

**Intermountain Rural Electric
Association**

**2020 Request for Proposals
for
Long-Term Capacity and Energy Resources**

June 16, 2020



ACES[®]
excellence in energy

Contents

1.	General Information	4
	1.1 Introduction.....	4
	1.2 Integrated Resource Plan (IRP).....	5
2.	Current IREA System	6
	2.1 Load Forecast.....	6
	2.2 Planning Goals of IREA.....	6
	2.3 Capacity and Energy Needs.....	7
	2.4 Existing Resources.....	8
	2.5 Existing Transmission System	9
	2.6 Identification of Viable Resource Alternatives.....	10
3.	2020 Long-Term RFP	11
	3.1 Overview of the 2020 Long-Term RFP.....	11
	3.2 RFP Administrator	11
	3.3 Basic Requirements for Proposals.....	12
	3.4 Proposals for Designated Generation Resources	13
	3.5 Power Purchase Agreement Proposals for Partial-Requirements	14
	3.6 Power Purchase Agreement Proposals for Firm Liquidated Damages Energy	15
	3.7 Power Purchase Agreement Proposals for Ancillary Services Products	18
	3.8 Power Purchase Agreement Proposals for Daily Call Option Products.....	19
	3.9 Multiple Proposals	20
4.	Instructions to Bidders	20
	4.1 RFP Proposal Process.....	20
	4.2 Confidential Information and Confidentiality Agreements.....	21
	4.3 RFP Schedule.....	22
	4.4 Modification or Cancellation of the 2020 Long-Term RFP.....	23
	4.5 Question Process.....	23
	4.6 Bidder Registration	23
	4.7 Submission of Proposals.....	24
	4.8 Proposal Evaluation	25
	4.9 Portfolio Fit Analysis.....	25
	4.10 Credit and Contract Analysis	27
5.	Approvals	29
6.	Reservation of Rights	29

Appendices

Available on www.acespower.com/IREA2020RFP

- A IREA Peak Forecast and Capacity Need Assessment
- B-1 Power Purchase Agreement Evaluation Form for Non-Renewable Designated Generation Resources
- B-2 Power Purchase Agreement Evaluation Form for Energy Storage Resources and Renewable Designated Generation Resources
- B-3 Power Purchase Agreement Evaluation Form for Partial-Requirements
- B-4 Power Purchase Agreement Evaluation Form for Firm Liquidated Damages Energy and Capacity
- B-5 Power Purchase Agreement Evaluation Form for Ancillary Services Products
- B-6 Power Purchase Agreement Evaluation Form for Daily Call Option Products
- C Confidentiality Agreement
- D Bidder Registration Form
- E Desired Contract Terms

1. General Information

1.1 Introduction

Intermountain Rural Electric Association (IREA) is a Colorado nonprofit electric distribution cooperative established in the 1930s and organized as a corporation under Colorado law. Intermountain Rural Electric Association's 5,000-square-mile service territory includes portions of 11 counties to the east, west, and south of Denver. With more than 160,000 customers, IREA is the largest electric distribution cooperative in Colorado and one of the largest in the United States. As a customer-owned cooperative, IREA operates on a nonprofit basis; earnings exceeding expenses are invested in the facilities used to provide electric service and are booked as member equity. A portion of this equity is returned to members almost every year, as finances permit, through capital credit refunds.

IREA currently holds a partial-requirements wholesale power supply contract that expires five-years from written notification. IREA is conducting this Request for Proposals (RFP) to seek power supply opportunities to fulfill their power needs in the event they elect to terminate their current wholesale power supply contract. The objectives of IREA are to seek resource(s) that will allow them to provide reliable service at the lowest reasonable cost, while making steps towards meeting the State's greenhouse gas reduction goals.

To fulfill IREA's power supply requirements, IREA needs to secure up to approximately 700 MW of resources, some of which will need to be available by January 1, 2026.

Any proposal(s) selected pursuant to the RFP will require approval from IREA's Board of Directors. Upon approval from IREA's Board of Directors, IREA may enter into a contract or contracts with the winning bidder(s) to meet the power supply requirements of IREA beyond its existing partial-requirements wholesale power supply contract. In the event that IREA does not select a partial-requirements contract to replace its existing contract, IREA will actively manage a portfolio of resources beginning in 2026.

All documents and communications related to the 2020 Long-Term RFP are accessible on the IREA RFP website:

www.acespower.com/IREA2020RFP

1.2 Integrated Resource Plan (IRP)

IREA is concurrently conducting an Integrated Resource Planning (IRP) process, which will enable the IREA Board of Directors to develop long-term resource plans in order to satisfy the utility's load requirements.

IREA is using this RFP process to drive its planning decisions in conjunction with the IRP. The conclusion of this RFP and IRP process will facilitate an IREA resource plan to begin in 2026. Section 2 of the RFP provides further details around IREA's obligations and how this RFP will meet those obligations.

2. Current IREA System

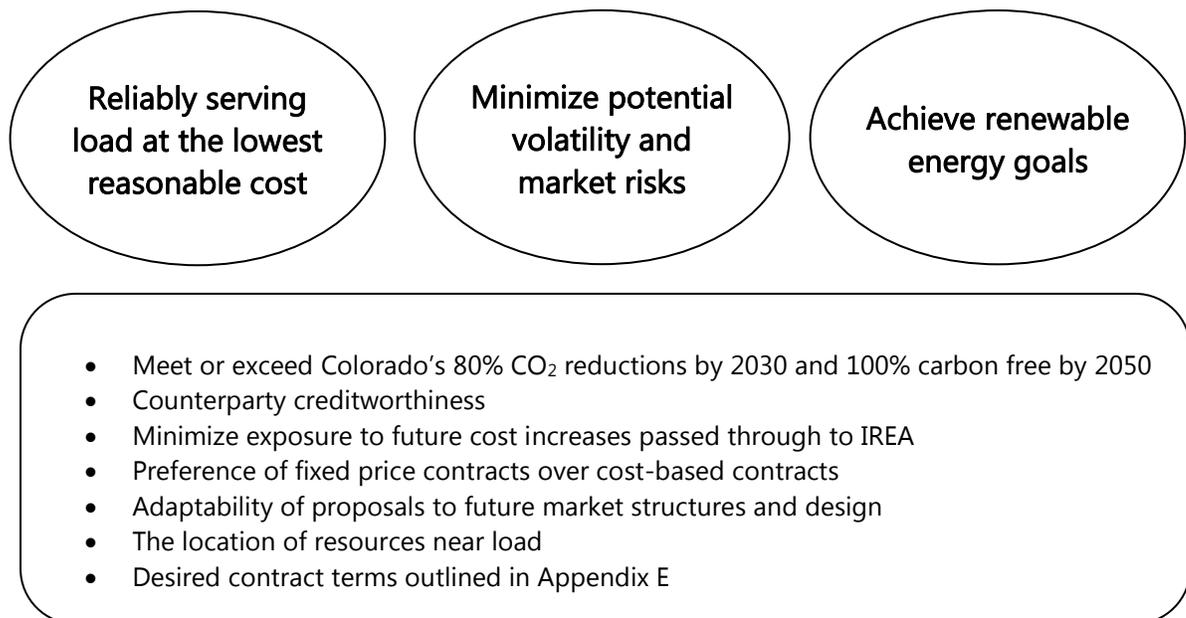
2.1 Load Forecast

Appendix A provides the annual peak and energy load forecast for IREA. The “8760” hourly load forecast file will also be available to bidders interested in providing a partial-requirements offer upon full execution of the Confidentiality Agreement, Appendix C. IREA will also provide historical load data to any bidder providing a proposal for partial-requirements obligation or as requested by bidders for other legitimate business reasons.

IREA’s current forecasted peak system demand plus reserve margin is 700 MW for 2026 and 790 MW for 2045. The projected future energy and capacity obligations are detailed in Appendix A and discussed further in the next section.

2.2 Planning Goals of IREA

IREA is seeking to procure reliable supply of all or a portion of its energy, capacity, and ancillary service requirements from qualified counterparties while balancing long-term rate stability, flexibility in meeting changing customer or regulatory requirements, and achieving reductions in greenhouse gas emissions. The RFP Administrator will weigh several factors in assessing the best responses to meeting IREA’s goals.

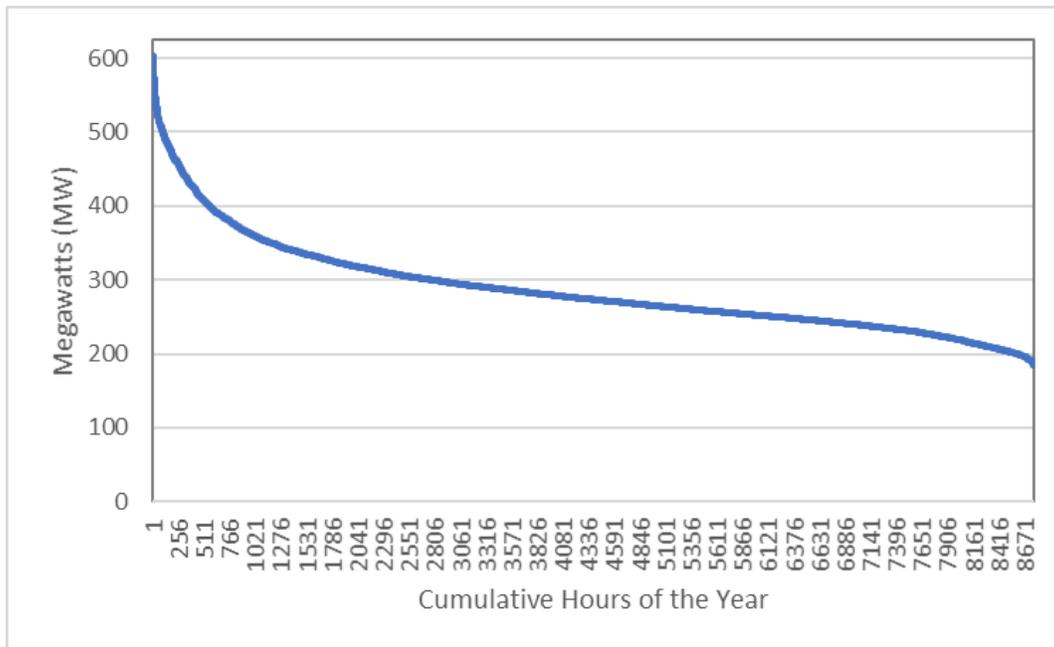


2.3 Capacity and Energy Needs

IREA will evaluate capacity and energy needs consistent to meet the needs of the system, taking into account applicable capacity requirements.

IREA's historical peak load has been approximately 605 MW and is expected to grow between 1.0% and 1.5% per year over the next ten years. Figure 1 shows the historical load duration curve for IREA. Detailed energy and capacity data can be found in Appendix A.

Figure 1: IREA Historical Load Duration Curve



2.4 Existing Resources

IREA's current resource mix consists of the following sources:

2.4.1 Ownership in Comanche Unit 3

IREA is a 25.3% owner of the 750 MW plant that is operated by Xcel Energy.

2.4.2 Power Purchase Agreements (PPA)

- Western Area Power Administration – Loveland Area Power
 - Capacity entitlement: 10.6 MW October-March and 9.8 MW April-September;
 - Monthly available energy deliveries: Jan-Mar – 50%, Apr-Sep – 85%, Oct-Dec – 80%, dependent on hydrological conditions

- Western Area Power Administration – Salt Lake City Integrated Projects
 - Capacity entitlement: 20.5 MW October-March and 18.1 MW April-September, minimum hourly schedule of approximately 4 MW
 - Monthly available energy deliveries equivalent to a 50% capacity factor during winter months and 55% during summer months, depending on hydrological conditions at the various dams marketed via the Loveland Area Power resource pool

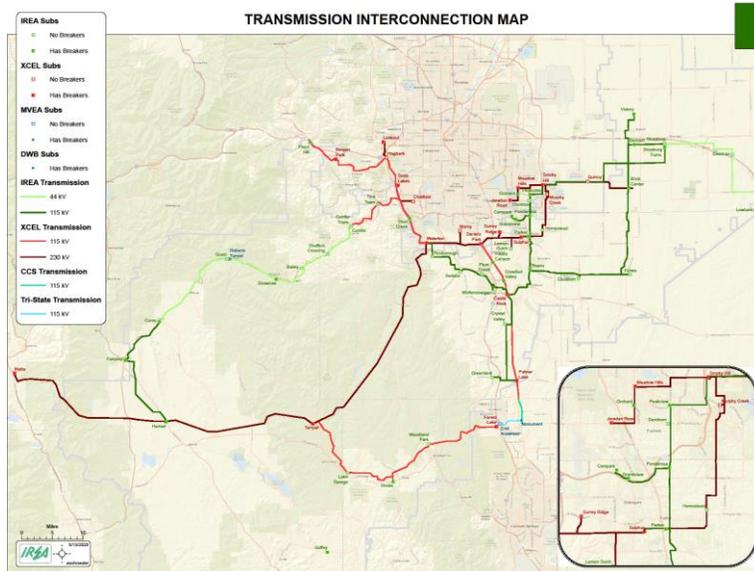
2.4.3 Solar

- Victory Solar
 - 12.8 MW 1-axis tracking solar PPA
- Pioneer Solar
 - 80 MW 1-axis tracking solar PPA
- Hunter Solar
 - 45 MW PPA share of 75 MW 1-axis tracking solar project
- Kiowa Solar
 - 54.5 MW 1-axis tracking solar PPA

2.5 Existing Transmission System

IREA will accept projects with interconnection directly on the IREA transmission system or alternative interconnection points, such as the Public Service Company of Colorado (PSCO) system. IREA's major loads are located between Colorado Springs and the southern edge of the Denver Metro area. Figure 2 contains a map of the IREA transmission system and interconnections to other systems.

Figure 2: IREA Transmission Interconnection Map



IREA has existing and contracted solar resources that interconnect to IREA's 115kV transmission system between Smoky Hill and Brick Center substations, in addition to an interconnection at IREA's 115kV bus at Brick Center.

Based on recent system impact studies for current resources, incremental stand-alone generation on IREA's 115kV loop between Smoky Hill and Brick Center is likely to require significant transmission upgrades to allow for network transmission service, while storage projects might not.

The IREA Transmission Interconnection Map is provided as an informative illustrative reference of IREA's transmission, sub-transmission, and substations for respondents and is not intended to make any binding or legal representations thereof. Neither IREA nor the RFP Administrator make any

guarantees as to the accuracy of the map at the time of the RFP issuance. If short listed, bidders must agree to submit an interconnection request for the generation resource to the appropriate transmission provider as part of the next transmission planning phase cycle to ensure feasibility.

2.6 Identification of Viable Resource Alternatives

IREA is using this RFP to identify viable resources to serve its load and to provide bidders an opportunity to compete in offering those resources to IREA. See Section 3 for the broad range of solicited supply resource types. Further detail is also included in appendices B1-B6.

3. 2020 Long-Term RFP

3.1 Overview of the 2020 Long-Term RFP

IREA intends to purchase reliable, low- or zero-carbon, and economically competitive power supplies to reliably meet its long-term load-serving obligations to its Members and the clean energy goals of the state of Colorado. IREA requests proposals from all types of suppliers, including but not limited to: electric utilities, power marketers, exempt wholesale generators, independent power producers, and renewable developers. IREA will accept proposals for terms starting no earlier than January 1, 2026.

Subject to the limitations specified in this RFP, IREA will consider proposals for all types of resources as well as for partial-requirements service contracts, firm with liquidated damages products, ancillary services products, and call option contract proposals. All proposals must be submitted in accordance with the appropriate Power Purchase Agreement Evaluation Form in Appendices B1-B6.

3.2 RFP Administrator

The duties of the RFP Administrator for the 2020 Long-Term RFP, as further described in Section 4, will be performed by Alliance for Cooperative Energy Services Power Marketing LLC (ACES).

As RFP Administrator, ACES' business model provides an established infrastructure of independent energy management practices that supports the verification of, and compliance with, applicable processes, policies, and procedures. ACES manages a significant amount of confidential data through a combination of specific internal guidelines, the company's independent control group, the company's corporate compliance manager, and periodic reporting to the Board of Directors Risk Oversight and Audit Committee. ACES takes its obligations regarding the maintenance of Confidential Information very seriously and will handle all Confidential Information with the highest professional regard.

Additionally, ACES has periodic/annual independent examinations of its energy risk management controls:

- From 2002 through 2020, ACES engaged internationally recognized accounting firms to perform examinations of its risk control environment, in accordance with the American Institute of Certified Public Accountants Statements on Standards for Attestation Engagements No. 18 (SSAE 18) - Service Organizational Controls (SOC) Report 1 Type II
- These voluntary SOC 1 examinations focused on ACES' risk control processes and procedures associated with the transaction execution services ACES provides as agent for its Clients in the energy markets
- The scope of the examinations covered the following areas: risk oversight, contract administration, credit, trading control, position valuation, settlements, and information technology
- ACES has received unqualified (clean) opinions on these examinations
- ACES plans to undergo another independent examination of its energy risk management controls in 2020

3.3 Basic Requirements for Proposals

IREA intends to contract for the optimal portfolio, as further described in Subsection 4.8, of product(s) which meets its future power supply needs. The optimal portfolio may be comprised of a single proposal or multiple proposals from multiple bidders. IREA is seeking proposals from qualified bidders capable of providing all or portions of its future power supply needs.

The laws of the state of Colorado are strongly preferred to govern any contract(s) or agreement(s) for power supply, although proposals that reference the laws of states other than Colorado will be considered and evaluated.

All proposals must be submitted in Mountain Standard Time (MST), unless specified otherwise in Sections 3.4 through 3.8.

Bidders' responses may contain one or more of the PPA proposals outlined in Sections 3.4 through 3.8.

3.4 Proposals for Designated Generation Resources

IREA is requesting proposals from bidders for a diverse variety of generation resources including, but not limited to: baseload generation, intermediate generation, peaking generation, energy storage resources, and renewable generation. Proposals for designated generation resources may be for a new resource or an existing resource.

Proposals for non-renewable designated generation resources shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-1.

Proposals for renewable designated generation resources, including energy storage resources, shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-2.

IREA will accept proposals from all types of generation resources. In order to be evaluated, proposals for designated generation resources must meet the following minimum qualifications:

- Minimum capacity quantity of 10 MW
- Must specify generation resource and physical location
 - **If short listed** bidders must agree to submit an interconnection request for the generation resource to the appropriate transmission provider as part of the next transmission planning cycle
- Designated Generation Resources could meet baseload, intermediate, or peaking needs based upon technology and/or contractual flexibility

3.5 Power Purchase Agreement Proposals for Partial-Requirements

IREA is requesting proposals from bidders able to provide partial-requirements as defined below. "Partial-Requirements Obligation" means supplying 100% of the firm requirements to meet IREA's hourly real-time load obligation by scheduling IREA's existing resources and supplying the balance of resources needed to meet instantaneous real-time load plus reserves.

PPA proposals for Partial-Requirements Obligation shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-3.

Section 2 of Appendix B-3 provides a requested physical documentation checklist for bidders submitting a cost of service proposal for Partial-Requirements Obligation. Bidders submitting cost of service proposals are requested to submit electronically the documentation listed in Section 2 of Appendix B-3. In addition to the requested documentation, bidders are encouraged to include:

- Any documentation that demonstrates a bidder's ability to market, optimize, and dispatch IREA's existing resource at Comanche 3
- Any additional documentation that may assist in proposal analysis

The submission deadline for the requested electronic documentation for cost of service proposals will be the same as the Proposals (Appendices) Deadline, as referenced in the RFP Schedule in Section 4.3.

Upon full execution of the Confidentiality Agreement, Appendix C, IREA and/or the RFP Administrator will provide the historical 8760 hourly load forecast and projected monthly peak forecasts for the period of the RFP and historical load data to any bidder providing a proposal for Partial-Requirements Obligation or as requested by bidders for other legitimate business reasons.

Section 2 of Appendix B-3 assumes bidders submitting Partial-Requirements Obligation proposals are including in their offer the services costs, which are defined as the non-energy and capacity requirements costs, including all the

appropriate transmission provider charges and energy management fees that will be necessary to fully serve the real-time load obligation. Bidders must indicate whether pricing for Partial-Requirements services will be fixed or if certain costs will be passed through to IREA; therefore, indicate which costs are fixed and which are passed through.

3.6 Power Purchase Agreement Proposals for Firm with Liquidated Damages Energy and Capacity

IREA is requesting proposals from bidders for Firm with Liquidated Damages blocks to meet a portion of its power supply obligations.

PPA proposals for Firm with Liquidated Damage blocks shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-4.

In order to be evaluated, proposals for Firm with Liquidated Damages blocks must meet the following minimum qualifications:

- Minimum quantity of 5 MW
- Proposals must be provided as either 6x8, 7x8, 6x16, 7x16, 7x24, super peak, or wrap
 - All submissions must be in Pacific Prevailing Time (PPT) to align with the appropriate transmission provider and Intercontinental Exchange (ICE) standard products
 - 16-hour period defined as hour ending HE 07 – HE 22 PPT
 - Super peak period defined as hour ending HE 13 – HE 20 PPT
 - Proposals can be provided as monthly, seasonal, quarterly, or annual
 - No minimum contract term
- Proposals for Firm with Liquidated Damages
 - Proposals for physical energy must be Firm with Liquidated Damages, as defined in Schedule P: Products and Related Definitions of the Edison Electric Institute (EEI) Master Power Purchase & Sale Agreement; or
 - Western Systems Power Pool Agreement WSPP Schedule C
- Preference will be given for proposals that meet all of the following criteria:

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

- Under which the contract does not permit the seller to interrupt deliveries to the buyer except for reliability reasons and;
- To the extent that the contract requires the seller to pay liquidated damages to the Network Customer for interruptions, those liquidated damages are “make whole” liquidated damages and not fixed or capped;
- For FERC qualified Designated Network Resources pursuant to section 30 of the pro forma OATT, per FERC Order 890;
- With available delivery to the Public Service Company of Colorado system and to Points of Deliveries listed on Figure 3: Points of Deliveries

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

Figure 3: Points of Deliveries

	Point Name	Description
1	ARH	Archer
2	ATL	Atlas Switchyard
3	AU	Ault 230kv Switchyard
4	BARR	Barr Lake Substation
5	BLUE	Blue River 230kv Switchyard
6	BOON	Boone 230kv Switchyard
7	BRSS	Brush Switching Station
8	COLL	Collbran 138kv Switchyard
9	COMA	Comanche Delivery Point
10	CRG	Craig Transfer
11	DJ	Dave Johnston
12	FLUP	Fort Lupton Switchyard
13	FOURCORNE345	Four Corners 345kv Bus
14	FULLER	Fuller 230kv Substation Interconnection
15	HDN	Hayden 230kv Switchyard
16	HNLK	Henry Lake
17	LAMR230	Lamar DC Tie 230kv West Side
18	MALTA	Malta 230kv Switchyard Interconnection
19	MIDW	Midway 230kv Switchyard
20	MSST	Missile Site
21	NYUM	North Yuma
22	OTERO	Otero Pump
23	PAWN	Pawnee
24	PJT	Poncha Junction
25	PON	Poncha
26	PSCO	Public Service Company of Colorado
27	PSCO South	Public Service Company of Colorado South
28	RAW	Rawhide
29	READ	Reader
30	REUN	REUN
31	RFL	Rifle 230kv Substation
32	SCSW	Sydney Converter Station West
33	SGW	Stegall
34	SHIPROCK345	Shiprock 345kv Switchyard
35	SJ345	San Juan 345kv Switchyard
36	SLVA	San Luis Valley Substation
37	STVRN	Fort St. Vrain Switchyard
38	STY	Story
39	TOT2AN	TOT 2A North
40	TOT2AS	TOT 2A South
41	TOT3N	TOT 3 North
42	TOT3S	TOT 3 South
43	TOT5E	TOT 5 East
44	TOT5W	TOT 5 West
45	TOT7N	TOT 7 North
46	TOT7S	TOT 7 South
47	VALM	Valmont
48	YTP	Yellow Tail PACE
49	YTW	Yellow Tail WAPA
50	*Other	Other points with delivery to Public Service Company of Colorado Balancing Authority

3.7 Power Purchase Agreement Proposals for Ancillary Services Products

IREA is requesting proposals from bidders for Ancillary Services products. Ancillary Services are defined as those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's Transmission System in accordance with Good Utility Practice.

Ancillary Services products include:

- Regulation and Frequency Response
- Energy Imbalance
- Operating Reserve – Spinning
- Operating Reserve – Supplemental
- Flex Reserve Service
- For service provided over the Public Service Company of Colorado system from physical generating and demand response resources
- To meet a portion of IREA's power supply obligations
- As defined by the Northwest Power Pool Reserve Sharing Group

PPA proposals for ancillary only products shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-5.

In order to be evaluated, proposals for ancillary only products must meet the following minimum qualifications:

- No minimum contract term
- Deliverable in the Eastern Colorado Zone (ECO)
- Other locations, such as a generation node, will be considered

3.8 Power Purchase Agreement Proposals for Daily Call Option Products

IREA is requesting proposals from bidders for physical daily call options to meet a portion of its power supply obligations. Daily call options can be a heat rate or fixed strike price. IREA will consider strike prices that meet baseload, intermediate, or peaking needs.

PPA proposals for the daily call option product shall provide the information required in the Power Purchase Agreement Evaluation Form in Appendix B-6.

In order to be evaluated, proposals for daily call options must meet the following minimum qualifications:

- Minimum quantity of 5 MW
- Proposals must be provided as either 6x8, 7x8, 6x16, 7x16, 7x24, super peak, or wrap
 - All submissions must be in Pacific Prevailing Time Zone (PPT) to align with the appropriate transmission provider and Intercontinental Exchange's (ICE) standard market specifications
 - Proposals must be provided as monthly, seasonal, quarterly, or annual
- Proposals may be for physical energy
 - Proposals for physical energy must be Firm with Liquidated Damages as defined in Schedule P: Products and Related Definitions of the Edison Electric Institute (EEI) Master Power Purchase & Sale Agreement; or
 - Western Systems Power Pool Agreement WSPP Schedule C
- Proposals must specify either:
 - Fixed strike price
 - Heat rate, in terms of MMBtu/MWh
 - Heat rate proposals must identify natural gas price index
- No minimum contract term
- Preference will be given for proposals at the Points of Deliveries listed on Figure 3: Points of Deliveries, other locations, such as a generation node, will be considered

3.9 Multiple Proposals

IREA will accept multiple proposals from a bidder. In the event the same bidder provides multiple proposals, the bidder must indicate whether the proposals are mutually exclusive.

4. Instructions to Bidders

4.1 RFP Proposal Process

IREA has posted the 2020 Long-Term RFP document and all related appendices on the RFP website:

www.acespower.com/IREA2020RFP

To participate in the 2020 Long-Term RFP, bidders must submit a Bidder Registration Form, Appendix D. Upon receipt of the Bidder Registration Forms, the RFP Administrator will acknowledge their receipt via email.

Bidders should note that, IREA will only accept electronically submitted notices and proposals. Bidders are required to submit all completed forms by the specified deadlines to the 2020 Long-Term RFP submission e-mail address:

IREA2020RFP@acespower.com

All proposals must be signed by an officer or agent of the bidder who is duly authorized by the bidder's authorizing governance body to sign and submit such proposals.

All proposals must be registered and submitted electronically via email to:

IREA2020RFP@acespower.com

Proposal pricing will be considered binding, until otherwise notified by the RFP Administrator, for a period not to exceed 180 days from July 24, 2020.

4.2 Confidential Information and Confidentiality Agreements

IREA, the RFP Administrator, and IREA's Board of Directors will treat all proposals submitted by bidders as confidential.

In the event that IREA and the RFP Administrator, in their judgment and discretion, determines that information contained in any question, response, or other communication between it and a bidder, which is not contained in the bidder's proposal, requires confidential treatment, an appropriate Confidentiality Agreement, Appendix C, will be submitted to the bidder. Otherwise, IREA will ensure that all bidders have access to the same information from IREA, and that no bidder will have selective or otherwise preferential access to non-public market sensitive information from IREA through the 2020 Long-Term RFP.

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

4.3 RFP Schedule

The schedule for the 2020 Long-Term RFP is shown below. As circumstances warrant, IREA, in its sole judgment and discretion may change this schedule, and in that event, the RFP Administrator will inform all potential bidders as far in advance as reasonably possible by posting any change on the RFP website:

www.acespower.com/IREA2020RFP

Figure 4: RFP Schedule

RFP Schedule (Updates will be posted on the 2020 Long-Term RFP website):	
Issue Final Version of 2020 Long-Term RFP	6/16/2020
Q&A on Substantive RFP Issues (email)	6/16/2020- 7/24/2020
Open Period for Submission of Bidder Registration Forms	6/16/2020- 6/26/2020
Deadline for Submission of Bidder Registration Forms (Appendix D) at 5:00 p.m. MST	6/26/2020
Open Period for Submission of Proposals	6/27/2020- 7/24/2020
Proposals (Appendices) Deadline at 5:00 p.m. MST	7/24/2020
Bid screening and analysis period	7/27/2020- 8/21/2020
Notification of RFP Shortlist	8/24/2020
Finalize mutually agreeable Term Sheet (subject to IREA Board of Directors approval)	12/4/2020

4.4 Modification or Cancellation of the 2020 Long-Term RFP

IREA reserves the right, in its sole judgment and discretion, to modify or cancel the 2020 Long-Term RFP. In such event, IREA, via the RFP Administrator, will post a notice on the RFP website, and make a reasonable attempt to notify directly all participants who have filed a timely Bidder Registration Form of any such modifications or cancellation. IREA, or the RFP Administrator, shall have no liability or responsibility for failing to make such direct notification to participants.

4.5 Question Process

IREA encourages questions and comments from potential bidders about the 2020 Long-Term RFP. Questions or requests for clarifying information must be directed through the designated RFP email address:

IREA2020RFP@acespower.com

The RFP Administrator will post questions submitted by bidders, as well as IREA's responses to such questions, on the RFP website:

www.acespower.com/IREA2020RFP

IREA's objective in posting these questions and responses is to ensure that all bidders have equal access to non-confidential information that may be potentially relevant to their proposals.

4.6 Bidder Registration

IREA and the RFP Administrator will accept bidder registrations during the open submittal period beginning June 16, 2020 and concluding 5:00 PM MST on June 26, 2020. Potential bidders are required to submit a properly completed Bidder Registration Form, Appendix D, to the RFP email address:

IREA2020RFP@acespower.com

Upon receipt of the electronic Bidder Registration Forms, the RFP Administrator will acknowledge receipt of these registrations via email.

4.7 Submission of Proposals

Through the RFP Administrator, IREA will accept proposals during the open submittal period of June 27, 2020 through 5:00 PM MST on July 24, 2020. Only electronically submitted proposals will be accepted.

Bidders are required to submit all completed forms by the specified deadlines to the RFP email address:

IREA2020RFP@acespower.com

All proposals must be submitted in accordance with the instructions and on the forms provided in Appendix B-1, Appendix B-2, Appendix B-3, Appendix B-4, Appendix B-5, and Appendix B-6, as applicable.

Proposals must be signed by an officer or agent of the bidder duly authorized to make such proposals by the bidder's Board of Directors or comparable governing body for an unincorporated bidder.

All proposals will be treated as confidential and will be subject to all governing regulatory requirements.

Any proposal(s) identified as non-conforming will be segregated for discussions with the bidder and the bidder will be allowed the opportunity to correct any non-conforming aspect of its proposal.

4.8 Proposal Evaluation

Proposals will be evaluated on multiple criteria, including but not limited to:

1. Cost
2. Developer Experience
3. Project Development Status
4. Portfolio Fit (Section 4.9)
5. Creditworthiness (section 4.10)
6. Contractual Terms (Section 4.10)

4.9 Portfolio Fit Analysis

The expected cost, reliability, volatility, and market risk will be assessed using standard industry modeling techniques. IREA will develop a reference portfolio of resources that best fits IREA's capacity and energy needs based on the RFP offers for different generation product types identified. In this step, the RFP Administrator will create a reference case using industry standard capacity expansion and portfolio production cost modeling software.

Utilizing the Reference Case developed, an evaluation will be performed based on portfolios of combined supply options (except for any partial requirement offers, which would be treated as portfolios themselves). Using the remaining proposals and load data, scenarios of possible portfolios will be created. Scenarios which cause the portfolio to be significantly long or short energy or capacity may not be considered. The total costs to serve full requirements load will be compared across the scenarios, and only the most economical three to five scenarios will be analyzed using stochastic model runs.

A series of stochastic model runs will be conducted to evaluate various key sensitivities. These runs inherently include sensitivities by combining 100 iterations per hour around the following variables, even allowing interactions among these variables to create a full distribution of outcomes:

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

1. Fuel prices
2. Load levels and shape
3. Energy market prices

For renewable generation and energy storage resources, the capacity will be “tentatively accredited” based upon current appropriate transmission provider rules, using forecasted actual capacity credit beyond year 1, and using the appropriate transmission provider provisional values for the first year of service. As solar or wind penetration increases, there is concern that storage, solar, and wind capacity accreditation may be reduced, as the appropriate transmission provider has discussed in some forums and other markets are moving towards an Effective Load Carrying Capacity (ELCC) approach to deriving renewable resource capacity value.

The final proposals and scenarios will be compared for cost, reliability, and risk, using expected, low, and high scenario values. The expected total production costs, portfolio positions from a peak and energy standpoint, as well as production cost risks, will be compared across the proposals and scenarios. The goal is to find the scenario with the best balance of economics, risk levels, and meet IREA’s other goals given IREA’s risk tolerance.

4.10 Credit and Contract Analysis

The RFP Administrator will evaluate the creditworthiness of bidder(s) (or their parent organizations) through a credit assessment, which, at a minimum and in line with industry standards, may include the following factors:

- Tangible net worth evaluation
- Historical and projected measures of cash flow and liquidity
- Historical and projected leverage
- Calculation of credit ratios

Other credit risk issues may also be evaluated, including, but not limited to: earnings volatility, risk management practices, the status of ongoing legal, regulatory, or other governmental processes or proceedings or significant contract negotiations, or other pertinent factors that impact ongoing operations. A Composite Score will be calculated and converted to a scaled score with "1" being the most favorable Scaled Score and "7" being the least favorable Scaled Score. The Scaled Score for a bidder will be utilized in comparing bids as part of the criteria outlined in Subsection 4.8.

Figure 5: Scaled Score

Scaled Score	Composite Score	
	From	To
1	1	1.99
2	2	2.99
3	3	3.32
4	3.33	3.99
5	4	4.79
6	4.8	5.39
7	5.4	7

As part of this process, the RFP Administrator may request further financial information from bidders (or their parent organizations) and may consider additional confidentiality agreements with such bidders (or their parent organizations) to protect such information, as appropriate.

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

The credit evaluation process may also include, but is not limited to, reviewing the unsecured or issuer credit ratings issued by Standard & Poor's, Moody's, and/or Fitch, if applicable, and ratings issued by Dun & Bradstreet. IREA and the RFP Administrator may require any successful bidder (or its parent organization) to post a form of credit support to ensure the bidder's performance under the proposed transaction. The amount of credit support will be determined by the RFP Administrator's credit evaluation of the bidder's (or its parent organization's) credit condition and determination of financial obligations of the bidders and the potential costs to replace the proposed transaction.

Credit support must be in a form acceptable to IREA and the RFP Administrator and may include a parental guarantee from a creditworthy entity, a letter of credit from an investment grade financial institution, cash on deposit in escrow, or equivalent credit support. In addition to the considerations above, IREA and the RFP Administrator will consider the credit support customarily and ordinarily required in similar transactions compared to the proposed transaction.

The RFP Administrator will evaluate the power purchase agreements provided by bidders to determine the appropriateness of the terms and conditions in addressing the needs of IREA, and conformance with the desired contract terms outlined in Appendix E. The RFP Administrator will consist of a multi-disciplinary team and will support IREA in order to make the final assessment of the reasonableness and appropriateness of the proposed terms and conditions.

5. **Approvals**

A bidder whose proposal is selected by IREA and approved by IREA's Board of Directors will be solely responsible, financially, legally, and otherwise, as applicable, for acquiring and maintaining all necessary creditor and other third party authorizations and consents necessary or appropriate to effectuate the selected proposal, including all authorizations, permits, licenses, consents, and approvals associated with a selected proposal, as well as compliance with any and all governmental rules and regulations for the construction and operation of the assets or project identified in the proposal. A bidder whose proposal is selected will be solely responsible for obtaining and maintaining financing for its project.

6. **Reservation of Rights**

A bidder's proposal will be deemed accepted only when a definitive agreement has been executed and delivered by IREA to the chosen bidder and the bidder also has executed that agreement and delivered the fully-executed agreement to IREA. IREA has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered in response to the 2020 Long-Term RFP, and may reject any proposal, in its sole judgment and discretion, for any reason whatsoever, without any obligation to disclose the reason or reasons for rejection.

By participating in the 2020 Long-Term RFP, each bidder agrees that (i) except as expressly and specifically provided in any representations and warranties contained in a fully executed definitive agreement with IREA, any and all information furnished by or on behalf of IREA in connection with the 2020 Long-Term RFP is or will be provided without any representation or warranty, express or implied, as to the usefulness, accuracy, or completeness of such information, and (ii) except as otherwise expressly and specifically provided in a fully executed definitive agreement with IREA, neither IREA, ACES, nor any of their personnel or representatives shall have any liability to any bidder or its personnel or representatives relating to or arising from the use of or reliance upon any such information or any errors or omissions therein.

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

The 2020 Long-Term RFP does not commit or obligate IREA to pay any costs incurred by any bidder in the preparation of a proposal in response to the 2020 Long-Term RFP, or to contract for any products or services proposed by any bidder. IREA reserves the right to modify or withdraw the 2020 Long-Term RFP, to negotiate with any and all qualified bidders to resolve any and all technical or contractual issues, or to reject any or all proposals and to terminate negotiations with any bidder at any time. IREA reserves the right, at any time and from time to time, without prior notice and without specifying any reason and, within its sole judgment and discretion, to:

- cancel, modify or withdraw the 2020 Long-Term RFP, reject any and all responses, and terminate negotiations at any time during the RFP process
- discuss with a bidder and its advisors the terms of any proposal submitted by the bidder and obtain clarification from the bidder and its advisors concerning the proposal
- consider all proposals to be the property of IREA, subject to the provisions of the 2020 Long-Term RFP relating to confidentiality and any confidentiality agreement that may be executed in connection with the 2020 Long-Term RFP, and destroy or archive any information or materials developed by or submitted to IREA in the 2020 Long-Term RFP
- request from a bidder information that is not explicitly detailed in the 2020 Long-Term RFP, but which may be useful for evaluation of that bidder's proposal;
- determine which proposals to favor, pursue, accept, or reject;
- reject any proposals that are not complete or contain irregularities, or waive irregularities in any proposal that is submitted
- accept proposals that do not provide the lowest evaluated cost
- determine which bidders to allow to participate in the 2020 Long-Term RFP, including disqualifying a bidder due to a change in the qualifications of the bidder or in the event that IREA determines that the bidder's participation in the 2020 Long-Term RFP has failed to conform to the requirements of the 2020 Long-Term RFP
- conduct negotiations with any or all bidders or other persons or with no bidders or other persons

Intermountain Rural Electric Association
Proposals for Long-Term Capacity and Energy Resources

- execute one or more definitive agreements with any bidder that submits a proposal, with any other person, or with no one

Under all circumstances, each bidder is responsible for all costs and expenses it incurs in connection with the 2020 Long-Term RFP. Under no circumstances, including IREA's termination of the 2020 Long-Term RFP at any time for any reason, whatsoever, will IREA or any of its representatives be responsible for any costs or expenses of any bidder incurred in connection with the 2020 Long-Term RFP.