



**1803 Electric Cooperative, Inc.**

**Informational Filing Containing**

**FINAL**

**2023 Request for Proposals for**

**Long-Term Capacity and Energy Resources**

**LPSC DOCKET NO. X-36925**

**October 13, 2023**

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**Appendices (Available at [www.acespower.com/1803LTRFP2023](http://www.acespower.com/1803LTRFP2023))**

- A Peak Forecast and Capacity Need Assessment**
- B-1 Evaluation Form for Peaking Designated Generation Resources**
- B-2 Evaluation Form for Energy Storage Resources**
- B-3 Evaluation Form for Capacity Only Products**
- B-4 Evaluation Form for Other Resources**
- C Confidentiality Agreement Form**
- D Bidder Registration Form**
- E Desired Contract Terms**

## 1. General Information

### 1.1. Introduction

1803 Electric Cooperative, Inc. (1803) is a Louisiana electric cooperative incorporated on April 1, 2019, and organized pursuant to La. R.S. 12:401 et seq. 1803 is a member-owned electric cooperative consisting of five member electric cooperatives: Beauregard Electric Cooperative, Inc.; Claiborne Electric Cooperative, Inc.; Northeast Louisiana Power Cooperative, Inc.; South Louisiana Electric Cooperative Association; and Washington-St. Tammany Electric Cooperative, Inc. (hereinafter referred to collectively as the Member Cooperatives). 1803 and the Member Cooperatives are each regulated by the Louisiana Public Service Commission (LPSC or Commission).

The Member Cooperatives formed 1803 to combine their power needs to jointly seek power supply opportunities to fulfill the power needs for the Member Cooperatives upon the completion of their existing full-requirements wholesale power supply contracts, and, thereafter, upon certification, to manage those power supply contracts, coordinate power supply and related services, to achieve economies of scale, and to identify and seek resources for further power supply needs.

Multiple factors have led to identifying a need for additional resources. 1803 had previously identified a need for approximately 100 MW of additional resources in docket U-35927.<sup>1</sup> The Midcontinent Independent System Operator (MISO) has recently transitioned to a seasonal capacity construct, which impacts 1803's capacity needs when 1803 begins to provide power to the Member Cooperatives in 2025. Additionally, on May 9, 2023, 1803 filed its draft Integrated Resource Plan (IRP) pursuant to General Order No. R-30021 (Corrected) dated April 18, 2012, in LPSC Docket No. I-36503, which identifies a need for additional power supply resources. As a result of the identified needs 1803 has also filed LPSC Docket No. U-36974.

Accordingly, 1803 seeks to fully explore available power supply solutions and will conduct a Request for Proposals (RFP) in accordance with the LPSC's established process. This

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<sup>1</sup> See Final Recommendation of the Administrative Law Judge in LPSC Docket Number U-35927 at page 27, paragraph 86. The Final Recommendation was approved by LPSC Order No. U-35927, dated January 28, 2022, and attached thereto.

Informational Filing Containing 2023 Request for Proposals for Long-Term Capacity and Energy Resources (2023 Long-Term RFP) is thus submitted in compliance with the LPSC's Market Based Mechanism Order (MBM Order),<sup>2</sup> which supplements the LPSC's 1983 General Order.<sup>3</sup>

Any selected proposal(s) selected pursuant to the 2023 Long-Term RFP will require LPSC approval and certification under the 1983 General Order, as described in Section 5. Upon LPSC approval, following the completion of the RFP and LPSC certification of all involved contract(s), 1803 may enter into a contract or contracts with the selected bidder or bidders to meet the additional power supply requirements of the Member Cooperatives presented in the RFP.

All documents and communications related to the 2023 Long-Term RFP may be accessed on the 1803 Long-Term RFP website:

[www.acespower.com/1803LTRFP2023](http://www.acespower.com/1803LTRFP2023).

To efficiently and reliably meet the power supply requirements of the Member Cooperatives, 1803 is issuing the 2023 Long-Term RFP. The objectives of 1803 and the Member Cooperatives are uniform and consistent with the requirements of the MBM Order in that they seek resource(s) that will allow them to provide reliable service at the lowest reasonable cost.

To fulfill the Member Cooperatives' power supply requirements, 1803 needs to secure up to approximately 434 MW of additional resources. 1803's primary need is capacity, but resources with bundled energy and capacity will be considered. The term of resources can extend to no longer than May 31, 2045. Proposals may be for any period between 2025 and May 31, 2045.

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<sup>2</sup> General Order, issued April 10, 2002, in Docket No. R-26172, amended and superseded by General Order issued February 16, 2004, in Docket No. R-26172, Sub-docket A, amended by Special Order 33-2006, issued July 28, 2006, in Docket No. R-26172, Sub-docket B, and amended and superseded by General Order, issued November 3, 2006, in Docket No. R-26172, Sub-docket B, and amended and superseded by General Order, issued October 29, 2008, in Docket No. R-26172, Subdocket C (Market Based Mechanism Order or MBM Order).

<sup>3</sup> General Order, issued September 20, 1983, as amended and superseded by General Order (Corrected), issued May 27, 2009, in Docket No. R-30517 (1983 General Order).

## 1.2. Independent Monitor – Not Required

Under certain circumstances that do not apply to this RFP the MBM Order requires the appointment of an independent monitor (IM) to oversee, on behalf of the LPSC, a utility's compliance with the inter-affiliate and self-build requirements of the MBM Order (see order paragraph 15). Specifically, the MBM Order defines the IM's oversight functions as follows:

- The IM will review and track the utility's conduct of the RFP to ascertain that no undue preference is given to affiliates and their bids, self-build or self-supply projects. This will include, to the extent necessary, reviewing the draft RFP and the utility evaluation of bids, monitoring communications (and communications protocols) with market participants; monitoring adherence to codes of conduct; and monitoring contract negotiations.
- The IM shall report to the LPSC Staff at appropriate intervals and facilitate regular communication between Staff and the utility on the RFP process. The IM will immediately report any irregularities, problems, or concerns with the RFP process to the utility and Staff. The IM shall also submit a final RFP evaluation report to Staff and the Commission, including any recommendations for improving the process.

The MBM Order further provides, in footnote 5, that "(t)he requirement for an Independent Monitor is only applicable if a utility proposes a self-build, permits affiliate bidding or proposes self-supply."

Neither 1803, the Member Cooperatives, nor any affiliate thereof are proposing a self-build or self-supply option through this RFP. Accordingly, the 2023 Long-Term RFP does not require supervision by an IM pursuant to the MBM Order.

## 1.3. Inter-Affiliate Rules

The LPSC, in its MBM Order, requires objective and arm's-length RFP procedures for procuring significant power supplies. The MBM Order, in ordering paragraph 8(i),

accordingly requires that 1803 in the 2023 Long-Term RFP adopt safeguards to ensure “the utility’s merchant affiliate bid receives no preferential treatment, preferential access to information or unfair or improper advantage.” In addition, the MBM Order, in ordering paragraph 8(h), requires 1803 “to protect the confidentiality of bids and bidder information and to ensure such information is not improperly used by the utility or its utility affiliates nor provided to the utility’s merchant affiliate.” Further, the MBM Order requires that the utility’s informational filing must describe its “methods and safeguards” to meet the inter-affiliate and self-build/self-supply requirements of the MBM Order, as well as any other applicable codes of conduct governing affiliate bids or inter-affiliate contracting (see ordering paragraph 8).

As stated in Section 1.2, neither 1803, the Member Cooperatives, nor any affiliate thereof are proposing a self-build or self-supply option; therefore, no inter-affiliate bidding is contemplated in this RFP.

#### **1.4. Integrated Resource Plan**

In LPSC Order No. U-35927, issued January 28, 2022, the LPSC required that 1803 initiate an IRP process within six months of the order pursuant to the LPSC’s IRP General Order with an expedited timeline. 1803 initiated that process in LPSC Docket I-36503 and, as previously stated, is proceeding with the IRP process in that docket, and most recently filed its Draft IRP Report on May 9, 2023. Additionally, as previously stated, the draft IRP Report indicates that 1803 has a need for additional power supply resources, which is the basis of this RFP.

## **2. Demonstration of Need**

### **2.1. Energy and Capacity Obligations**

1803 is in the process of completing its IRP as part of LPSC Docket No. I-36503. The IRP process has identified a need for additional power supply resources, with the most significant need being for winter season capacity as a result of MISO’s resource adequacy changes. The IRP demonstrates the need for 434 MW of winter capacity in 2026, with the needs increasing in 2030. 1803 will accept and evaluate proposals for any term length beginning no earlier than January 1, 2025, and extending to no later than May 31, 2045.

### **2.1.1. Load Forecast**

Appendix A provides 1803's currently available load forecast consistent with the load forecast used in the IRP. 1803's primary need is winter capacity, with smaller capacity needs in other seasons, as shown in Appendix A.

1803's current forecasted capacity needs (including reserve margin) is 434 MW for winter 2026 and 114 MW for summer 2026. The projected future capacity obligations and current position are detailed in Appendix A and discussed further in the next section.

### **2.1.2. 1803's Planning Goals**

1803 recognizes that one of MISO's important goals is to match buyers and sellers of different products sold in the market to achieve the lowest possible cost for consumers while maintaining reliable service, which completely aligns with the 1803 goals. 1803 also recognizes that there are differences in periods over which the markets operate - the energy market is a day-ahead market for the next 24-hour period and the capacity market is a one-year-ahead market. Given the market operates over a relatively short period, 1803 desires longer-term rate certainty and reliability in both energy and capacity supplies, and, as such, does not plan to rely on the short-term MISO market for long-term needs. While 1803 does plan to acquire firm capacity resources, it will rely on MISO to balance energy and capacity positions in the near-term for any unplanned imbalance.

### **2.1.3. Capacity and Energy Needs**

To reliably meet the capacity needs of the state of Louisiana and the region, 1803 has reviewed its load duration curve to provide prospective bidders better insight into the needed resources.

Figure 1 contains the load duration curve for 1803 for 2026 to give an indication of load characteristics. Figure 2 shows duration curves for each season, which shows that outside the top 35 hours of winter, summer load values are typically higher than winter throughout the respective seasons.



Figure 1 | 1803 Annual Load Duration Curve (2026)

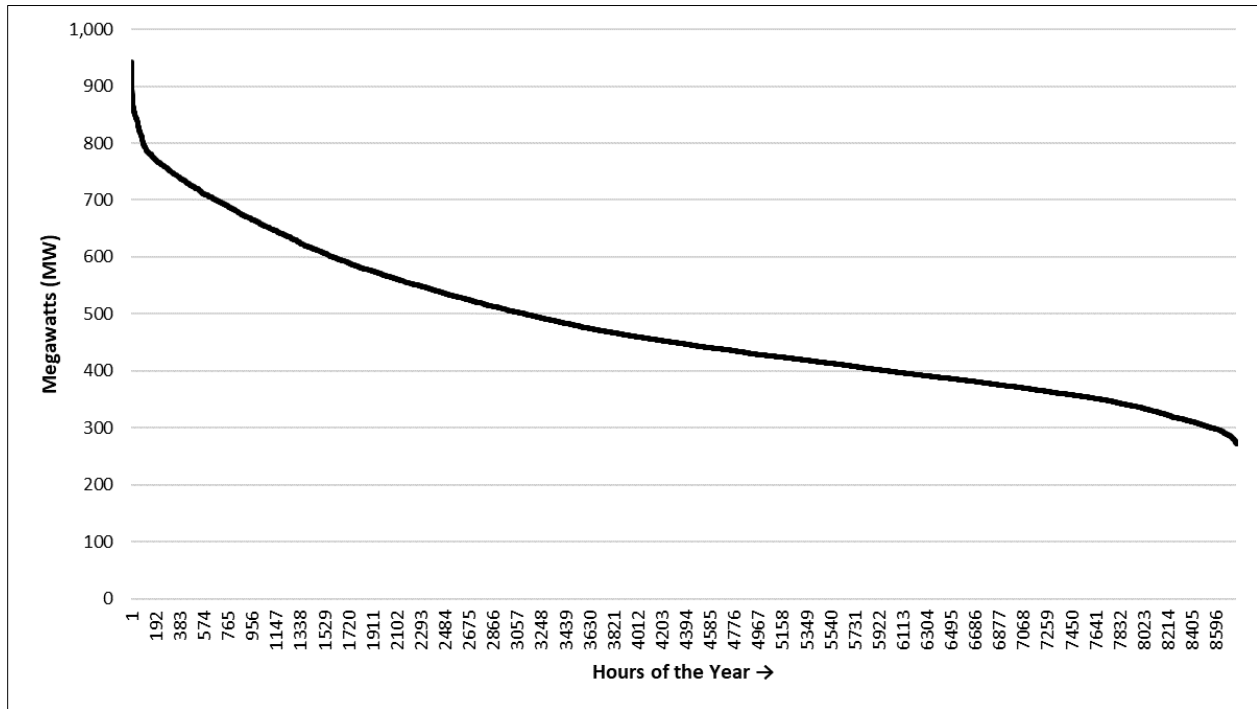
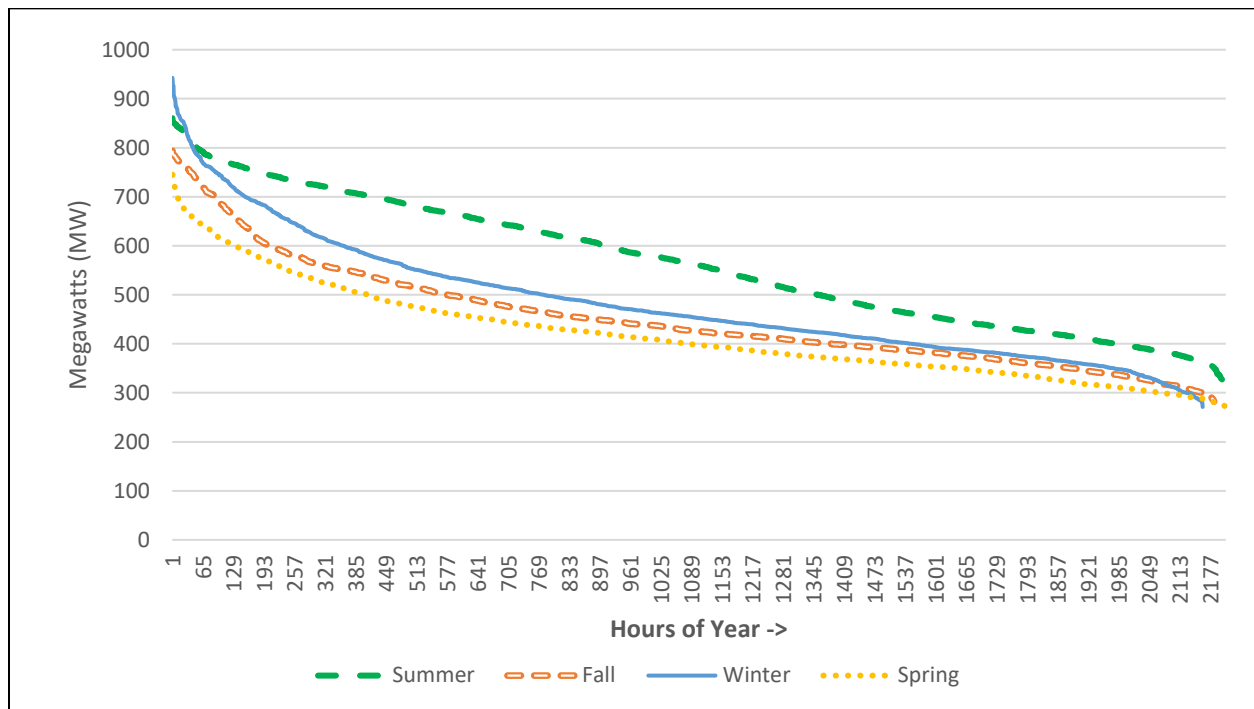


Figure 2 | 1803 Seasonal Load Duration Curves (2026)



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Figure 3 shows 1803’s expected average hourly net position (load minus generation) forecast for 2026. The net position is shown as the average MWs for each Hour/Month combination, with negative numbers (green background) showing times of excess energy and black numbers (red background) being times load exceeds expected generation. Figure 3 shows that while 1803 needs capacity, its actual average energy usage is much lower than its capacity needs. In fact, 1803 energy needs are met by current expected energy production the vast majority of hours.

**Figure 3 | 1803 Net Energy Position - Negative Means Generation Exceeds Load, Positive Means Load Exceeds Resources: 12x24 for 2026**

Hour Ending	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	(44)	(33)	(44)	(54)	(27)	33	25	34	52	(11)	(28)	8
2	(41)	(33)	(54)	(67)	(43)	13	3	12	35	(26)	(28)	10
3	(47)	(29)	(60)	(77)	(51)	(2)	(13)	(3)	20	(36)	(29)	12
4	(44)	(25)	(68)	(83)	(62)	(12)	(25)	(18)	8	(44)	(31)	19
5	(32)	(16)	(71)	(87)	(64)	(18)	(30)	(24)	(3)	(47)	(30)	35
6	(5)	10	(61)	(80)	(55)	(18)	(30)	(22)	4	(38)	(13)	63
7	(90)	(85)	(176)	(243)	(261)	(246)	(254)	(210)	(143)	(130)	(86)	(34)
8	(77)	(94)	(231)	(305)	(297)	(295)	(310)	(280)	(231)	(196)	(120)	(24)
9	(156)	(161)	(274)	(289)	(285)	(296)	(314)	(284)	(249)	(228)	(174)	(91)
10	(196)	(195)	(260)	(278)	(274)	(282)	(295)	(271)	(232)	(224)	(162)	(137)
11	(200)	(223)	(251)	(263)	(260)	(257)	(267)	(245)	(212)	(203)	(152)	(165)
12	(225)	(239)	(227)	(253)	(234)	(215)	(219)	(205)	(178)	(194)	(151)	(177)
13	(233)	(241)	(199)	(259)	(223)	(194)	(197)	(185)	(160)	(189)	(154)	(214)
14	(239)	(254)	(202)	(239)	(203)	(165)	(210)	(185)	(141)	(179)	(162)	(238)
15	(307)	(297)	(214)	(245)	(199)	(177)	(188)	(167)	(156)	(194)	(194)	(271)
16	(307)	(303)	(201)	(235)	(173)	(147)	(174)	(141)	(132)	(190)	(202)	(283)
17	(267)	(282)	(195)	(230)	(160)	(129)	(158)	(122)	(101)	(143)	(167)	(217)
18	(191)	(197)	(145)	(175)	(114)	(92)	(122)	(70)	(34)	(87)	(118)	(143)
19	(122)	(128)	(98)	(125)	(46)	(10)	(61)	(18)	13	(67)	(78)	(100)
20	(112)	(110)	(92)	(133)	(62)	(11)	(32)	(11)	9	(55)	(78)	(92)
21	(108)	(108)	(90)	(122)	(60)	(19)	(35)	(11)	1	(62)	(85)	(89)
22	(113)	(112)	(109)	(132)	(72)	(30)	(48)	(33)	(17)	(74)	(89)	(94)
23	(14)	(8)	(2)	(12)	38	101	87	98	101	33	3	28
24	(31)	(28)	(27)	(35)	5	64	52	63	72	7	(14)	10

#### 2.1.4. MISO Requirements

MISO requires that, prior to the start of the planning year, load-serving entities (LSE) such as 1803 are obligated to have sufficient Zonal Resource Credits (ZRC), equal to the LSE's Planning Reserve Margin Requirement (PRMR). New for the most recent 2023/2024 planning year is that these are no longer annual requirements, rather there are requirements for four seasonal periods, each three months in duration. MISO's planning year begins on June 1 and continues through May 31 of the following year. The PRMR is the LSE's Resource Adequacy Requirements (RAR) and is established to ensure LSEs have sufficient planning resources to reliably serve load. MISO also includes a Local Clearing Requirement (LCR) that is a specific amount of capacity that MISO must procure from within each zone, which in the case of 1803 is Zone 9 for Louisiana loads. The LCR has historically been approximately 91% of the Zone 9 PRMR, as was the case in the most recent MISO capacity auction results. MISO determines the LCR annually, through the Local Reliability Requirement (LRR) portion of the Loss Of Load Expectation Working Group (LOLEWG) studies. The most recent LOLEWG for the 2023/24 Planning Year can be found here:

<https://cdn.misoenergy.org/20221003%20LOLEWG%20Item%2003%20PY%202023-24%20Final%20LOLE%20Study%20Results626468.pdf>

ZRCs represent 1 MW of unforced capacity tied to resources that are accredited by MISO and are located in specific Zones. ZRCs are only created by physical resources (or registered Demand Response) in accordance with MISO's rules verifying capabilities of resources. The MISO tariff describes these rules, and MISO's Business Practice Manual 011 (BPM 011) provides further detail of MISO's qualification requirements. BPM 011 can be downloaded from the documents section here:

<https://www.misoenergy.org/planning/resource-adequacy/#nt=%2Fplanningdoctype%3ARA%20Guides%20and%20References%2Fraguidetype%3ALOLE&t=10&p=0&s=FileName&sd=asc>

As previously noted, 1803 intends to procure ZRCs (accredited by MISO for accredited resources) in advance of the PRA auction from resources through this RFP and future RFPs and would only expect to acquire credits through the MISO Planning Reserve Auction (PRA) to manage small imbalances, typically plus or minus 10% of total capacity

requirements. 1803 will consider any offers that include resources that will be eligible to receive ZRCs from MISO, including if bundled with energy products.

1803 will accept submission of offers of ZRCs that do not initially specify the specific resource, but only offers that will transfer the ZRC to 1803's MISO account within MISO's system prior to the Planning Resource Auction and identify the physical generator at that time. Any offer for financial settlement based upon the MISO Planning Resource Auction, or that does not transfer physical ZRCs will be evaluated accordingly. 1803 is aware of the ongoing LPSC Docket R-36263 and that it may affect the viability of some offers. However, Docket R-36263 is not final and 1803 does not wish to restrict offers prematurely. 1803 will consider an offer's ability to meet any MCO requirement in the analysis of capacity offers.

#### **2.1.5. Existing Transmission System**

1803 does not own or operate any transmission facilities and does not plan to do so, with the exception of potential purchases of specific delivery point infrastructure at the end of the current contract. 1803 is provided transmission service under Open Access Transmission Tariff (OATT) administered by MISO. MISO, in conjunction with its transmission owners, maintains transmission system reliability through a host of measures outside the scope of this RFP.

MISO's most recent system planning study can be found at the following link:

<https://www.misoenergy.org/planning/planning/mtep22/>

MISO also publishes interconnection studies for groups of projects within areas of the market. MISO's Definitive Planning Phase (DPP) provides the most useful results for resources to assess interconnection opportunities. The DPP means the final phases of MISO's generator interconnection study process, during which MISO conducts reliability and deliverability studies that determine whether there is available transmission capacity to accommodate the interconnection of a new, proposed generation facility or whether network upgrades are needed. Under this process, MISO conducts a system impact study in each of the three DPP phases to account for project withdrawals and to refine and update its analysis.

DPP studies can be found at the link in the lower section of the page:

[https://www.misoenergy.org/planning/generator-interconnection/GI\\_Studies/#nt=/processstage:Definitive%20Planning%20Phase%20\(DPP\)](https://www.misoenergy.org/planning/generator-interconnection/GI_Studies/#nt=/processstage:Definitive%20Planning%20Phase%20(DPP))

### **2.1.6. Identification of Viable Resource Alternatives**

1803 has conducted an IRP study as the means to identify what resources are viable to serve its load and to provide an opportunity to all bidders to compete in offering suitable supply resources to 1803. As stated previously, 1803 does not desire to build any resources itself. See Section 3.3 for the types of supply resources being solicited in this RFP. Further detail is also included in appendices B1-B4. The IRP results showing winter capacity needs as the most critical have led to this RFP being tailored to the indicated resources. Purchase offers, power purchase agreements, or other agreements are meant to be inclusive terms and 1803 will consider any offer structure that provides the products 1803 is seeking.

## **3. 2023 Long-Term RFP**

### **3.1. Overview of the 2023 Long-Term RFP**

1803, by means of the 2023 Long-Term RFP, intends to purchase reliable and economically competitive power supplies to meet the long-term load-serving obligations of its Member Cooperatives, the reliability goals of the state of Louisiana, and the requirements of the MISO market. 1803 requests proposals from all types of suppliers that can provide winter ZRCs, including, but not limited to: electric utilities, power marketers, exempt wholesale generators, independent power producers, and storage developers. 1803 will accept proposals for terms starting no earlier than January 1, 2025, and ending no later than May 31, 2045, and any term between.

All proposals must be submitted in accordance with the appropriate Evaluation Form in Appendices B1-B4. Bids should be priced as of close of business on November 1, 2023.

For purposes of this RFP, the terms bid(s) and bidder(s) shall have the meaning and use consistent with their meaning and use in the MBM Order.

### **3.2. RFP Administrator**

The duties of the RFP Administrator for the 2023 Long-Term RFP, as further described in Section 4, will be performed by Alliance for Cooperative Energy Services Power Marketing LLC (ACES). ACES' responsibilities as the RFP Administrator will be delegated among four separate teams: the Process Control Team and the Solicitation Team roles are both discussed in Section 4.3. The Counterparty Evaluation Team is described in Section 4.12; and the Portfolio Strategy and Analysis Team is described in Section 4.13.

Each independent team and its members are bound by an internal non-disclosure agreement that strictly prohibits sharing confidential information outside the 1803 2023 Long-Term RFP process. Failure to abide by the terms of the internal non-disclosure agreement can result in disciplinary action, up to and including termination. Additionally, ACES is prohibited from disclosing confidential information regarding 1803's 2023 Long-Term RFP with its Members or Customers pursuant to the Consulting Agreement with 1803. Furthermore, as described more fully in section 4.3, the Portfolio Strategy and Analysis Team, as well as 1803 employees and board members, will not have access to bidder identities to ensure impartiality.

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 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:

- Beginning in 2002 ACES has 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, portfolio valuation, settlements, and information technology.
- ACES has received unqualified (clean) opinions on these examinations from 2002 through 2022, the most recent period, and ACES plans to undergo another independent examination of its energy risk management controls in 2023.

### **3.3. Basic Requirements for Proposals**

The Solicitation Team, the Counterparty Evaluation Team, and the Portfolio Strategy and Analysis Team shall evaluate proposals based on the appropriate price and the non-price factors discussed in Sections 4.9, 4.10, 4.11, 4.12, and 4.13. All proposals will be reviewed by the Solicitation Team for accuracy and completeness.

1803 intends to contract for the optimal product(s), as further described in Section 3.3.1, that meet its future power supply needs based on the proposals received from this RFP. The optimal proposal selection(s) may be comprised of a single proposal or multiple proposals from multiple bidders. 1803 is seeking proposals from qualified bidders capable of providing all or portions of its needs outlined in this RFP.

The laws of the state of Louisiana are strongly preferred to govern any subsequent contract(s) and agreement(s) (hereafter "contracts") resulting from the 2023 Long-Term RFP. Any contract that references the laws of states other than Louisiana will also be considered and evaluated.

Bidders' responses may contain one or more of the proposals outlined in Section 3.3.1.

### 3.3.1. Proposals and Appendices

1803 is requesting proposals from bidders for peaking generation, energy storage resources, and other capacity resources with the emphasis on winter capacity needs. Proposals for designated generation resources may be for a new resource or an existing resource.

Proposals for peaking designated generation resources shall provide the information required in the Evaluation Form in Appendix B-1. There is a minimum capacity quantity of 25 MW.

Proposals for energy storage resources shall provide the information required in the Evaluation Form in Appendix B-2. Energy storage resources may be combined with other resource types if desired by the bidder. There is a minimum capacity quantity of 25 MW.

Proposals for capacity only products will be accepted, as submitted utilizing Appendix B-3. To be evaluated, proposals for capacity only product must meet the following minimum qualifications:

- Minimum quantity of 25 MW.
- Preference will be given to MISO Zone 9 ZRCs.
  - Proposals from MISO Zones 8 and 10 will be considered.
  - If not MISO Zone 9, bidders shall designate which party is responsible for delivery risk to MISO Zone 9.
- No minimum term, but in no event start prior to January 1, 2025.
- Maximum term, to end no later than May 31, 2045.
- Capacity products combined with peaking energy products or options will be considered, but non-capacity energy providing minimal or no capacity under the MISO accreditation rules will not be considered.

1803 will accept proposals from all other types of resources, including distributed resources and demand response resources, as submitted utilizing Appendix B-4. These other types of resources must be able to supply winter capacity under the MISO



accreditation rules. To be evaluated, proposals for designated generation resources must meet the following minimum qualifications:

- Minimum capacity quantity of 25 MW.
- Must specify resource type, parameters, and physical location.
- Resource must plan to:
  - Either be an authorized behind-the-meter resource certified by MISO for Resource Adequacy purposes or, be a designated Network Resource.
    - To be considered a Network Resource for purposes of this RFP, bidder must have, or agree to obtain, a quantity of Network Resource Interconnection Service (NRIS) from MISO sufficient to allow the resource to receive sufficient ZRCs under applicable MISO rules, to allow bidder to fulfill its contracted ZRC obligations to 1803.
    - Bidders must have submitted, or agree to submit, an interconnection request for the generation resource to MISO as part of the next DPP cycle after the 1803 2023 Long-Term RFP submission.
- Resources must provide MISO accredited or creditable capacity in the form of ZRCs; energy or options on energy may be bundled with ZRCs.
  - Preference will be given to generation resources delivering to MISO Local Resource Zone (LRZ) 9.
    - Proposals for generation resources delivering to MISO Zone 8 or Zone 10 will be considered.
- Contract terms between five and 20 years, beginning no earlier than January 1, 2025, and ending no later than May 31, 2045.

### **3.4. Multiple Proposals**

1803 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**

1803 is conducting this RFP in a single phase. The RFP Administrator will evaluate proposals pursuant to the appropriate evaluation methods described in Section 4.9. The LPSC staff will also be notified of bid evaluation results and consulted for input.

1803 has posted the 2023 Long-Term RFP document and all related appendices on the RFP website, [www.acespower.com/1803LTRFP2023](http://www.acespower.com/1803LTRFP2023). To participate in the 2023 Long-Term RFP, bidders must submit a Notice of Intent to Provide Proposal (Notice of Intent) through the RFP website. Upon receipt of a Notice of Intent, the Solicitation Team will acknowledge receipt.

Bidders should note that 1803 will only accept electronically submitted notices and proposals. Bidders are required to submit all completed forms by the specified deadlines to the 2023 Long-Term RFP submission e-mail address ([1803LTRFP2023@acespower.com](mailto:1803LTRFP2023@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 [1803LTRFP2023@acespower.com](mailto:1803LTRFP2023@acespower.com).

### **4.2. Confidential Information and Confidentiality Agreements**

1803, the Member Cooperatives, the RFP Administrator, and LPSC staff will treat all proposals submitted by bidders as confidential; however, bidders shall submit their proposals with the knowledge and acceptance that any information provided by them is subject to disclosure in order for 1803 to cooperate with LPSC's informational requirements in the 2023 Long-Term RFP, to seek the LPSC's authorization of any accepted and fully negotiated proposal(s) pursuant to the LPSC's 1983 General Order, and to support any applications for other necessary regulatory and governmental approvals.

In the event the Solicitation Team, in their judgment and discretion, determine 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 will be submitted to the bidder. Otherwise, 1803 will ensure all bidders have access to the same information from 1803, and that no bidder will have selective or otherwise preferential access to non-public market sensitive information from 1803 through the 2023 Long-Term RFP.

#### **4.3. Receipt of Proposals and Redaction**

The RFP Process Control Team will document the receipt of all proposals and will ensure that all proposal electronic files, communications, and any other proposal documents are maintained in a secure location that is accessible only to appropriate RFP personnel. The Solicitation Team will work with unredacted information and facilitate bidder communication and necessary clarifications of proposals or additional information requests if needed, as well as participate in contract negotiations.

The RFP Process Control Team will review all relevant proposal information to ensure:

- All identifying information, including a bidder's company name, office location, contact information, and affiliate names is appropriately redacted;
- Unique bidder, generating unit, and proposal identification codes, as applicable, are accurately provided; and
- Separate proposal database information is organized appropriately for distribution with identifying information to either the Solicitation Teams and/or Counterparty Evaluation Team; and only information without identifying characteristics is provided to the Portfolio Strategy and Analysis Team and 1803 management and board; such that each team receives only the appropriate information required to perform its specific portion of the RFP evaluation process.

While no process can ensure that the identity of a bidder remains completely anonymous due to otherwise identifying proposal information such as the location of a specific resource that will be used to evaluate congestion and/or deliverability, the RFP Process Control Team's intent is to provide a reasonable level of anonymity

of bidders within the RFP process to maintain a fair, consistent, and equitable evaluation process.

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, subject to the limitations described in Section 4.11.

#### 4.4. RFP Schedule

The schedule for the 2023 Long-Term RFP is shown in Figure 5. As circumstances warrant, 1803, in its sole judgment and discretion, but subject to prior consultation with LPSC staff, may change this schedule, and, in that event, the Solicitation Team will inform all potential bidders as far in advance as reasonably possible by posting any change on the RFP website, [www.acespower.com/1803LTRFP2023](http://www.acespower.com/1803LTRFP2023). 1803 will consult with LPSC staff prior to determining and announcing any significant change to the schedule shown in Figure 5.

**Figure 5 | 2023 Long-Term RFP Schedule**

<b>RFP Schedule (Updates will be posted on the 2023 Long-Term RFP website):</b>	
Notice to LPSC	5/19/23
File Informational Filing Containing Draft 2023 Long-Term RFP	7/5/23
Technical and Bidders' Conference	7/28/23
Bidder Comment and Q&A Period on Draft RFP	6/29/23 - 9/26/23
Deadline for Bidder Comments	9/26/23
LPSC Staff Files Comments	10/06/23
Issue Final Version of 2023 Long-Term RFP	10/13/23
Continuing Q&A on Substantive RFP Issues	10/13/23 - 10/27/23
Open Period for Submission of Notice of Intent	10/13/23 - 10/27/23
Deadline for Submission of Notice of Intent at 5:00 p.m. CPT	10/27/23
Open Period for Submission of Proposals	11/01/23 - 11/09/23
Proposals ( <b>Appendices</b> ) Deadline at 5:00 p.m. CPT	11/09/23
Bid screening and analysis period begins	11/10/23
Selected Bidders notified (as early as)	2/09/24
Final PPA Execution (subject to LPSC approval) (as early as)	3/05/24
File certificate application(s) with LPSC (as early as)	3/05/24

#### **4.5. Modification or Cancellation of the 2023 Long-Term RFP**

1803 reserves the right, in its sole judgment and discretion, but subject to prior consultation with LPSC Staff, to modify or cancel the 2023 Long-Term RFP. In such an event, 1803, via the RFP Administrator, will post a notice on the RFP website, and make a reasonable attempt to directly notify all participants who have filed a timely Notice of Intent of any such modifications or cancellation. 1803, or the RFP Administrator, shall have no liability or responsibility for failing to make such direct notification to participants.

#### **4.6. Technical and Bidders Conference; Technical and Bidders Call**

LPSC Staff will conduct a Technical and Bidders' Conference for 1803 and persons interested in the 2023 Long-Term RFP on July 28, 2023. The primary purposes of the Technical and Bidders' Conference will be to review the 2023 Long-Term RFP and afford interested persons the opportunity to ask questions and make suggestions. Potential bidders for 1803's 2023 Long-Term RFP are encouraged, but not required, to attend and participate actively. 1803's presentation at the Technical and Bidders Conference will be posted on the RFP website. Prior to the Technical and Bidders' Conference, bidders will be able to submit questions or issues to LPSC staff to be presented anonymously during the conference. These questions, as well as 1803's response to these questions, will be posted to the RFP website.

1803 may, in its sole judgment and discretion, but subject to prior consultation with LPSC staff, schedule and conduct any additional Technical and Bidders' Conference if considered beneficial to the RFP process.

#### **4.7. Question and Comment Process and Issuance of Final Version of the 2023 Long-Term RFP**

1803 encourages questions and comments from potential bidders about the 2023 Long-Term RFP. Effective July 5, 2023, or any such other date that 1803 files the draft version of the 2023 Long-Term RFP with the LPSC and posts it on the 2023 Long-Term RFP website, all communications between potential or actual bidders and 1803 or the RFP Administrator shall be conducted by means of the procedures specified in the 2023 Long-Term RFP. Questions or requests for clarifying information must be directed through the designated RFP email address, [1803LTRFP2023@acespower.com](mailto:1803LTRFP2023@acespower.com). Any unsolicited contact

with any 1803 personnel or the RFP Administrator by potential or actual bidders concerning the 2023 Long-Term RFP is not and will not be permitted and may constitute grounds for disqualification.

The Solicitation Team will post all questions submitted by bidders, as well as 1803's responses to such questions, on the RFP website, [www.acespower.com/1803LTRFP2023](http://www.acespower.com/1803LTRFP2023). 1803's objective in posting these questions and responses is to ensure all bidders have equal access to non-confidential information that may be potentially relevant to their proposals.

In addition to directing inquiries to the RFP Administrator, interested persons are encouraged to submit questions or comments directly to 1803 and LPSC staff during the Technical and Bidders' Conference. 1803 will review all timely submitted questions and comments and consider them when it files final RFP documents with the LPSC on October 13, 2023, or any such other date that 1803 files the final version of the 2023 Long-Term RFP documents with the LPSC and posts it on the 2023 Long-Term RFP website.

#### **4.8. Additional Questions and Comments**

Bidders may continue to submit questions about the 2023 Long-Term RFP to the RFP email address any time prior to the deadline for submission of the Notice of Intent but are encouraged to do so as far in advance as possible of the bidding deadlines to allow the Solicitation Team to have adequate time to respond to the questions and post responses to those questions to the RFP website. If bidders have any unresolved concerns or questions at any time during the 2023 Long-Term RFP, they may also send them to the LPSC Staff for consideration and response.

Solely to respond to bidders' technical questions regarding the electronic registration or proposal submission processes, 1803 will post an RFP Telephone Hotline number on the RFP website.

#### **4.9. Bidder Registration**

1803 and the Solicitation Team will accept bidder registrations only during the open submittal period beginning October 13, 2023, and concluding 5:00 PM CPT on October

27, 2023. Potential bidders are required to submit a properly completed Notice of Intent through the RFP website.

Upon receipt of a Notice of Intent, the Process Control Team will acknowledge receipt via email and furnish each bidder with a unique bidder identification code.

#### **4.10. Submission of Proposals**

Through the Solicitation Team, 1803 will accept proposals during the open submittal period of November 1, 2023, through 5:00 PM CPT on November 9, 2023. Only electronically submitted proposals will be accepted.

Bidders are required to submit all completed forms by the specified deadlines to the RFP email address: [1803LTRFP2023@acespower.com](mailto:1803LTRFP2023@acespower.com).

Proposals will not be accepted after 5:00 PM CPT on November 9, 2023. Any proposals received later than this date and time will be rejected and not be considered or evaluated.

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, and/or Appendix B-4 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.

Proposals submitted in response to the 2023 Long-Term RFP will not be returned to bidders. At the conclusion of the 2023 Long-Term RFP, all proposals will be confidentially archived by the Solicitation Team until at least the conclusion of the LPSC certification process related to the 2023 Long-Term RFP, and the conclusion of any regulatory review and approval process. All proposals will be treated as confidential and will be subject to all governing regulatory requirements.

#### **4.11. Screening for Requirements**

The Solicitation Team will thoroughly review and assess all proposals to ensure that each:

- Is received on time
- Is signed by a duly authorized officer or agent of the bidder
- Meets the informational requirements and other conditions specified in the applicable appendix
- Meets the applicable basic requirements detailed in Section 3.3 of this RFP

The Solicitation Team reserves the right to contact bidders to clarify proposal terms and/or request additional information.

Proposals that have been submitted on time, meet the basic requirements of this RFP, and the basic requirements for the appropriate proposal detailed in Section 3.3 will be considered conforming.

Proposals may be deemed non-conforming if they do not meet the requirements specified in the applicable appendix or if they do not meet the basic requirements for the appropriate proposal detailed in Section 3.3. Proposals not received on time will be rejected. Proposals that are deemed non-conforming for reasons other than timeliness will be given three business days after notification of non-conformity from the Solicitation Team to remedy any non-conformity. 1803 and the Solicitation Team will notify LPSC staff of the disqualification of any proposal on the basis it is non-conforming and shall identify the manner in which it is non-conforming.

#### **4.12. Counterparty Evaluation Team**

The Counterparty Evaluation Team consists of the Contract Evaluation Team and the Credit Evaluation Team. The Credit Evaluation Team 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 Section 4.13.

Figure 6 | Scaled Credit Score Matrix

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 Credit Evaluation Team may request additional 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.

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. 1803 and the Credit Evaluation Team 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 Credit Evaluation Team's 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 1803 and the Credit Evaluation Team 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, 1803 and the Credit Evaluation Team will consider the credit support customarily and ordinarily required in similar transactions compared to the proposed transaction.

The Contract Evaluation Team, also a subset of the Counterparty Evaluation Team, will evaluate the contracts provided by bidders to determine the appropriateness of the terms and conditions in addressing the needs of 1803. The Contract Evaluation Team will consist of a multi-disciplinary team comprised of experts in contracts, credit, operations, and other relevant disciplines and coordinated by the contract administration specialist. Each team member will review the portions of the contract addressing their area of expertise, with the contract administration specialist to coordinate comments and will support 1803 to make the final assessment of the reasonableness and appropriateness of the proposed terms and conditions.

#### **4.13. Portfolio Strategy and Analysis Team**

The Portfolio Strategy and Analysis Team will perform modeling process(es) to evaluate the conforming proposals. The Portfolio Strategy and Analysis Team will weigh several factors in assessing the best responses to meeting 1803's goals. These goals, in order of relative importance are:

1. Reliably serving load at the lowest reasonable cost;
2. Minimize the Potential volatility and market risk associated with 1803's rates;
3. Minimize cost Exposure to future environmental regulations and unknown environmental mitigation and/or clean-up costs;
4. Minimize Exposure to future cost increases passed through to 1803;
5. 1803 prefers fixed price contracts over cost based contracts;
6. 1803 prefers a moderate contract length (around 10-15 years) all else being equal;
7. Desirable Counterparty creditworthiness;
8. Desired contract terms outlined in Appendix E;
9. The location of resources near load or in the same MISO zone 9 and the state of Louisiana; and
10. Renewable generation attributes.

It should be noted that the evaluation process will be simpler than 1803's initial RFP which sought to build a portfolio from scratch and required a multi-step process to group potential offers for evaluation. This RFP will be a single step submittal and a single step evaluation.

1803's analysis will use industry standard portfolio modeling software, as well as spreadsheet analysis to evaluate the proposals added singularly to the existing 1803 planned portfolio. Energy prices and capacity prices will be as of the date of closing submittals. Each offer will be added to the portfolio across three cases "Expected Case" where both energy and capacity prices are in line with current forwards, "High Case" which will be the 95th Percentile of outcomes (1803 costs) from the stochastic model for energy, and a High capacity price environment (generally 50% above the expected values.) There will also be a "Low Case" which will be the 5th Percentile of outcomes (1803 costs) from the stochastic model for energy, and a low capacity price environment (generally 50% below the expected values.)

Beyond cost and cost risk (defined as the range of outcomes among the cases), 1803 will also consider reliability, regulatory compliance needs, and the aforementioned 10 criteria. If an offer is selected, it will be added to the portfolio, and the remaining offers will be added one at a time to the portfolio to assess additional selections assuming any prior selections are part of 1803's portfolio, this will ensure any interaction among offers do not cause negative impacts. Overall, as this solicitation is primarily focused on capacity, spreadsheet modeling of seasonal capacity positions, costs, and risks will be the primary modeling method, with dispatch-based software only being utilized for bids containing bundled energy.

#### **4.14. Notification of Evaluation Results and Negotiations**

Upon selection of any proposal(s) by 1803, the Solicitation Team will contact each bidder to notify it of the status of its proposal(s). At that time, each bidder will also be advised as to whether due diligence and/or additional discussions or negotiations are warranted.

### **5. Regulatory Approvals**

The results of the 2023 Long-Term RFP will be subject to regulatory approvals. Any successful proposal(s) will be subject to prior authorization by the LPSC under its 1983

General Order in connection with its MBM Order. Contracts between 1803 and prospective bidders will be conditioned upon prior LPSC authorization, and possibly other regulatory approvals, that are satisfactory in form and substance to 1803, in its sole judgment and discretion. 1803 reserves the right to reject any proposed contracts that result from the 2023 Long-Term RFP, if subsequently issued regulatory approvals or authorizations are subject to terms or conditions, including ratemaking treatments that are unacceptable to 1803 in its sole judgment and discretion.

Other than the LPSC and regulatory authorizations, for which 1803 shall apply, a bidder whose proposal is selected by 1803 for LPSC certification 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 facilitate effectuation of 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. Further, a bidder whose proposal is selected shall cooperate with 1803 in its activities to obtain LPSC and other regulatory authorizations.

## **6. Reservation of Rights**

A bidder's proposal will be deemed accepted only when a definitive contract has been executed and delivered by 1803 to the chosen bidder and the bidder also has executed that contract and delivered the fully executed contract to 1803. 1803 has no obligation to accept any proposal, regardless of whether the stated price in such proposal is the lowest price offered in the 2023 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, except as required in the LPSC's MBM Order.

By participating in the 2023 Long-Term RFP, each bidder agrees that: 1) except as expressly and specifically provided in any representations and warranties contained in a fully executed contract with 1803, any and all information furnished by or on behalf of 1803 in connection with the 2023 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 2) except as otherwise expressly and specifically provided in a fully executed definitive contract with 1803, neither 1803, the Member Cooperatives, 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.

The 2023 Long-Term RFP does not commit or obligate 1803 to pay any costs incurred by the bidder in the preparation of a proposal in response to the 2023 Long-Term RFP, or to contract for any products or services proposed by any bidder. 1803 reserves the right to modify or withdraw the 2023 Long-Term RFP, to negotiate with any qualified bidders to resolve technical or contractual issues, or to reject any or all proposals and to terminate negotiations with any bidder at any time. 1803 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 2023 Long-Term RFP, reject any or 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 1803, subject to the provisions of the 2023 Long-Term RFP relating to confidentiality and any confidentiality agreement that may be executed in connection with the 2023 Long-Term RFP and destroy or archive any information or materials developed by or submitted to 1803 in the 2023 Long-Term RFP.
- Request from a bidder information that is not explicitly detailed in the 2023 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 2023 Long-Term RFP, including disqualifying a bidder due to a change in the qualifications of the bidder

or if 1803 determines that the bidder's participation in the 2023 Long-Term RFP has failed to conform to the requirements of the 2023 Long-Term RFP.

- Conduct negotiations with any or all bidders or other persons or with no bidders or other persons.
- Execute one or more definitive contracts with any bidder that submits a proposal, with any other person, or with no one.

If, at any time, 1803 determines that there is a defect in the 2023 Long-Term RFP process or a deviation from the requirements of the 2023 Long-Term RFP, or that collusive or fraudulent bidding has occurred or appears to have occurred, 1803, in its sole judgment and discretion, in consultation with LPSC Staff, may suspend the 2023 Long-Term RFP in whole or in part as to any bidder or bidders so involved.

Under all circumstances, each bidder is responsible for all costs and expenses it incurs in connection with the 2023 Long-Term RFP. Under no circumstances, including 1803's termination of the 2023 Long-Term RFP at any time for any reason, whatsoever, will 1803 or any of its representatives be responsible for any costs or expenses of any bidder incurred in connection with the 2023 Long-Term RFP.