of powerlines, serving 243,456 service points. UTILITIES has demonstrated impressive electric system reliability, exceeding 99 percent.

With a strong commitment to delivering resilient and reliable energy to its customers, UTILITIES is dedicated to optimizing the operation and utilization of its assets, taking market factors into account to ensure cost-effective operations for its customer base. Moreover, UTILITIES is actively focused on promoting environmentally sustainable practices, striving to reduce its carbon footprint.

Over the last decade, UTILITIES has experienced remarkable growth, with its peak energy capacity reaching an impressive 989 MW on July 28, 2021. Looking ahead, UTILITIES foresees continued expansion as its territory becomes an attractive destination for residential and industrial development. The changing energy consumption profile is influenced by factors such as the increasing deployment of distributed solar power, greater usage of air conditioning, rising electric vehicle (EV) adoption, and electrification trends.

The regulatory landscape plays a critical role in shaping UTILITIES' portfolio. UTILITIES must reduce its greenhouse emission by 80% by 2030, driving the acquisition and integration of renewable energy sources. This regulatory action accelerates the retirement of older coal and natural gas generation facilities, leading to capacity and energy deficiencies that need to be addressed to meet future demand.

UTILITIES acknowledges the challenge of integrating renewable resources like standalone solar and wind, which have limited contribution during peak demand hours and diminishing effectiveness with incremental additions, potentially leading to overbuilding. UTILITIES recognizes the importance of exploring creative solutions that can mitigate or minimize the impact of integrating variable energy resources, even considering project proposals involving resource combinations.

Leveraging its market access, UTILITIES aims to mitigate challenges associated with renewables integration. Presently, UTILITIES participates in the WEIS (Western Energy Imbalance Service) and has plans to join the Southwest Power Pool RTO (Regional Transmission Organization) in 2026.

To maintain system reliability, UTILITIES incorporates new natural gas units with minimal running hours primarily serving reliability purposes.

2 Sourcing Process

2.1 Background and Objectives of Sourcing Event

To service the long-term energy needs of the community and meet Greenhouse gas reduction targets, UTILITIES is seeking to bring 1500 MW of generation capacity and 200 MW of energy storage (BESS) online by May 2028. Based on the internal analysis of portfolio requirements, UTILITIES is considering 525 MW of Solar, 625 MW of Wind, 350 MW of natural gas, and 200 MW of BESS. However, UTILITIES is also open to exploring alternative generation technology types and capacity combinations that can meet the reliability, and sustainability requirements.

The objectives of this RFP are to:

1. Seek power purchase agreement (PPA) options in the market for different resource types (solar, wind, natural gas, geothermal, etc.) through 2028.
2. Optimize the generation technology mix that meets the capacity, energy, reliability, and sustainability requirements and provides the highest value to UTILITIES total portfolio.
3. Finalize the partners and the terms of the transaction (pricing structures, rules of engagement during the partnership, and necessary contractual agreements, etc.)

2.2 Scope of the Sourcing Event

To bring 1500 MW of generation capacity online by May 2028, UTILITIES is considering adding 525 MW of Solar, 625 MW of Wind, and 350 MW of Natural Gas, and 200 MW of BESS resources to its total generation portfolio. The generation mix requirement has been developed based on internal analysis with the target of meeting the capacity, energy, and sustainability requirements of the current generation portfolio. The planned timeline for generation resource addition being sourced through this RFP is as follows:

			Approximate Resource Capacity Addition in MW by Year	
Year	Solar	Wind	Natural Gas	BESS
2026	100	100	-	100
2027	200	200	-	-
2028	225	325	350	100

While the internal portfolio analysis has recommended a generation technology mix of Solar, Wind, and Natural Gas, UTILITIES is open to considering other technology options that meet the capacity, energy, and sustainability requirements. If applicable, Respondents are encouraged to submit bids for other technology options outside Solar, Wind, BESS and Natural Gas. Proposing resources earlier than 2026 and offering resources of different sizes than shown above will be considered if presented by bidders. UTILITIES will reassess the applicability of each technology, timeline and applicable volumes based on the received responses and their ability to meet its portfolio needs.

Through this RFP, UTILITIES seeks PPA options for different resource types and arrive at an optimized generation resource mix that meets the capacity, energy, reliability, and sustainability requirements while providing the highest value to the total portfolio.

2.3 Site Information

The developer has the following options regarding the siting of the project:

1. **UTILITIES Location at Horizon:** This site, known as Horizon, has been carefully identified as an optimal placement for the Battery Energy Storage System (BESS) project. Detailed specifics and information about this site's suitability are provided as attachments, making it a well-documented and favorable option for the project's location.
2. **Other UTILITIES Sites:** The developer may also explore the possibility of utilizing other UTILITIES sites. These alternative locations include areas with assets earmarked for retirement or specific substations. However, it is essential to note that the suitability of the project at these sites will be individually assessed and not guaranteed. Each site will be subject to a case-by-case evaluation to determine its feasibility for the project.
3. **Locations with Developer's Site Control:** In addition to UTILITIES sites, the developer may consider sites where they have control and ownership. This option allows the developer to leverage their own sites for the project, offering flexibility and autonomy in selecting the most appropriate location.

These options provide the developer with flexibility and choice when it comes to deciding the project's siting, taking into account the project's specific requirements and circumstances.

2.4 Sourcing Process Overview

To participate in the sourcing event, Respondents must be registered on the GEP SMART Platform, as the RFP will be available exclusively on the GEP SMART Platform. To access the RFP documents, Respondents must accept the guidelines, and confirm their participation in the sourcing event.

After confirmation of participation, Respondents are invited to the "Pre-Proposal Meeting," the date of which will be determined and communicated. This meeting serves as an opportunity for Respondents to get their questions regarding the RFP process resolved, in case of further questions. Respondents must utilize the "Discussion Forum" in the GEP SMART Platform as the primary avenue for posting their questions. The responses to their questions will be posted as an Addendum to all the respondents in the Discussion Forum, this is done to ensure that all the respondents have access to the same information regarding the RFP process. Questions submitted outside of the Discussion Forum will not be responded to. Additional "Pre-Proposal" meetings may be scheduled as required.

Prior to developing proposals, Respondents are required to review the section 3.1 titled "Requirements and Preferences" which describes minimum technical requirements and preferences for different resource types that Respondents must take into consideration to ensure that their proposals meet the UTILITIES minimum requirements. Respondents must submit their proposals using the standardized bid documents, and submission of the proposals in any other format will not be considered for the evaluation process. For details of the proposal documents, please refer to section 3.2 titled "Proposal Documents Submission Requirements."

All the proposals must be submitted through the GEP SMART Platform by reviewing and completing each section of the event. Proposals submitted via email, Discussion Forum or other methods will not be accepted. For additional information on how to view, participate and submit a response in GEP SMART is available at https://www.csu.org/Pages/ToolsForSuppliers.aspx. After the completion of Proposal Submission milestone, the proposals undergo a comprehensive evaluation process, and a scorecard is developed. Based on evaluation team review of the scorecard, Respondents bids with scores within the thresholds are advanced to next stage for further discussions.

During the discussions, Respondents may be asked clarifying questions on their proposals. The final proposals are then evaluated, and a comprehensive scorecard is developed to rank the Respondents to make a final award decision. Respondents are encouraged to review the evaluation process as they prepare their proposals.

2.5 RFP Timeline

The proposal stage timeline is designed by UTILITIES to ensure an efficient and effective evaluation process while **allowing** Respondents sufficient time to prepare and submit their proposals.

Milestones	Timeline
RFP Package Publication	October 16th, 2023
Pre-Proposal Meeting	TBD
Respondents Q&A Period	October 16th – December 29th, 2023 (11 weeks)
Respondents Proposal Submission	October 16th – January 5th, 2024 (12 weeks)
Proposal Evaluation	January 5th, 2024 – February 2nd, 2024 (4 weeks)
Evaluation Result	February 2nd, 2024
Respondents Discussions	February 16th, 2024 – March 22nd, 2024 (5 weeks)
Respondents Revised Proposal Submission	March 29th, 2024
Final Review	March 29th, 2024 – April 19th, 2024 (3 week)
Award Decisions	April 19th, 2024

3 Requirements and Proposal Submission Guidelines

3.1 Requirements and Preference

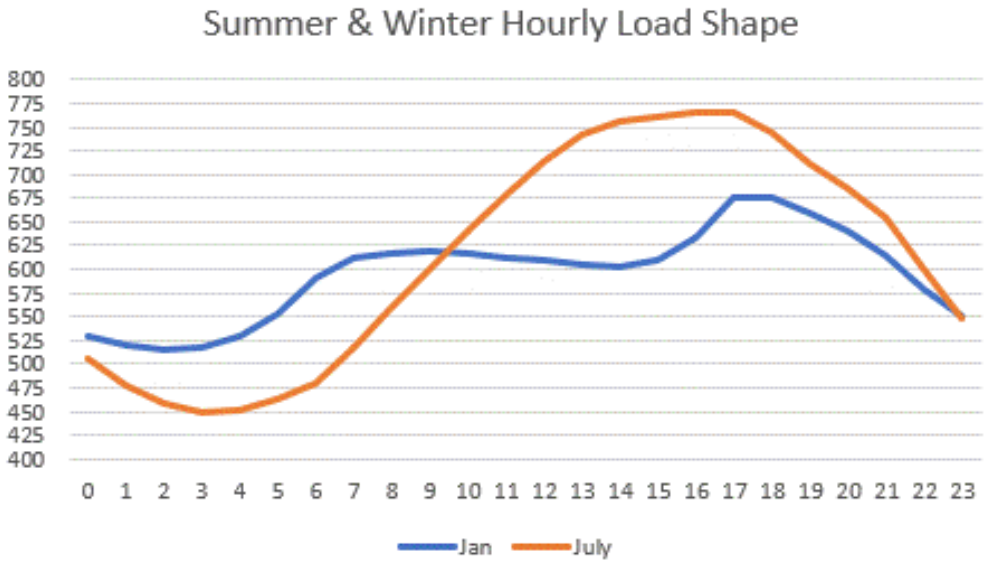
3.1.1 Requirements

1. Solar, Wind, Natural Gas and Lithium-ion BESS resources must provide a minimum of 25 MW (AC) of output. Resources submitted under the "Other Resource" category must provide a minimum of 10 MW (AC) of output.
2. The PPA term should fall within the range of 10 to 20 years. Natural gas resources that are already operational can have a minimum term of 5 years.
3. Capable of operating through a range of ambient temperatures (-40 °F – 110 °F) at the designated location while providing 100% of the required output characteristics.
4. Provide the expected performance of the resource as it varies with ambient conditions and other factors that will impact the performance of the resource. To the extent pricing, capability and/or availability vary based on specific characteristics of the facility and/or ambient conditions, the Respondents must clearly identify that relationship in tabular form.
5. Address the operational flexibility characteristics, including limitations on or financial consequences of curtailments, maintenance scheduling, or operational parameters.
6. Take into consideration the operational needs within the SPP market. The project's design should encompass the possible effects of congestion at the project site and the resource's integration into the market, aiming to optimize its net value.
7. Illustrate the details of core equipment components for the assessment of the risk associated with on-time delivery.
8. Take into consideration and define your approach to addressing concerns brought by the Committee on Foreign Investment in the United States (CFIUS) in regard to the procurement of material and equipment for your project from Countries of Particular Concern, Special Watch List Countries, Entities of Particular Concern designation under the International Religious Freedom Act (IRFA) of 1998.
9. Address the potential impacts of the changing regulatory landscape around the procurement of material and equipment for the proposed project.
10. Indicate whether the proposed project is included, either partially or entirely, in bids for other ongoing resource requests. If any part of the project becomes part of another bid after submitting here, Respondent must notify UTILITIES. Moreover, if the project is part of another bid, Respondent must inform the UTILITIES whether it has been short-listed or chosen for that solicitation.
11. Hold the proposed price firm for one hundred and eighty (180) days after the submission deadline.
12. The design and specification of work shall be in accordance with applicable laws and regulations of the governing bodies, local utility requirements for interconnection, and applicable local codes and ordinances.

13. Systems shall be rated in terms of net delivered power and energy to the Point(s) of Interconnection. All system loads and losses, including wiring losses, losses through the contactor/static switch, power conversion losses, auxiliary loads, and chemical/ionic losses are considered internal to the system and ratings are net of these loads and losses as measured (or calculated if not measured) to the Point(s) of Interconnection.
14. Respondent must be compliant with Utilities Safety & Health requirements and if awarded a contract, shall subscribe to ISNetworld (www.ISNetworld.com), if not already a subscriber, and shall maintain the subscription for the duration of the contract. Please refer to Exhibit E-Contractor Minimum Safety Requirements (CMSR) for more information and Technical Questionnaire Q5.
15. Details about project interconnection status, including transmission, are not obligatory during the proposal stage. The design and timeline must account for it as an integral component of the overall delivery process.
16. It is imperative that any information submitted in modeling be error free and complete to avoid delays.
17. For standalone BESS resources with a primary use case for peak shaving and arbitrage the other modes need to be enabled: direct remote control, scheduled charge/discharge, frequency bias (droop), frequency response, power smoothing, ramp rate limiter mode, automatic voltage regulation.
18. Successful respondents must participate in regular operating committee meetings with UTILITIES.
19. For BESS resources:
    a. The only accepted technology under the "BESS" category is lithium-ion. Other battery chemistries should be submitted under the "Other Resource" category.
    b. Auxiliary power consumption shall be separately metered with a revenue grade meter.
    c. Capability of black start operation, with grid-forming / load forming functionality (islanded mode) is optional.
    d. The system must be capable of charging from 0% to 100% useable State of Charge (SOC) and discharging from 100% to 0% usable SOC (its rated energy) for a minimum of the four hours duration.
    e. Must include a complete fire protection/alarm system as required by the appropriate permitting agency.
    f. The cycling capability should allow up to 2 discharges per day and up to 365 cycles per year.
    g. Include emergency response plan and a remediation plan in case of battery accidents.
    h. Describe any operational limitations, including the average state of charge, and assume responsibility for auxiliary loads like control systems, lighting, HVAC, etc.
    i. Proposal should comply with SPP Planning Criteria for Energy Storage Resource accreditation.

3.1.2 Preferences

1. Proposals that include energy performance reports, prepared by an independent third party and assurance that the project will consistently achieve estimated production levels throughout its entire lifespan.
2. Projects that deliver energy during the highest valued hours. Please see attachment below illustrating the typical load shape during summer and winter seasons. (X-axis is Hours and Y-axis is MW),



Increasing penetration of renewable energy shifts the time of peak demand from traditionally considered peak demand hours to hours later in the afternoon or evening. In this context, hours of relatively high load, coupled with periods of declining renewable production, define the highest valued hours.

3. Projects with the ability to demonstrate an early commercial operation date. This could encompass factors like site control, obtained permits, procurement of long lead equipment, and more.
4. Projects that provide energy and/or capacity within the selected commercial operation year prior to the commencement of summer, ideally before May 15th.
5. Projects that allocate additional contingency reserves to fulfil grid reliability commitments and Market ancillary services.
6. Project configurations designed to minimize potential congestion effects.
7. Projects situated in close proximity to Utilities service territory. UTILITIES will consider the benefits of collocated resources to reduce transmission requirements.
8. Proposals that explore innovative financing solutions to mitigate the impact of currently high interest rates for the entire contract duration.
9. Projects that are already in progress or are at an advanced stage in the queue will receive preference over those in the initial stages of the interconnection process.

10. Proposals involving multiple projects or segments of larger projects will be considered.

3.2 Proposal Documents Submission Requirements

This section lists and describes the documents that Respondents must complete and submit as part of their proposal package. Noncompliance with this section shall result in the proposal being deemed unresponsive.

S.No.	Document Name	Description	Reference
1	Proposal Summary	Proposal Summary is a Microsoft Excel document that serves as an overview of the detailed proposal, where respondents must share their company information, list of their bid forms, and their unique value proposition.	See Questionnaire Section on the GEP SMART Platform.
2	Bid Forms	Bid Forms are Microsoft Excel documents through which respondents must submit their technical and commercial information of the project under consideration. Bid Forms capture project profile, technical specification, energy production profile, pricing structure, cost assumptions, current contracting status, planned construction milestones, and siting environmental information, etc.	See Questionnaires Section on the GEP SMART Platform.
3	Contract Template Feedback	The terms and conditions set forth in the Contract Terms and Buyer Attachments Sections shall govern any contract(s) ensuing from this RFP. By submitting a proposal in response to this RFP, the Respondent accepts the terms and conditions set forth in the Sourcing Event, including Exhibits thereto. Failure to accept these terms and conditions may result in the proposal being deemed unresponsive. Additional terms and conditions, requests for clarification, or any alterations to terms and conditions contained herein, submitted by a Respondent after the solicitation due date, may not be accepted, considered for negotiation or incorporation into the terms of the awarded contract.	See Contract Terms Section on the GEP SMART Platform.
4	Attachments	All attachments mentioned in Section 3.2.1 "Proposal Attachments" for different resource types.	See Section 3.2.1

The collection of documents listed in the table above constitutes a comprehensive proposal package, and it is imperative for Respondents to provide all documents for consideration during the evaluation process.

It is important to note that "Bid Forms" (Document #2 above) is not a single form but rather comprises seven distinct bid forms, each tailored to a specific resource type.

S. No.	Resource Type	Bid Form Title	Reference
2.1	Solar	2.1_Solar_PPA_Bid_Form	See Price Sheets Section on the GEP SMART Platform.
2.2	Solar & BESS	2.2_Solar+BESS_PPA_Bid_Form	
2.3	Wind	2.3_Wind_PPA_Bid_Form	
2.4	Wind & BESS	2.4_Wind+BESS_PPA_Bid_Form	
2.5	Natural Gas	2.5_NaturalGas_PPA_Bid_Form	
2.6	Standalone BESS	2.6_BESS_PPA_Bid_Form	
2.7	Any Other Resources	2.7_Other_Resources_PPA_Bid_Form	

Detailed instructions for completing the bid forms are embedded within the Bid Form itself. Prior to filling out these forms, respondents should thoroughly review the "Instructions" section located at the top of each page of the Bid Form. Should any inquiries arise, respondents shall utilize the Discussion Forum, a supplier communication and Q&A tool in the GEP SMART platform, to submit their questions.

It is essential that respondents exclusively utilize the standardized proposal documents specified in this section to submit their technical and commercial information. Any information presented in alternative templates or formats will not undergo evaluation. These standardized bid forms have been designed to simplify the process of collecting essential information systematically and align with the evaluation criteria.

The use of standardized templates and agreements tailored to various technologies not only streamlines the evaluation process but also ensures consistency in contract terms and conditions. This approach establishes a clear framework within which respondents can operate, accommodating the unique requirements of diverse energy generation technologies and BESS projects.

3.2.1 Proposal Attachments

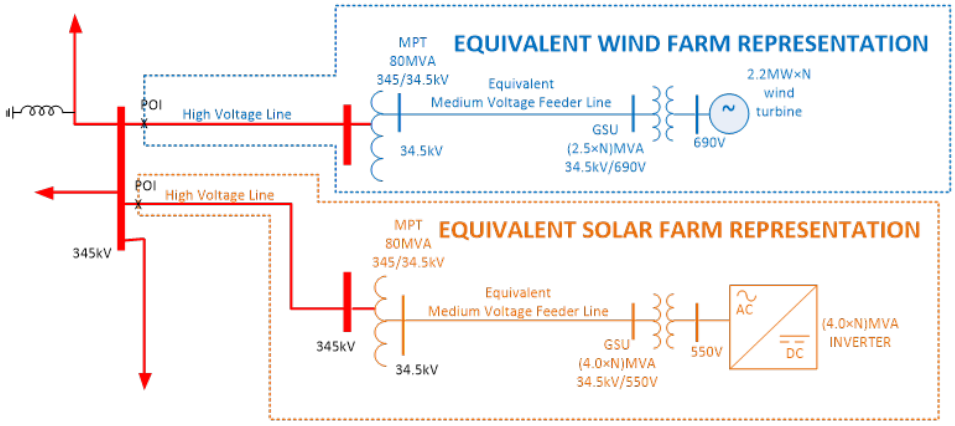
This Section lists all the exhibits that Respondents must submit with their proposal. These exhibits should follow the numbering, name and format conventions as shown in the table below.

Exhibit No.	Exhibit Name	Description	Format
Exhibit 1	Price Reference Indices	5-year Historical data of the reference electricity market indices to which the proposed energy payment rate is discounted (if proposing market linked floating pricing structure)	MS Excel
Exhibit 2	Project Site Map and Geospatial Data	A detailed illustration that portrays the physical location of the project in relation to other local features. This should include nearby roads, county boundaries, properties owned by state or federal entities, and transmission facilities (If available).	PDF
Exhibit 3	Substation, O&M Site and Transmission Map	Map illustrating the proposed locations of substation, operation and maintenance (O&M) building, as well as transmission line.	PDF

Exhibit 4	Load Flow Model	Must include all pertinent generator information. This should include station service and auxiliary load. The total load quantity shall properly reflect the total real and reactive loading for the generating units. Include the main power transformer, generator step-up unit (GSU) transformer(s), and any high and medium voltage transmission tie lines to accurately model facility. Please see Figure 1 for additional information. If multiple phases are included, include documentation outlining phases and corresponding output. If MW and MVAR values differ for various seasons, provide information for winter, summer, and shoulder case, it should be noted in a comment field in the IDEV file. Provide data to determine corresponding Qmax at Pmax , Qmin at Pmin list as MW and MVAR. Provide additional VAR support equipment included in the project. For submitting IDEV data assume bus# 99999 as POI – Point of Common Coupling (bus numbers will be assigned during study process). Load flow models will be provided in PSSe version 34.5. with the expected in-service date	PTI, IDEV
Exhibit 5	Transformer One-line Diagram	Provide a simple one-line diagram including the GSU and transformer(s).	PDF
Exhibit 6	Property Legal Document	Copy of any easement, land leases or deeds	PDF
Exhibit 7 (Not applicable for BESS and Natural Gas)	Assumptions and Analysis	The baseline data, meteorological data, models and analysis were used to produce the estimated hourly energy production (AC MWh) for the first year.	MS Excel & PDF
Exhibit 8 (Not applicable for BESS and Natural Gas)	Energy Production Estimates Third-Party Assessment	Third-party assessment reports related to energy production estimates	PDF
Exhibit 9	General Site Plan	General plan showing site plan, equipment and facilities locations	PDF
Exhibit 10 (Only applicable for Wind)	General Plot Plan	General plot plan showing site location, turbine positions, IEC wind class and proposed wind turbine power curve data.	PDF

Exhibit 11 (Only Applicable for Biomass and Biogas)	Third-Party Resource Assessment	Third-party resource assessment reports of available fuel for the generating facility and its proximity to the generating facility. Such resource assessments should include a discussion of long-term fuel price risk and availability risk issues.	PDF
Exhibit 12 (Only applicable for Geothermal)	Production and Injection Well Flow Test Result	The results of at least one production well and one injection well flow test to demonstrate the viability and capacity of the geothermal resource. Summarize the results for all years and provide detailed information for the past three years of production well flow tests if the data spans over three years.	PDF
Exhibit 13	Resumes	Provide one-page resume of each key personnel to be assigned to the contract in a consolidated file, indicating their responsibility towards the Project and time allocated to this contract Each resume should indicate their designated responsibilities for the project, along with the time allocated to this contract. Additionally, include the following details: • Years of Industry Experience • Educational Background • Professional Licenses and Certifications • Relevant Experience for the Proposed Role • Recent/Projected Workloads • Reference Contact Information	PDF

Figure 1: Generator Information Example (Reference to Exhibit 4)



POI – Point Of Interconnection
MPT – Main Power Transformer
GSU – Generator Step-Up Transformer
N – Number of turbines/inverters/GSU transformers

Respondents also may attach any reports or information supporting Bid Forms data requirements.

3.3 Pricing

The PPA price should be inclusive of both energy and capacity components. Respondents can additionally choose to incorporate interconnection and transmission costs within the PPA Price. Regarding pricing models, the proposal process permits respondents to introduce various pricing structures as part of their bids. UTILITIES has outlined six distinct pricing structures, offering respondents

diverse choices. Respondents can propose one or more pricing structures within a single bid in the Bid Form, providing them with the opportunity to offer creative and innovative pricing solutions.

Below are the six different pricing structures available for respondents:

S.No.	Pricing Structure	Description
1	Fixed Price	In this structure, the respondent proposes a consistent fixed price for the entire duration of the Power Purchase Agreement (PPA) term.
2	Discount to Market with Floor	In this pricing structure, the respondent can propose a discount of either a fixed percentage or a fixed dollar amount to the reference wholesale market price. Additionally, the bid will include a floor that guarantees a minimum price to the respondent.
3	Discount to Market with Ceiling	Like the "Discount to Market with Floor," this structure includes a discount to the reference wholesale market price, but it introduces a price cap that limits the price increase.
4	Fixed Price with Annual Escalation	The respondent proposes a fixed price for the first year, followed by either a fixed percentage escalation or a customized escalation for the subsequent years.
5	Fixed Price with Inflation Indexation	The respondent suggests a fixed price for the first year, with future price increases linked to the Consumer Price Index (CPI) or another publicly produced price index.
6	Collar	The respondent can propose both a floor and a cap level to be applied to the reference wholesale market price. This structure limits the price fluctuations between the specified floor level at the lower end and the cap level at the higher end.

4 Evaluation Process

4.1 Proposal Opening

This section describes the initial steps taken by UTILITIES's evaluation team upon receiving the proposals from the respondents. The opening of the proposal process is a crucial and carefully executed step to ensure fairness, transparency, and integrity throughout the evaluation process.

The process will involve the following steps:

1. **Receipt of Proposals:** UTILITIES receives the proposals from the participating respondents within the specified deadline. The proposal submittal is done through GEP SMART on a strict timeline basis.
2. **Documentation Review:** The evaluation team performs an initial review of the received proposals to ensure that all required documentation and forms are present and properly filled out. This includes verifying the inclusion of mandatory components as mentioned in Section 3.2, such as the Proposal Summary, Bid Forms, Contract Template and Attachments ~~cover letter, executive summary, technical considerations, commercial considerations, proposal narrative, experience and qualification, compliance and risk management information, and any other required documentation~~. Proposal not submitted in GEP SMART as demonstrated by clicking on the "SUBMIT RESPONSE" will not be considered. Proposals cannot be submitted using the Discussion Forum or any other method.
3. **Verification of Responsiveness:** The evaluation team ensures that each proposal complies with the specified requirements outlined in the RFP document. This includes verifying adherence to technical specifications, compliance with regulatory guidelines, fulfilment of commercial considerations, and any other requirements specified in the RFP. Proposals that do not meet the compliance criteria may be disqualified from further evaluation.
4. **Preparing for Evaluation:** the evaluation team prepares for the actual evaluation process of the proposals deemed compliant.

4.2 Proposal Evaluation

Once the proposals have successfully passed the "Proposal Opening" process, they undergo the "Bid Grouping" process. During Bid Grouping, bid forms from all the proposals are separated and grouped by technology type to facilitate a comprehensive evaluation. *For instance, all respondent bids for Solar will be isolated from the proposal package and analyzed together during the evaluation phase*, ensuring a fair and equitable comparison of all bids.

Following the Bid Grouping, the bids progress to the "Proposal Review," which encompasses three major activities:

S.No.	Activities	Description	More Details
1	Price Adjustment	If PPA pricing is not for energy delivered to Utilities' existing interconnection point, the pricing will be adjusted to account for potential costs related to congestion, system upgrades, transmission, reduced efficiency, and other relevant factors. The goal is to calculate the Bid Net Present Value (BNPV) ($/MWh).	Refer 4.3.1
2	Price Certainty Assessment	This activity entails evaluating the level of certainty in calculated BNPV based on transmission, congestion, interconnection, integration, generation profile, and price structure for the proposed project.	Refer 4.3.2
3	Project Delivery Certainty Assessment	Here, the focus is on assessing the level of certainty associated with on-time project execution and ability to meet expected performance standards and to navigate potential financial challenges based on developer profile and experience, key project characteristics, financial stability, supply chain effectiveness, and proposed contract exceptions to the model PPA template.	Refer 4.3.3

During the proposal's evaluation, respondents' responsibility and responsiveness are determined, and submitted bids are scored based on the established evaluation criteria. Respondent bids with scores below defined thresholds will be excluded from further participation in the sourcing process. Bids with scores within the thresholds will advance to the next stage, where they will undergo further evaluation based on System Modeling and Discussions/Interviews. The list of bids advancing to the next stage will be published in the Discussion Forum.

System Modeling process will determine a net benefit of the proposed project by factoring in the distinguished aspects of the bids including the production profile, dispatchability, reliability and performance of the resource. This approach allows for a comprehensive evaluation of the resource's impact and its value in the context of the existing energy system. For more details on System Modeling, Refer 4.3.4.

The System Modeling step will be conducted in parallel with Respondent Discussions. During these discussions, respondents whose bids have been advanced to next stage will be invited to engage in further deliberations with the UTILITIES Evaluation Team. Detailed feedback on the proposals will be shared, and respondents will have an opportunity to update their proposals based on the feedback received. The updated proposals will then be reevaluated, considering any improvements made to their bids. Subsequently, the scorecard is updated and based on the scorecard results, award scenarios will be finalized and sent to the UTILITIES officers for review and final decision-making.

4.3 Evaluation Methodology

4.3.1 Price Adjustment

The primary purpose of the price adjustment is to create a comprehensive cost profile of the bids, which is represented by the "Bid Net Present Value (BNPV)." The BNPV is calculated by incorporating potential cost adders including interconnection, transmission, and system upgrades.

S.No.	Step	Description
1	PPA Price Adjustment	The proposed PPA price is adjusted by adding the following costs: 1. Interconnection costs (if not part of the proposal) 2. Other transmission costs 3. System upgrade costs
2	BNPV ($/MWh) Calculation	Bid Net Present Value is calculated by discounting the Adjusted PPA price with over the PPA term with UTILITIES weighted average cost of capital (WACC)

4.3.2 Price Certainty Assessment

For the price certainty assessment, UTILITIES will look at the following six categories:

S.No.	Categories	Description	Bid Inputs
1	Transmission Cost Certainty	UTILITIES assessment of certainty associated with transmission.	• Bid Form Document ➢ 4. Interconnection Cost • Exhibit 3. Substation, O&M Site and Transmission Map • Exhibit 4. Load Flow Model
2	Congestion Risk	Assess the congestion risk by leveraging the WECC congestion impact study with 5-year horizon, UTILITIES assessment of potential for future congestion, and reviewing the contract provisions offered in the bids.	• Bid Form Document ➢ 2. Cover Sheet ➢ Energy Production Profile • Exhibit 3. Substation, O&M Site and Transmission Map
3	Interconnection and System Upgrade Costs Certainty	UTILITIES assessment of certainty associated with interconnection, and system upgrade costs.	• Bid Form Document ➢ 4. Interconnection Cost • Exhibit 3. Substation, O&M Site and Transmission Map • Exhibit 4. Load Flow Model • Exhibit 5. Transformer One-line Diagram
4	Integration and Operational Flexibility	Assessment of flexibility to set/change the schedule for the output, certainty, and intermittency of output, and other operational restrictions.	• Bid Form Document ➢ 2. Cover Sheet ➢ 11. Energy Production Profile • Exhibit 11. Third-Party Resource Assessment
5	Generation Profile Certainty	Assumptions used for generation profile development, use of third-party assessments, curtailment offered, performance guarantees offered, and UTILITIES assessment of production profile.	• Bid Form Document ➢ 2. Cover Sheet ➢ 11. Energy Production Profile

			• Exhibit 7. Assumptions and Analysis • Exhibit 8. Energy Production Estimates Third-Party Assessment • Exhibit 9. General Site Plan • Exhibit 10. General Plot Plan • Exhibit 11. Third-Party Resource Assessment • Exhibit 12. Production and Injection Well Flow Test Result
6	Price Structure Stability	UTILITIES assessment of certainty associated with purposed price structures.	• Bid Form Document ➢ 2. Cover Sheet ➢ 3. Pricing Structure • Exhibit 1. Price Reference Indices • Exhibit 11. Third-Party Resource Assessment

The price certainty assessment allows UTILITIES to identify bids that offer the highest value combined with its high level of certainty. This process helps in making well-informed decisions during the evaluation phase, promoting effective risk management, and selecting bids that align with the UTILITIES objectives.

4.3.3 Project Delivery Certainty

The objective is to assess the ability to execute the project on time and ability to meet expected performance standards and to navigate potential challenges. The seven different categories under assessment are:

S.No.	Category	Description	Bid Inputs
1	Developer Profile and Experience	Assess the developer's aptitude for successfully delivering projects of specified scale and resource requirements within scheduled timelines. Consider qualifications of the team members assigned to the project. Evaluate proficiency in internal operations management along with a focus on robust financial stewardship. Additionally, gain insight into any ongoing legal matters and historical safety performance.	• Proposal Summary Document • Exhibit 13. Resumes

2	Project Schedule and Status	Review the proposed commercial operation date, proposed construction schedule, current interconnection arrangements, the status of land control and permits, and UTILITIES assessment of project permitting complexity.	• Bid Form Document ➢ 2. Cover Sheet ➢ 9. Construction Milestone ➢ Site Environment • Exhibit 2. Project Site Map and Geospatial Data • Exhibit 6. Property Legal Document • Exhibit 9. General Site Plan
3	Project Transmission Availability	Ownership of the transmission responsibility (Developer or UTILITITES), use of import limits, and UTILITIES assessment of risk associated transmission construction failure or unavailability of transmission for purchase.	• Bid Form Document ➢ 2. Cover Sheet ➢ Interconnection Cost ➢ 9. Construction Milestone • Exhibit 3. Substation, O&M Site and Transmission Map
4	Project Diversity	Take into consideration the size of the project and diversity associated with resource technology. For resources with variable output such as wind, the diversity of the production profile will be also taken into consideration.	• Bid Form Document ➢ 2. Cover Sheet ➢ 11. Energy Production Profile
5	Project Financing	Assess the financial risk associated with the project by reviewing the project capital structure, debt ratings, status of key financial agreements, and certainty of capital, and O&M cost estimates	• Bid Form Document ➢ 3. Pricing Structure ➢ 5. Capital Cost Component ➢ 6. Project Financing ➢ 7. Operating Cost Component ➢ 8. Equipment Status • Exhibit 11. Third-Party Resource Assessment
6	Supply Chain	Assess the effectiveness of supply chain in terms of costs and procurement risk by reviewing the equipment contracting status, current lead times, country of origin, contingency plan to manage delays, and impact of regulatory landscape on procurement.	• Bid Form Document ➢ 5. Capital Cost Component ➢ 8. Equipment Status
7	Contract Exceptions	Review the proposed redlines to the Model Contract Templates to assess potential risks arising out of contract revisions.	• Redlines in the Model Contract Templates.

A thorough assessment analysis contributes to a more robust and informed evaluation process, ensuring that the chosen respondents are well-prepared to deliver on expected performance standards and financial viability.

4.3.4 Scorecard Development

After the proposal review a comprehensive scorecard will be meticulously developed to encompass a holistic assessment of the project under consideration. This scorecard serves as a vital tool, consolidating the price and non-price categories with different weights to ensure a well-informed decision-making process.

#	Categories
A	**Price**
1	Modeled portfolio value based on total cost of purchase *(PPA Price + Transmission Cost Adder + Interconnection and Upgrades Cost Adder)*
2	Price Certainty (2.1 + 2.2 + 2.3)
2.1	Transmission and Congestion (2.1.1 + 2.1.2)
2.1.1	*Transmission Cost Certainty*
2.1.2	*Lower Congestion Risk*
2.2	Interconnection and Integration (2.2.1 + 2.2.2)
2.2.1	*Interconnection Cost and System Upgrade Certainty*
2.2.2	*Integration and Operational Flexibility*
2.3	Generation Profile and Price Structure (2.3.1 + 2.3.)
2.3.1	*Generation Profile Certainty*
2.3.2	*Price Structure Stability*
B	**Non - Price**
3	Project Delivery Certainty (3.1 + 3.2 + 3.3)
3.1	Developer Profile and Experience
3.2	Project Characteristics (3.2.1 + 3.2.2 + 3.2.3)
3.2.1	*Project Schedule and Status*
3.2.2	*Project Transmission Availability*
3.2.3	*Project Diversity (Size and Technology)*
3.3	Financial Stability and Supply Chain Effectiveness (3.3.1 + 3.3.2)
3.3.1	*Project Financing*
3.3.2	*Supply Chain Costs, Procurement Status, and Risk Mitigation*
3.4	Contract Exceptions

By systematically weighing these multifaceted dimensions, the scorecard aims to provide a balanced and nuanced overview, enabling stakeholders to effectively gauge the project's potential viability, overall impact, and alignment with strategic objectives.

4.3.5 System Modeling

System Modeling will serve as the expansion of the evaluation approach based on Price criteria. It is a cumbersome and time-consuming process; therefore, it will apply only to bids selected for Respondents

Discussion. The PLEXOS© Energy Modeling Software will serve as the platform for conducting System Modeling, and model inputs mentioned above will be sourced from the information provided through the Bid Forms.

The PLEXOS© Energy Modeling Software was utilized in internal portfolio analysis which initially established the recommended generation technology mix for this RFP. System Modeling process will determine a net benefit of the proposed project in that portfolio. The net benefit will be calculated as the difference between Bid Net Present Value (BNPV) treated as the levelized cost and the system benefit values identified by PLEXOS for each bid. The net benefit may be negative indicating a resource which reduces system costs for UTILITIES customers, or it may be positive indicating a resource which increases system costs, but which may or may not provide other value to the system. This net benefit will be used to create price scores factoring distinguished aspects of the proposal including the production profile, dispatchability, reliability and performance of the resource in combination with other resources in UTILIIES's portfolio.

If needed, UTILITIES may request additional details from the respondents to facilitate the System Modeling process. Such additional information will be communicated either during the evaluation phase or during the respondent discussions.

4.4 Contract Templates

The Model Power Purchase Agreement and Model Energy Storage Agreement available in Contract Terms Section on GEP SMART Platform will serve as the standard templates for this RFP. Natural Gas Power Purchase Agreement Template will be published at a later stage in the RFP process.

By using standardized templates and agreements for various technologies, the evaluation process can be streamlined and ensure consistency in contract terms and conditions. It also provides a clear framework for respondents to work within, while allowing flexibility to address the specific needs of different energy generation technologies and BESS projects.

5 Respondent Discussions and Award Decisions

5.1 Respondent Discussions

The purpose and key considerations of the Respondent discussions aim to clarify and refine the proposals, negotiate terms, and result in a shorter list of Respondent(s) for the project.

The Respondent discussions process typically involves the following steps:

A. **Communication Initiation:** UTILITIES initiates communication with the respondents whose bids have scores within the thresholds per 4.1.2 to provides instructions, guidelines, and the desired outcomes of the discussions, establishing a clear framework for the upcoming engagements.

B. **Discussion Preparation:** Both UTILITIES and the respondents prepare for the discussions by reviewing the proposals in detail and identifying areas for clarification, refinement, or negotiation. This includes understanding the technical aspects, commercial considerations, compliance requirements, and any other relevant factors that need further elaboration or agreement.

C. **Meeting Coordination:** UTILITIES coordinates meetings or discussions with the respondents, either individually or collectively, depending on the complexity and scope of the project.

D. **Clarification and Refinement:** During the Respondent discussions, UTILITIES seeks clarification on technical details, cost components, delivery timelines, performance guarantees, or any other aspects that require further elaboration. UTILITIES and the respondents engage in open dialogue to address any ambiguities and ensure a mutual understanding of the project requirements and expectations.

E. **Negotiation of Contractual Terms:** Respondent discussions also provide an opportunity for UTILITIES and the respondents to negotiate and finalize contractual terms and conditions. The negotiation process aims to achieve a mutually beneficial agreement that protects the interests of both UTILITIES and the selected Respondent(s).

F. **Documentation and Finalization:** Throughout the Respondent discussions, UTILITIES shall maintain documentation of the discussions, clarifications, refinements, and negotiated terms. These records serve as a basis for the finalization of the contracts and agreements with the selected respondents. UTILITIES ensures that all parties involved have a clear understanding of the agreed-upon terms and conditions.

The Respondent discussions phase is a crucial stage in the RFP process as it allows UTILITIES and the respondents to engage in open communication, address any uncertainties or ambiguities, and negotiate terms to reach a mutually beneficial agreement. The discussions aim to ensure alignment with project requirements, and establish a solid foundation for successful project execution.

5.2 Basis of Rejection

UTILITIES provides transparency and clarity regarding the factors that may lead to the rejection of a proposal, ensuring fairness and understanding for all participating respondents.

The basis of rejection for proposals typically includes the following factors:

A. **Unresponsible Respondents:** Proposals that fail to comply with the requirements stated in the RFP document may be rejected. Non-compliance could include missing or incomplete information, failure to meet technical specifications, insufficient documentation, or disregarding

mandatory forms and formats outlined in the RFP. Compliance is essential to ensure a level playing field and consistency in the evaluation process.

B. **Lack of Responsiveness:** Proposals that do not adequately address the objectives, scope, or evaluation criteria outlined in the RFP may be rejected. Lack of responsiveness may manifest as a failure to provide a comprehensive solution, insufficient details, or a proposal that deviates significantly from the requirements stated in the RFP. UTILITIES expects respondents to demonstrate a clear understanding of the project and provide well-thought-out proposals.

C. **Financial Infeasibility:** Proposals that are deemed financially infeasible may be rejected. UTILITIES evaluates the financial viability of proposals to ensure that the proposed pricing, cost structure, and payment terms align with the project's budget, economic feasibility, and industry standards. Proposals that are excessively costly, financially unsustainable, or unrealistic may be rejected.

D. **Non-Competitiveness:** Proposals that are not competitive or fail to demonstrate a strong value proposition may be rejected. UTILITIES seeks proposals that offer innovative and efficient solutions, and demonstrate a competitive advantage. If a proposal does not meet these criteria or falls significantly short of competitive standards, it may be rejected.

E. Lack of Qualifications or Experience: Proposals from respondents who lack the necessary qualifications, expertise, or experience required for the project may be rejected. UTILITIES considers the Respondent's track record, past performance, relevant experience, and qualifications when evaluating proposals. If a Respondent's proposal does not demonstrate the required expertise or fails to provide evidence of successful project execution, it may be rejected.

F. **Non-Compliance with Ethical Standards:** Proposals that violate ethical standards or demonstrate unethical practices may be rejected. UTILITIES expects respondents to adhere to high ethical standards, comply with applicable laws and regulations, and conduct business in an ethical and responsible manner. Proposals that raise ethical concerns or exhibit questionable practices may be rejected to ensure the integrity of the RFP process.

Respondents whose proposals are rejected based on these criteria are informed promptly, allowing them to better understand the decision and focus their efforts on other opportunities.

It is important to note that the basis of rejection is communicated in a professional and respectful manner, maintaining confidentiality and privacy. UTILITIES values the participation of all respondents and strives to provide constructive feedback when possible, helping respondents improve future proposals and enhance their competitiveness. Respondents are able to schedule a debrief with Utilities' representatives to address the reasons behind the rejection after the award decision is posted.

5.3 Terms of Contracts and Agreements

UTILITIES incorporates into the contracting and agreement phase of the Request for Proposal (RFP) process key terms, conditions, and provisions.

UTILITIES's terms of contracting and agreements aim to establish a clear understanding of the rights, responsibilities, and obligations of both UTILITIES and the selected Respondent(s). They ensure a solid foundation for a mutually beneficial partnership throughout the project's duration; and are written to meet UTILITIES' requirements as a Colorado public entity.

The terms of contracting and agreements are customized based on the specific requirements of the project, relevant industry standards, and legal considerations. UTILITIES engages in open and transparent discussions with the selected Respondent(s) to ensure that the contractual terms are fair, reasonable, and align with the project objectives.

5.4 Contract Accounting

In accordance with this RFP, any and all contracts to be established herein will undergo due scrutiny by UTILITIES for appropriate accounting and/or tax treatment. Respondents are obligated to provide, in a timely manner, any pertinent information UTILITIES deems necessary for these assessments.

UTILITIES acknowledges that certain contractual terms may lead to a contract that should be accounted for as a finance lease or an operating lease as per Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, or consolidation of the seller or assets onto UTILITIES' financial statements in accordance with FASB ASC Topic 810.

Respondent are required to affirm in their proposals their consideration of applicable accounting standards concerning finance leases and variable interest entities, propose any amendments to the PPA addressing these issues, and assert that, to their knowledge and belief, their proposal will not lead to such treatment at the time of the proposal. UTILITIES reserves the right to not execute a PPA unless there is confirmation from UTILITIES' external auditors that the PPA will not be classified as a finance lease or a consolidated variable interest entity.

5.5 Award Decision

UTILITIES' evaluation team reviews the evaluation criteria and their respective weights to ensure that the selected Respondent(s) have excelled in the areas of highest importance. The evaluation criteria include technical feasibility, financial viability, environmental impact, compliance with regulations, experience and qualifications, risk management, and other relevant factors. The award decision considers how each proposal performed against these criteria. UTILITIES assesses the value proposition offered by each respondent in terms of their proposed solution, pricing, non-pricing benefits to UTILITIES. The award decision prioritizes the Respondent(s) who offer the best overall value proposition, considering factors such as cost-effectiveness, quality, innovation, reliability, and long-term benefits for UTILITIES and its stakeholders.

UTILITIES evaluation team provides an overview of the evaluation results, including the scores, rankings, and feedback obtained during the proposal evaluation process. The evaluation results serve as a critical input for the award decision, as they reflect the strengths, weaknesses, and overall suitability of each proposal. This includes the proposal's ability to meet the energy generation and capacity targets, GHG emission reduction goals, compliance with regulatory guidelines, and overall fit with UTILITIES's strategic objectives.

The award decision also considers legal and procurement considerations, including compliance with procurement regulations, fairness, transparency, and any specific contractual requirements. UTILITIES ensures that the award decision aligns with the applicable laws and regulations governing the RFP process and adheres to UTILITIES procurement policies and procedures. UTILITIES conducts a risk assessment to evaluate the potential risks associated with each Respondent's proposed solution, implementation approach, financial stability, and other relevant factors. The award decision takes into consideration the Respondent(s) who have demonstrated the ability to effectively manage risks, mitigate potential challenges, and ensure successful project delivery.

Once the award decision is made, UTILITIES notifies the selected Respondent(s) and communicates the outcome of the process. UTILITIES provides formal notification of the award decision, including information on the next steps, contract signing, and any required documentation or actions from the selected Respondent(s).

6 Contracting

6.1 Contracting Process

After award decisions are made, UTILITIES will undertake a thorough and systematic approach to the contracting process, finalizing contracts with the Awardee(s). This process involves various stages, including negotiating mutually agreeable terms and conditions in accordance with relevant laws and regulations, conducting necessary system studies, obtaining essential internal approvals, formally signing the contract, and initiating the contract's execution. This execution phase involves establishing and formalizing the working relationship between UTILITIES and the Awardee(s) through a series of post-contract execution activities.

6.2 Regulatory Actions

UTILITIES conducts a comprehensive assessment of the regulatory landscape applicable to the project. This includes identifying and understanding the specific regulations, permits, licenses, and approvals that may be required for the project's implementation. The assessment ensures that UTILITIES is aware of all regulatory obligations and can incorporate them into the contracting process.

Respondent needs to ensure that all necessary permits and licenses are obtained from the appropriate regulatory authorities before commencing the project. This may involve securing environmental permits, land use permits, construction permits, water rights permits, and any other permits specific to the project's scope. Compliance with permitting requirements is crucial to avoid legal issues and regulatory penalties. UTILITIES establishes a system for monitoring ongoing compliance with regulatory requirements throughout the contract duration. This may involve periodic inspections, audits, or other monitoring mechanisms to ensure that the project adheres to all applicable laws, regulations, and permit conditions. UTILITIES maintains proper documentation and reporting to demonstrate compliance with regulatory obligations.

Awardee must engage with regulatory agencies or authorities as necessary to address any regulatory matters related to the project. This may include consultations, negotiations, or seeking guidance on specific regulatory requirements or changes that may impact the project. UTILITIES monitors and stays informed about any changes in the regulatory environment that may affect the project during the contracting phase. This includes staying updated on new regulations, amendments, or policy shifts that may require modifications to the project plan or contractual arrangements. Adapting to changes in the regulatory landscape ensures ongoing compliance throughout the project lifecycle.

Respondent must maintain a comprehensive documentation related to regulatory compliance throughout the contracting phase. This includes maintaining records of permits, licenses, inspections, audits, and any other regulatory-related documentation. Accurate and organized documentation facilitates transparency, accountability, and efficient reporting to regulatory authorities, if required.

Respondent must implement strategies to identify, assess, mitigate, and manage regulatory risks associated with the project. This may involve establishing processes to proactively address potential compliance issues, implementing internal controls, conducting risk assessments, and having contingency plans in place to manage regulatory challenges that may arise.

It is important to note that regulatory requirements may vary based on the nature of the project, location, and specific industry regulations. UTILITIES approach to regulatory actions aligns with the applicable laws, regulations, and industry best practices, ensuring responsible and compliant project execution.

6.3 Post Contract Execution Activities

After the contract is awarded to the selected Respondent(s), certain steps need to be taken to initiate the contract, establish effective communication, and manage the contractual relationship with the selected Respondent(s).

A. **Contract Kickoff Meeting:** UTILITIES and the selected Respondent(s) hold a contract kickoff meeting to formally initiate the contractual relationship. This meeting brings together key stakeholders from both parties to review the contract terms, deliverables, project milestones, roles and responsibilities, and establish clear communication channels. The kickoff meeting sets the stage for effective collaboration throughout the project.

B. **Contractual Obligations:** UTILITIES and the selected Respondent(s) ensure a mutual understanding of the contractual obligations and responsibilities. This includes reviewing the contract terms, deliverables, timelines, performance criteria, and any other contractual obligations. Both parties reaffirm their commitment to fulfilling their respective roles as outlined in the contract. Key contractual obligations post awarding is highlighted in Appendix O.

C. **Project Governance:** UTILITIES establishes a project governance structure that outlines the decision-making process, communication protocols, reporting mechanisms, and escalation procedures. This structure ensures effective project management, regular updates, and timely resolution of issues or conflicts that may arise during the contract. Project governance structure can be found in Appendix P.

D. **Contract Administration:** UTILITIES assigns a dedicated contract administration team responsible for overseeing and managing the contract's execution. The team monitors contract compliance, tracks progress against deliverables and milestones, manages change requests, and ensures that both UTILITIES and the selected Respondent(s) adhere to the agreed-upon terms and conditions.

E. **Performance Monitoring:** UTILITIES closely monitors the performance of the selected Respondent(s) throughout the contract duration. This may include tracking key performance indicators, conducting periodic performance reviews, and assessing the Respondent(s)' adherence to quality standards, project timelines, and deliverable requirements. Performance monitoring ensures that the project stays on track and meets UTILITIES' expectations.

F. **Change Management:** UTILITIES and the selected Respondent(s) implement a change management process as outlined in the contract to address any changes or modifications to the project scope, timelines, or deliverables. This process involves assessing the impact of proposed changes, evaluating the associated risks and benefits, and obtaining necessary approvals before implementing changes. Effective change management helps maintain project alignment and manage potential risks.

G. **Issue Resolution:** UTILITIES and the selected Respondent(s) work collaboratively to address and resolve any issues or conflicts that may arise during the contract execution. This involves timely communication, proactive problem-solving, and adherence to the dispute resolution mechanisms outlined in the contract. Open and transparent communication helps mitigate potential conflicts and ensures smooth project progress.

H. **Contract Closeout:** At the completion of the project or contract term, UTILITIES conducts a contract closeout process to ensure that all contractual obligations have been met. This may include conducting final inspections, reviewing deliverables, processing final payments, and documenting any lessons learned or best practices for future reference. Contract closeout signifies the successful completion of the contractual relationship.

It is important to note that the post-contract execution activities require effective communication, collaboration, and ongoing management to ensure successful project delivery. UTILITIES and the selected Respondent(s) work together to maintain a positive working relationship, address challenges proactively, and achieve the desired outcomes of the project.

Attachment C

Idaho Power Response to NIPPC Information Requests

TOPIC OR KEYWORD: Existing Facility Eligibility

NIPPC'S INFORMATION REQUEST NO. 1:

Reference Idaho Power's Draft RFP, April 3, 2024, at p. 9, listing as an eligibility requirement the following: "Existing (not contracted to deliver to IPC as of or after April 1, 2028) or proposed new late-stage development with pending or executed LGIA/SGIA". And at p. 11: "IPC encourages bids regarding new resources expected to achieve commercial operation by April 1, 2028, or existing resources with remaining asset life that are not already contracted with IPC for delivery after April 1, 2028."

a. Is Idaho Power's proposal that an existing facility that is under contract to sell its electrical output to Idaho Power under a term that ends prior to April 1, 2028, is eligible to bid into the RFP for a power sale term commencing after termination of its existing contract?

b. If the answer to subpart a. is no, please explain why such a facility would not be eligible to bid into the RFP if it otherwise meets the eligibility requirements.

c. Please also provide a list of all existing facilities currently under contract with Idaho Power that would be excluded from bidding into the RFP under the above-quoted restriction, including: facility name, location, resource type, capacity, QF or non-QF, and the date of expiration of each such facility's existing power purchase agreement with Idaho Power.

d. Please explain whether Idaho Power would consider revising this eligibility exclusion to accept bids from existing facilities under contract to deliver to Idaho Power as of or after April 1, 2028. For example, in Docket No. UM 2166, the Commission directed that Portland General Electric Company's RFP allow "allow for the participation of existing resources, including submissions that would repower existing facilities." Order No. 21-320.

e. If the answer to subpart c. is no, please explain why.

IDAHO POWER COMPANY'S RESPONSE TO NIPPC'S INFORMATION REQUEST NO. 1:

a. Yes. A bid that will provide incremental electrical output to Idaho Power beginning April 1, 2028, is eligible.

b. Not applicable.

c. Please see the attached file listing the facilities that are currently under contract with Idaho Power under the "Resource Status" provision of Table 3-1. The requirement that existing resources that submit bids not be currently contracted with Idaho Power beyond April 1, 2028, is intended to ensure that a resource provides incremental capacity in 2028. If Idaho Power were to accept bids from projects that are already contracted with Idaho Power for deliveries beyond April 2028, those projects would not provide incremental capacity in 2028. Essentially that would be more like a re-negotiation of contract terms and conditions, not a contract for incremental capacity that the Company was not already counting on. With respect to projects that expire later in 2028 – i.e., after summer – they would not provide incremental capacity in summer of 2028 but could be eligible to provide incremental capacity in a later year. Such bids may be considered to meet future needs, including through future RFPs. Idaho Power anticipates evaluating bids from existing resources that are interested in delivering to Idaho Power outside of the PURPA context

through the RFP process as described above. PURPA QF projects that would like to pursue a replacement agreement under PURPA after termination of an existing agreement may do so under existing PURPA application processes outside of the RFP.

d. Idaho Power will consider all submitted proposals as identified in Table 3-1 and 3-2. Regarding First Delivery, the RFP states "On or before April 1, 2028 (IPC will accept, categorize, and evaluate bids with later dates and will determine needs beyond the summer of 2028 as applicable)".

e. Not applicable.