

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF SOUTHWESTERN)
PUBLIC SERVICE COMPANY'S)
APPLICATION FOR: (1) AUTHORIZATION)
TO ESTABLISH THE VOLUNTARY)
SOLAR*CONNECT COMMUNITY)
PROGRAM ("SOLAR*CONNECT") AND)
ENTER INTO A PURCHASED POWER)
AGREEMENT FOR THE PURCHASE OF)
1.98 MW OF NOMINAL SOLAR CAPACITY)
AND ASSOCIATED ENERGY FOR)
SOLAR*CONNECT; (2) APPROVAL OF)
THE PROPOSED METHODOLOGY FOR)
CALCULATING AND ANNUALLY)
ADJUSTING THE SOLAR*CONNECT)
RATE; AND (3) AUTHORIZATION TO)
FLOW THROUGH ALL SOLAR*CONNECT)
COSTS AND REVENUES THROUGH THE)
SOLAR*CONNECT RIDER AND ITS FUEL)
AND PURCHASED POWER COST)
ADJUSTMENT CLAUSE,)

SOUTHWESTERN PUBLIC SERVICE)
COMPANY,)

APPLICANT.)**

CASE NO. 18-00____-UT

DIRECT TESTIMONY

of

BENNIE F. WEEKS

on behalf of

SOUTHWESTERN PUBLIC SERVICE COMPANY

September 28, 2018

TABLE OF CONTENTS

GLOSSARY OF ACRONYMS AND DEFINED TERMS.....	iii
LIST OF ATTACHMENTS	v
I. WITNESS IDENTIFICATION AND QUALIFICATIONS	1
II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS	4
III. SPS’S 2017 SOLAR*CONNECT RFP	6
A. DESCRIPTION OF THE 2017 SOLAR*CONNECT RFP	6
B. EVALUATION OF THE 2017 SOLAR*CONNECT RFP BIDS	8
IV. SOLAR*CONNECT PPA IMPACTS	13
A. COST IMPACTS	13
B. SPS INTEGRATED RESOURCE PLAN	15
VERIFICATION.....	16

GLOSSARY OF ACRONYMS AND DEFINED TERMS

<u>Acronym/Defined Term</u>	<u>Meaning</u>
2017 Solar*Connect RFP	December 2017 SPS Request for Proposals seeking solar generation resources
2018 IRP	SPS's Last IRP, filed July 16, 2018
Commission	New Mexico Public Regulation Commission
IRP	Integrated Resource Plan
ITC	Investment Tax Credit
MW	Megawatt
MWac	Megawatt alternating current
MWh	Megawatt hour
NMAC	New Mexico Administrative Code
Operating Companies	Northern States Power Company, a Minnesota corporation; Northern States Power Company, a Wisconsin corporation; PSCo; and SPS
OTEC	Otero County Electric Cooperative
PPA	Power Purchase Agreement
PSCo	Public Service Company of Colorado, a Colorado corporation
PV	Photovoltaic
RFP	Request for Proposal
SoCore	SoCore Clovis 1 LLC

<u>Acronym/Defined Term</u>	<u>Meaning</u>
SoCore Solar Facility	1.98 MWac solar powered electric generating facility
Solar*Connect	Solar*Connect Community
SPS	Southwestern Public Service Company, a New Mexico corporation
Xcel Energy	Xcel Energy Inc.

LIST OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
BFW-1	2017 Solar*Connect Community Resource RFP
BFW-2	SoCore Initial Bid Pricing

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Bennie F. Weeks. My business address is 790 S. Buchanan Street,
Amarillo, Texas 79101.

Q. On whose behalf are you testifying in this proceeding?

A. I am filing testimony on behalf of Southwestern Public Service Company, a New
Mexico corporation (“SPS”) and wholly-owned electric utility subsidiary of Xcel
Energy Inc. (“Xcel Energy”).

Q. By whom are you employed and in what position?

A. I am employed by Xcel Energy Services Inc., the service company subsidiary of
Xcel Energy, as Manager of Resource Planning and Bidding.

**Q. Please briefly outline your responsibilities as Manager of Resource Planning
and Bidding.**

A. My duties include managing analysts and planners in the development of strategic
resource planning, including: need assessment; planning; and financial analysis of
various resource and purchase/sales options. I am also responsible for management
of the various state resource planning processes in a manner to fulfill regulatory
requirements.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **Q. Please describe your educational background.**

2 A. I graduated from West Texas State University in May 1976, receiving a Bachelor
3 of Science degree with a double major in Mathematics and Physical Education.
4 Additionally, I have 23 continuing education units in the business field.

5 **Q. Please describe your professional experience.**

6 A. I began employment with SPS in September 1979 as a meter reader. I became an
7 Engineering Estimator in the Fuel Administration Department in 1981. As an
8 estimator, I prepared monthly fuel plans and the five-year fuel budget. In 1984, I
9 became Senior Production Costing Specialist in Fuel Acquisition and
10 Administration. In that position, I performed studies for fuel budgets, capital
11 projects, fuel contracts, alternative operating procedures, and other special projects.
12 I was responsible for a production costing model (PROMOD) and coordinated and
13 developed the short-term and long-term fuel and energy planning and budgeting for
14 the SPS generating system. In October 2000, I became a Case Specialist in
15 Regulatory Administration for SPS managing all aspects of regulatory cases. I
16 accepted my current position in October 2008.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **Q. Have you attended or taken any special courses or seminars relating to public**
2 **utilities?**

3 A. Yes. I have attended many utility-related classes and seminars hosted by SPS and
4 utility consulting firms.

5 **Q. Have you filed testimony before any regulatory authorities?**

6 A. Yes. I have filed testimony before the New Mexico Public Regulation Commission
7 (“Commission”) and Public Utility Commission of Texas regarding SPS’s resource
8 planning and acquisition processes. I have also testified before the Federal Energy
9 Regulatory Commission on the issue of off-system sales.

II. ASSIGNMENT AND SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. What is your assignment in this proceeding?

A. SPS is proposing in this case to replace its existing voluntary renewable energy purchase program, Windsource, with a new program, Solar*Connect Community (“Solar*Connect”). The Solar*Connect program affords SPS’s New Mexico retail customers the option to purchase additional renewable energy at a premium above SPS’s base cost of energy. To secure supply for the proposed Solar*Connect program, SPS issued a Request for Proposals (“RFP”) for solar generation (“2017 Solar*Connect RFP”). Following the bid evaluation, selection, and negotiation process, SPS executed the Solar*Connect purchased power agreement (“PPA”) with SoCore Clovis 1 LLC (“SoCore”), which involves the purchase of all of the net energy from a 1.98 megawatt alternating current (“MWac”)¹ solar powered electric generating facility to be developed by SoCore (the “SoCore Solar Facility”) near Clovis, New Mexico.

My testimony: (1) provides an overview of SPS's 2017 Solar*Connect RFP; and (2) addresses certain impacts of the Solar*Connect PPA on SPS and its customers.

¹ The MWac reflects the value delivered at the meter.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **Q. Please summarize the conclusions and recommendations in your testimony.**

2 A. I conclude that the selection of the SoCore RFP bid provided a reasonable option
3 to supply the proposed Solar*Connect program.

4 **Q. Were Attachments BFW-1 and BFW-2 prepared by you or under your direct**
5 **supervision and control?**

6 A. Yes.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **III. SPS’S 2017 SOLAR*CONNECT RFP**

2 **A. Description of the 2017 Solar*Connect RFP**

3 **Q. Please describe the 2017 Solar*Connect RFP.**

4 A. The 2017 Solar*Connect RFP, provided as Attachment BFW-1, was issued on
5 December 4, 2017. The RFP sought solar generation with commercial operation
6 dates beginning no later than December 15, 2020, which would allow the
7 developers of the projects to avail themselves of the Investment Tax Credit (“ITC”).

8 In addition, the 2017 Solar*Connect RFP:

- 9 • sought resources to replace SPS’s existing Windsource program, a
10 subscription based wind program available to customers since 1999;
- 11 • sought bids for two photovoltaic (“PV”) solar generation facilities, each
12 having a maximum capacity of 0.99 MWac;
- 13 • specified a PPA term of 20 years;
- 14 • required all proposals to include PPA pricing consistent with terms and
15 conditions of the model PPA;
- 16 • specified that SPS will not consider Renewable Energy Certificates only
17 contracts; and
- 18 • required the projects to interconnect directly to the SPS distribution system
19 in New Mexico (the preferred distribution facilities were identified in the
20 2017 Solar*Connect RFP documentation, which is included on page 4 of
21 Attachment BFW-1).

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 As shown in Section 4.1 of Attachment BFW-1, bid proposals were initially
2 due by January 26, 2018, which gave potential bidders over seven weeks to prepare
3 and submit bids. During the period that the Solar*Connect RFP was issued and up
4 to the proposed deadline to submit bids, the Trump administration was proposing
5 to impose trade tariffs on imported solar cells and modules. Indeed, on January 23,
6 2018, President Trump signed a proclamation that placed tariffs on imported solar
7 cells and modules for a period of four years. Because of the uncertainty concerning
8 potential negative impacts the new tariffs could have on the solar industry and to
9 allow developers to account for the impacts of the tariffs in their bids, SPS extended
10 the deadline for developers to submit bids to February 2, 2018.

11 **Q. Why did SPS pursue a solar-only PPA?**

12 A. SPS's survey of preferences for voluntary programs conducted with New Mexico
13 retail jurisdictional customers indicated a strong preference for solar renewable
14 energy. SPS witness Ryan A. Matley addresses this in detail in his direct testimony.

15 **Q. How many bids were received?**

16 A. On February 2, 2018, SPS received one bid with two proposals from SoCore.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **Q. Please briefly describe the two proposals.**

2 A. SoCore's initial bid proposed two sites. One of the sites was in Curry County, New
3 Mexico near the Clovis substation that is already under-development for either a
4 0.99 MWac or 1.98 MWac solar array. The second proposed site was in Eddy
5 County, New Mexico near the Artesia Country Club substation for a 0.99 MWac
6 solar array. SoCore offered pricing for each site assuming a 0.99 MWac solar array.

7 **B. Evaluation of the 2017 Solar*Connect RFP Bids**

8 **Q. Please describe SPS's bid evaluation process for the 2017 Solar RFP.**

9 A. The analysis was broken into three phases: (1) bid location evaluation; (2) bid
10 siting/land rights and distribution interconnection evaluation; and (3) bid price
11 evaluation.

12 First, SPS verified that SoCore's bid contained specific requirements
13 including up to 1.98 MWac of PV solar generation resources from two projects
14 having a maximum capacity of 0.99 MWac each. Other attributes that were
15 considered to be desirable for the purposes of the resource location included overall
16 visibility and proximity to higher concentrations of SPS's customers located near
17 specific distribution substations identified in the Solar*Connect RFP. As I
18 mentioned earlier, SoCore's initial bid proposed two potential locations:

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

- 1 • Curry County, New Mexico with a single 0.99 MWac solar array or a
2 1.98 MWac solar array to provide high visibility and positioned just 4
3 miles west of the heart of Clovis, 2 miles from Plains Regional Medical
4 Center, and 2 miles from Cannon Air Force Base; and
- 5 • Eddy County, New Mexico near the Artesia Country Club in Artesia,
6 New Mexico with a single 0.99 MWac proposed site.

7 Both sites adhered to the location requirements listed in the RFP.

8 Next, SPS conducted both a siting and land rights evaluation and a
9 distribution interconnection evaluation of the SoCore bids. During the evaluation,
10 the Siting and Land Rights Agent determined:

- 11 (1) that no siting and land rights issues existed with regard to the Clovis
12 site; and
- 13 (2) the Artesia site was unattainable from a land rights perspective because
14 the location had been platted for a subdivision that was already being
15 constructed and SPS had already secured an easement for a transmission
16 line coming out of the Artesia Country Club Substation.

17 During the distribution interconnection evaluation, the principal engineer
18 determined that:

- 19 (1) there were no issues with a distribution interconnection at the Clovis
20 site; and
- 21 (2) because of the siting and land rights concerns at the Artesia site, further
22 evaluation of a distribution interconnection at that location was
23 unnecessary.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 In March 2018, SPS notified SoCore that the Artesia site was not a viable
2 option. SoCore offered to either pursue land at another of the substations or provide
3 a second 0.99 MWac solar facility at the Clovis location. SPS consulted with its
4 siting and land rights and distribution engineers, who determined that there would
5 be no issues with an additional 0.99 MWac solar facility at the Clovis location.
6 SoCore provided reduced pricing for a total of 1.98 MWac at the Clovis location.

7 Finally, SPS Resource Planning conducted an initial pricing analysis by
8 calculating the levelized cost of energy (\$/megawatt hour (“MWh”) over the life of
9 each project (2020-2040). SoCore’s bid included a fixed price and a first year price
10 with an escalation rate of two percent for the Clovis and Artesia proposed facilities.
11 Attachment BFW-2 shows SoCore’s initial project pricing and the proposed
12 reduced pricing for the 1.98 MWac SoCore Solar Facility.

13 **Q. After SPS’s initial evaluation of the SoCore bid, did SPS perform any**
14 **additional evaluation?**

15 A. Yes. As discussed by SPS witness Tara R. Fowler, after executing the
16 Solar*Connect PPA, SPS and SoCore executed the First Amendment to the
17 Solar*Connect PPA, a copy of which is attached to Ms. Fowler’s direct testimony
18 as Attachment TRF-3. The purpose of this amendment, in part, was to permit

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 SoCore to pursue a new site for the SoCore Solar Facility that is adjacent to and
2 just west of SPS's West Clovis Substation. Specifically, in the amendment, SPS
3 and SoCore agreed that SoCore shall have the option of selecting one of two points
4 of interconnection at the West Clovis substation for the SoCore Solar Facility.²

5 SPS evaluated the first of the two possible interconnection points during its
6 initial evaluation of SoCore's bid. Since that time, SPS performed a siting and land
7 rights evaluation and a distribution interconnection evaluation of the second
8 potential interconnection point, as well as the initial site near the West Clovis
9 Substation. During that evaluation, SPS's Siting and Land Rights Agent
10 determined that no siting and land rights issues existed with regard to the West
11 Clovis Substation site. In addition, the principal engineer determined that there
12 were no issues with a distribution interconnection at the West Clovis Substation
13 site.

14 Locating the SoCore Solar Facility at the West Clovis Substation site has
15 no impact on the pricing under the Solar*Connect PPA. Accordingly, no additional
16 pricing analysis was required.

² See Direct Testimony of Tara R. Fowler at Attachment TRF-3 (First Amendment to the Solar*Connect PPA at ¶ 3).

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **Q. In your opinion, was a self-build option in lieu of the Solar*Connect PPA a**
2 **viable alternative?**

3 A. No. The availability of an ITC is one of the primary reasons solar PV generation
4 costs have decreased recently. The impact of the ITC was reflected in SoCore's
5 bid. Unlike SoCore, SPS would not have been able to immediately flow through to
6 customers the benefits of the ITCs associated with a self-built solar facility.

7 **Q. Please explain why SPS is unable to flow the benefits of the ITC to its**
8 **customers in a similar fashion as SoCore did for its pricing of the**
9 **Solar*Connect PPA.**

10 A. As a public utility, SPS is subject to the Internal Revenue Service normalization
11 requirements, which would require SPS to spread the impact of any ITCs to
12 customers over the book life of the solar facility. Because SoCore is not a public
13 utility, it is not subject to the normalization requirements. Thus, it could
14 immediately reflect the ITC in the pricing of its bid resulting in lower prices to the
15 customers.

16 **Q. What was the final result of the 2017 Solar*Connect RFP bid analysis?**

17 A. Taking all of the criteria described earlier into account, SPS determined that the
18 Clovis location including the 1.98 MWac SoCore Solar Facility provided the best
19 option to supply the Solar*Connect program.

1 **IV. SOLAR*CONNECT PPA IMPACTS**

2 **A. Cost Impacts**

3 **Q. Will SPS incur any transmission costs for delivery of the energy under the**
4 **Solar*Connect PPA?**

5 A. No, the Solar*Connect PPA is too small in scope to require any kind of transmission
6 upgrade costs for delivery of the energy. There will be costs associated with the
7 distribution interconnection, but those costs will be incurred by SoCore.

8 **Q. Will the procurement of the Solar*Connect PPA negatively affect SPS's**
9 **provision of safe and reliable electric utility service?**

10 A. No. Because of its small-scale size, the Solar*Connect PPA should have no
11 negative impact on the reliability of the SPS transmission system.

12 **Q. Does the Solar*Connect PPA allow SPS to supply the Solar*Connect program**
13 **with renewable energy at the lowest reasonable price?**

14 A. Yes. The first year price for the Solar*Connect PPA is \$39.00 per MWh, escalating
15 by two percent annually. The levelized cost of the Solar*Connect PPA is
16 approximately \$45.46 per MWh over its 20-year term. Obviously, the small size of
17 the Solar*Connect PPA limits potential savings from economies of scale.
18 Nevertheless, the pricing of the Solar*Connect PPA is consistent with that of the
19 only comparable project in New Mexico with publicly available pricing, which is

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 the 3 MW Carrizozo solar project developed by SoCore for Otero County Electric
2 Cooperative (“OTEC”), which went online in March 2018. OTEC has agreed to
3 purchase the output of the Carrizozo project through a 25-year PPA at a levelized
4 cost of \$45 per MWh. The Rocky Mountain Institute stated in its press release
5 issued in December 2017, that it believes the price for the Carrizozo PPA “is the
6 lowest reported contract for distributed photovoltaic solar energy in the U.S.”³ The
7 Carrizozo began operation this past spring.

8 Finally, the Solar*Connect PPA price is also comparable to the levelized
9 cost of similar solar projects for the Xcel Energy Operating Companies in other
10 states, when factoring in regional differences and projects of scale:

- 11 • Public Service Company of Colorado, a Colorado corporation (“PSCo”) –
12 Solar*Connect Community 2 MW projects priced at ~\$45 per MWh;
- 13 • PSCo – Renewable*Connect 50 MW project priced at \$33 per MWh; and
- 14 • Northern States Power Company—Wisconsin, a Wisconsin corporation –
15 Solar*Connect Community 3 MW project priced at ~\$50 per MWh.

³ For a copy of the Rocky Mountain Institute’s press release, please refer to <https://rmi.org/press-release/press-release-new-mexico-record-low-contract-solar/>.

Case No. 18-00____-UT
Direct Testimony
of
Bennie F. Weeks

1 **B. SPS Integrated Resource Plan**

2 **Q. Has SPS filed an integrated resource plan (“IRP”) under Rule 17.7.3 NMAC?**

3 A. Yes. SPS filed its last IRP in Case No. 18-00215-UT on July 16, 2018 (“2018
4 IRP”).

5 **Q. Is the Solar*Connect PPA consistent with SPS’s 2018 IRP?**

6 A. No, SPS is seeking approval of the Solar*Connect PPA to satisfy its obligation
7 under Rule 572. In other words, the Solar*Connect PPA is not required to meet
8 customer demand, but rather is offered to customers who wish to purchase
9 additional renewable energy. Nevertheless, SPS approached the Solar*Connect
10 PPA with the same philosophy underlying its resource planning and 2018 IRP (i.e.,
11 SPS sought to acquire the renewable energy required to supply the Commission-
12 mandated renewable energy program with the lowest cost impact to customers).


13 **Q. Does this conclude your pre-filed direct testimony?**

14 A. Yes.

8

BENNIE F. WEEKS, first being sworn on her oath, states:

BENNIE F. WEEKS

CINDY BAEZA
Notary Public, State of Texas
Notary ID #13078365-0
My Commission Expires 10-06-2020

16

SOUTHWESTERN PUBLIC SERVICE COMPANY

2017 Solar*Connect Community Resource Solicitation

Request for Proposals



December 4, 2017

Table of Contents

Southwestern Public Service Company – New Mexico Solar*Connect Community Solar Resource RFP

Section 1. Introduction.....	1
1.1 Regulatory Context.....	1
1.2 Resources Sought Through this RFP	1
1.3 RFP Website	3
Section 2. Eligible Project Information	3
2.1 Eligible Project Structures	3
2.2 Eligible Generation Resources	3
Section 3. Interconnection and Power Information.....	3
3.1 General information	3
3.2 Interconnection information	5
Section 4. Proposal Content Requirements and Submittal Procedures.....	5
4.1 Schedule Estimate	5
4.2 Proposal Content Requirements.....	5
4.3 Proposal Submission.....	11
4.4 Communication Policy	11
4.5 Bid Evaluation Fees.....	11
4.6 Clarification of Proposals.....	12
4.7 Confidentiality.....	12
4.8 Addenda to RFP.....	12
Section 5. Evaluation and Criteria.....	12
5.1 Evaluation Process.....	12
5.2 Bidder Notification	14

Notice of Disclaimer

The information contained in this Request for Proposals ("RFP") for energy and capacity resources has been prepared solely to assist bidders in deciding whether or not to submit a proposal. Southwestern Public Service Company, ("SPS") does not represent this information to be comprehensive or to contain all of the information that a respondent may need to consider in order to submit a proposal. None of SPS, its affiliates, or their respective employees, directors, officers, customers, agents and consultants makes, or will be deemed to have made, any current or future representation, promise or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained herein, or in any document or information made available to a respondent, whether or not the aforementioned parties knew or should have known of any errors or omissions, or were responsible for their inclusion in, or omission from, this RFP.

The Company reserves the right to modify, supplement or withdraw this RFP at any time, whether due to changes in law or otherwise, and issue one or more addenda to this RFP during this solicitation. No part of this RFP and no part of any subsequent correspondence by the Company, its affiliates, or their respective employees, directors, officers, customers, agents or consultants shall be taken as providing legal, financial or other advice or as establishing a contract or contractual obligation. Contractual obligations on the part of the Company will arise only if and when definitive agreements have been approved and executed by the appropriate parties having the authority to approve and enter into such agreements. The Company reserves the right to request from a bidder information that is not explicitly detailed in this document, obtain clarification from bidders concerning proposals, conduct contract development discussions with selected bidders, conduct discussions with members of the evaluation team and other support resources as described in this RFP and in compliance with all FERC Code of Conduct rules.

SPS will, in its sole discretion and without limitation, evaluate proposals and proceed in a manner SPS deems appropriate, which may include deviation from SPS's expected evaluation process, the waiver of any requirements and the request for additional information. SPS reserves the right to reject any, all or portions of any proposal received for failure to meet any criteria set forth in this RFP or otherwise and to accept proposals other than the lowest cost proposal. SPS also may decline to enter into any agreement with any bidder, terminate negotiations with any bidder or abandon the RFP process in its entirety at any time, for any reason and without notice thereof. Respondents who submit proposals agree to do so without legal recourse against SPS, its affiliates, or their respective employees, directors, officers, customers, agents or consultants for rejection of their proposals or for failure to execute an agreement for any reason. SPS and its affiliates shall not be liable to any respondent or other party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP. By submitting its proposal, each respondent, except as otherwise provided in the rules and orders of the New Mexico Public Regulation Commission ("Commission"), waives any right to challenge any valuation by SPS of its proposal. By submitting its proposal, each respondent waives any right to challenge any determination of SPS to select or reject its proposal. Each respondent, in submitting its proposal, irrevocably agrees and acknowledges that it is making its proposal subject to and in agreement with the terms of this RFP.

Each respondent shall be liable for all of its costs incurred to prepare, submit, respond or negotiate its proposal and any resulting agreement and for any other activity related thereto, and SPS shall not be responsible for any of the respondent's costs.

Southwestern Public Service Company – New Mexico Solar*Connect Community Solar Resource RFP

Section 1. Introduction

Southwestern Public Service Company ("SPS") is issuing this Request for Proposals ("RFP") seeking to acquire up to 1.98 MW (AC) of Photovoltaic (PV) solar generation resources from two projects having a maximum capacity of 0.99 MW (AC) each. SPS desires to fulfill this requirement via a Power Purchase Agreement ("PPA"). The preferred PPA term shall be twenty (20) years.

1.1 Regulatory Context

The resources solicited through this RFP are being sought to provide energy for a new Solar*Connect Community® program, a community solar garden program that SPS plans to file for approval with the New Mexico Public Regulation Commission (the "Commission") in the spring of 2018 or shortly after the PPA is fulfilled. The PPA price awarded through this RFP will need to be made public as part of the Solar*Connect Community program filing at the Commission and in subsequent marketing of the program should it be approved. If the Commission declines to approve the program or approves the program subject to conditions that are unacceptable to SPS, in its sole discretion, then SPS may terminate the PPA. SPS believes it reasonable to expect the Commission to issue a decision on the application within 6 months to one year of the filing. If approved in a favorable ruling, the new Solar*Connect Community program will replace SPS's existing Windsource® program, a subscription based wind program that's been available to customers since 1999. The contract for the wind asset supplying the Windsource program will expire on December 14, 2020.

SPS has a number of different goals it is trying to satisfy with the resources sought through this RFP. With the pending launch of its Solar*Connect Community program, SPS hopes to enable the creation of two "regional" community solar gardens of approximately 0.99 MW (AC) each, located in differing areas of its service territory. Individual installations may be no larger than 0.99 MW (AC) each to ensure compliance with SPS' interconnection requirements and to avoid SPP interconnection study requirements, and the two installations are intended to be geographically diverse. Attributes that will be considered desirable for purposes of the resource location include overall visibility, and proximity to higher concentrations of SPS's customers, particularly those that currently participate in SPS's Windsource program (See Section 3.1 for more detail). Additionally, SPS will place added value on those sites that are near educational institutions, businesses, or public event spaces, that may present future opportunities for community, economic, or educational development or partnerships. SPS intends to use these attributes along with others, as described in section 5.1, to balance price considerations when evaluating bids.

If SPS's Solar*Connect Community solar garden program is approved and successful, SPS may consider adding more solar gardens in the future. SPS sees solar as an important part of its current and future energy portfolio, and is looking to forge relationships through this RFP to help SPS bring more solar to its customers.

1.2 Resources Sought Through this RFP

Through this RFP, SPS is requesting proposals for two PV solar generation resources with a maximum AC capacity of 0.99 MW each. SPS will negotiate a preliminary agreement and sign a letter of intent to execute a PPA contingent on a favorable ruling from the Commission on SPS's filing.

While SPS will strongly favor proposals that include both of the two requested PV installations to leverage economies of scale and reduce the administrative burden of working with two garden developers, two separate single sites from different developers could also be considered in exceptional cases where the benefits outweigh the costs. All proposals with multiple sites should express pricing in both packaged terms (including discounts) as well as singular pricing for each site.

As described in Section 5.1, SPS will calculate the levelized \$/MWh for each bid based on information provided in the proposal and will rank the results from lowest cost to highest cost. A reasonable number of the lowest priced proposals will be identified with which to focus additional evaluation. SPS' priority is first and foremost to provide the lowest cost resource to our customers. However, SPS may use the locational attributes outlined below along with others as described in Section 5.1, to balance price considerations when evaluating bids.

The below list of cities are those with the highest concentrations of current Windsource participants (listed from highest to lowest). Proposals that are located in any of these cities will be considered preferential from a locational perspective, particularly those sites located in highly visible or densely populated areas.

1. Roswell
2. Clovis
3. Carlsbad
4. Hobbs
5. Portales
6. Artesia

Additionally, SPS will place added value on those sites that are near educational institutions, businesses, or public event spaces, that may present future opportunities for community, economic, or educational development or partnerships. Proposals should explicitly state whether potential or tentative partnerships have already been formed or the extent to which discussions with interested entities have begun. Several examples of these types of entities include but aren't limited to:

- Public schools
- Colleges
- Military institutions
- Military bases
- Museums
- Churches
- City or county facilities
- County fairgrounds
- Airports
- Parks or nature centers
- Repurposing old landfill sites

Furthermore, SPS is open to proposals for solar parking lot systems either to cover the full capacity requested or a percentage of one or both sites.

1.3 RFP Website

The SPS 2017 Solar*Connect Community Solicitation website can be found at:

http://www..xcelenergy.com/energy_portfolio/renewable_energy/solar/solar_testing,_demonstration_and_community_projects/2017_new_mexico_solar_connect_community_rfp

Section 2. Eligible Project Information

2.1 Eligible Project Structures

SPS is seeking proposals for PPAs through this RFP. All proposals shall include PPA pricing that is consistent with terms and conditions of the Model PPA¹. The Model PPA covering solar generation can be found on the SPS 2017 Solar*Connect Community Solicitation website at:

http://www..xcelenergy.com/energy_portfolio/renewable_energy/solar/solar_testing,_demonstration_and_community_projects/2017_new_mexico_solar_connect_community_rfp

All proposed PPAs are subject to the accounting and pricing considerations discussed in later sections of this RFP. SPS will not consider Renewable Energy Credit ("REC") only purchase contracts.

2.2 Eligible Generation Resources

In order to be eligible under this RFP, projects must, 1) be a PV solar resource, 2) have a nominal AC electrical output of 0.99 MW or smaller, 3) propose to sell all energy, associated capacity, ancillary services, and all RECs generated by the project through a PPA, and 4) be located in SPS' service territory in New Mexico and interconnected to SPS' distribution system.

Section 3. Interconnection and Power Information

3.1 General information

SPS will consider proposals that provide delivery of the project's full nameplate output to SPS of two PV installations through 1 to 2 interconnection points on SPS's distribution system in New Mexico. A list of preferred distribution facilities are listed in Table 1. below. A service territory map can be found on the SPS 2017 Solar*Connect Community Solicitation website at:

http://www..xcelenergy.com/energy_portfolio/renewable_energy/solar/solar_testing,_demonstration_and_community_projects/2017_new_mexico_solar_connect_community_rfp

¹ The Model PPA is a sample agreement containing terms and conditions acceptable to the Company. The Company understands that respondents may desire to modify and supplement the Model PPA when submitting their proposals, and anticipates negotiating with selected respondents in an effort to develop documents acceptable to both parties. See Section 4.2.7 for more information.

SPS requires that Bidders proposals provide SPS's ownership of 100% of the environmental benefits and renewable energy credits ("RECs") associated with the energy generated by the project and purchased by SPS.

Due to the nature of SPS's service territory boundaries and the level of granularity available in the map listed above, bidders may contact the RFP Project Manager to confirm whether a proposed interconnection point is in fact part of SPS's distribution system.

SPS has identified several distribution substations within the cities identified above in Section 1.2 that may be suitable for interconnection and may meet the preferential criteria of being near highly visible or densely populated areas. A list of these substations' latitude and longitude coordinates are below. Additionally, a map of these substations can be found at the SPS 2017 Solar*Connect Community Solicitation website at:

http://www.xcelenergy.com/energy_portfolio/renewable_energy/solar/solar_testing,_demonstration_and_community_projects/2017_new_mexico_solar_connect_community_rfp

Table 1. Xcel Energy Suggested Distribution Substations

Substation	City	MVA	Latitude	Longitude
Brasher	Roswell	4.68	33°21'01"N	104°31'38"W
Capitan	Roswell	3.13	33°23'19"N	104°34'41"W
Price	Roswell	2.91	33°27'07"N	104°31'39"W
Roswell City	Roswell	17.2/17.1	33°23'33"N	104°31'11"W
Tweedy	Roswell	4.15	33°19'40"N	104°29'18"W
Urton	Roswell	4.45	33°25'49"N	104°29'39"W
Clovis East	Clovis	26.9	34°25'34"N	103°10'09"W
Clovis North	Clovis	20.3	34°26'27"N	103°12'49"W
Clovis West	Clovis	4.76	34°24'41"N	103°14'59"W
Curry Co	Clovis	2.18	34°23'30"N	103v10'13"W
Fiesta	Carlsbad	24.3	32°24'26"N	104°13'14"W
Norris St	Clovis	4.7	34°23'37"N	103°10'41"W
North Canal	Carlsbad	22.3	32°27'27"N	104°13'43"W
Ocotillo	Carlsbad	5.16	32°25'44"N	104°15'54"W
Pecos	Carlsbad	2.62	32°26'41"N	104°12'02"W
Millen	Hobbs	5.69	32°45'18"N	103°09'43"W
Hobbs North	Hobbs	4.23/2.72	32°43'33"N	103°08'54"W
Hobbs South	Hobbs	4.15/3.16	32°40'56"N	103°08'34"W
Artesia Country Club	Artesia	1.04	32°49'52"N	104°25'48"W

SPS makes no warranties or representations regarding suitability of any potential substations identified above, and while these substations may be preferred, SPS will not exclude consideration of other sites provided they meet the requirements of the RFP.

3.2 Interconnection information

Counterparties will be responsible for all interconnection costs associated with their proposed project.

Details on the SPS generating system interconnection process can be found online at the following website. Please be sure to select New Mexico as your location.

https://www.xcelenergy.com/working_with_us/how_to_interconnect

Bidders are urged not to submit a generation interconnection request. In addition, Bidders are urged not to contact SPS to determine the Point of Interconnection if not known. Under these circumstances, it is recommended that Bidders provide location information as defined in the Standard Proposal Form for Electrical Interconnection Details. SPS plans to take interconnection considerations into account as described in Section 5.1.

Section 4. Proposal Content Requirements and Submittal Procedures

4.1 Schedule Estimate

The following timeline has been established for this RFP with the objective to achieve commercial operation by December 15, 2020:²

Activity	Date
Issue Solar RFP	December 4, 2017
Proposals Due	January 26, 2018
Evaluations Conducted	February 2018
Down-selection Issued	March 2018
Contract Negotiation and Letter of Intent Execution	March thru mid-April 2018
Expected PPA execution contingent on Commission approval of program and subscriber interest	April 2018 Approval expected after 6 months and up to 1 year

4.2 Proposal Content Requirements

This section outlines the content and format requirements for all proposals submitted in response to this RFP. Unless SPS in its sole discretion elects otherwise, proposals that do not

² The Company reserves the right to adjust this schedule appropriately in its sole discretion.

include the information requested in this section will be ineligible for further evaluation, unless the information requested is not applicable or relevant to a given proposal. SPS reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate proposals.

Proposal Format

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

- Section 4.2.1 - Executive Summary
- Section 4.2.2 - Project Description and Supporting Information
- Section 4.2.3 - Pricing
- Section 4.2.4 - Site Control
- Section 4.2.5 - Distribution and Interconnection
- Section 4.2.6 - Financial Information
- Section 4.2.7 - Exceptions to Model PPA
- Section 4.2.8 - Standard Proposal Forms

4.2.1 – Executive Summary

The Executive Summary should provide an overview of the proposed solar generating resource characteristics, including any unique aspects or benefits.

4.2.2 – Project Description and Supporting Information

Project Description

All proposals must provide a comprehensive description of the project (see Form B from Section 4.287), supply of spare parts, opportunities for future expansion of the project, the Respondents' key consultants (if known) for solar studies and permitting studies, milestones, meteorological studies/data and other pertinent information.

It is SPS's expectation that SPS will have first rights to the proposed project during the proposal review and approval process. In support of this, and included in this narrative, Bidders must also provide any and all information which would restrict the Bidder from providing SPS with exclusive rights to negotiate a PPA for the proposed project. Such restrictions could include, but are not limited to, prior active submission or participation in other RFPs, exclusivity rights granted to other parties, rights of first offer or refusal, purchase options, and active auctions for the project as applicable.

Development Experience

All proposals must describe in detail the respondent's qualifications and experience in developing, constructing, commissioning and operating generation facilities similar to the proposed facility, including the experience, qualifications and safety record of key personnel who will manage development and an overview of solar generation projects the respondent has developed during the last 5 years. SPS will also consider any previous experience of itself or its affiliates with the bidder, and or its affiliates, and performance of the bidder, and or its affiliates, in connection with other projects developed or proposed by the bidder and or its affiliates. If an EPC team is in place, the proposal should identify the members of the

team; if such a group is not in place, the proposal must set forth the respondent's plan for assembling such team (including process and timing).

Equipment Description

At a minimum, proposals should indicate for all major equipment, 1) the name of the manufacturer, 2) model, 3) key metrics and characteristics of the equipment, 4) performance history of the equipment, 5) terms of warranties and/or guarantees, 6) contracting status, and 7) availability of equipment and planned delivery dates. In addition, completion of Form E from Section 4.28 is required.

Energy Production Profile

All proposals must provide information on expected annual energy production. SPS requests an 8,760 hourly energy production profile as well as the equipment manufacturer's power curve adjusted for the proposed site. Data should be applicable at the point of interconnection as defined in the Bidder's Interconnection Request. Solar production data that is based on theoretical modeling or a combination of on-site metered data and modeled data will be considered. However, regardless of the source of this data, Bidders must provide the resource data measurement plan used to derive the data. If the measurement plan relies entirely or in part on theoretical data, the Bidder should include background on the firm that conducted the study, the technology employed and any track record attesting to the accuracy of the methods used. In addition, completion of Form F from Section 4.2.8 is required.

Operations and Maintenance Plan

Respondents shall describe their operations and maintenance plans or services for the generation facilities associated with their proposals.

Permitting Status

Proposals must describe all federal, state and local permits that will be required (other than land use permits included in the Real Property Acquisition Description and Plan), including, but not limited to, federal environmental assessments under the National Environmental Policy Act ("EA/EIS"), wastewater discharge permits, hazardous waste permits, and no hazard permits/determinations from the Federal Aviation Administration. Proposals must also provide written documentation evidencing that consultation has occurred with appropriate governmental agencies responsible for reviewing potential project development impacts to state and federally listed wildlife species, as well as species and habitats of concern. State whether any permits have been secured, and if not, whether applications have been filed. Report on the status of any pending applications and any feedback from permitting agencies. Describe the expected time frame to obtain the necessary permits after application submittal to agencies.

Environmental Impact and Profile

Proposals must describe the impact of the project on wildlife including any direct or indirect impacts to State and Federal-listed species. Report on any reviews, assessments or studies performed by the DNR, USFWS, or other relevant agencies or consultants on wildlife or cultural resources impacted by the project. Proposals shall provide a characterization of the site and surrounding areas including proximity to nearby wetlands and endangered, threatened, or critical species.

Community/State Reaction Assessment

Solar*Connect Community solar resources sought through this RFP are more than just system resources. SPS's customers and community members across New Mexico will have a unique connection to the systems throughout the 20 year life of the program. In order to maximize customer engagement in the program, special attention will be paid to projects that have a meaningful and visible connection to the region and community they are located in.

Each respondent must present a current assessment of, and a plan for continuing to monitor, local community and state reaction to the project, and a plan to work with the local community on project issues. Such plan might include the following elements:

- A list of the references used to assess the community reaction, and the methodology used to draw conclusions,
- A list of key local contacts interviewed and their opinions,
- An assessment of the local community reaction at the time of the proposal,
- Any local community partnerships established or planned for the project,
- An action plan for working with the local community/state to successfully complete the project, and
- A description of the respondent's proposed conflict resolution methodology.

Please also see Section 1.2 for a list of suggested examples of potential community partnership and development opportunities.

Development Schedule & Milestones

All proposals must provide a detailed schedule of project development activities and target completion dates for financing, engineering, permitting, equipment procurement, construction, startup and commissioning. Describe the overall development strategy that will ensure that the project can be developed in time to meet the proposed commercial operation date. In addition, completion of Form D from Section 4.2.8 is required.

4.2.3 – Pricing

Proposals must clearly specify all pricing terms. All proposals must also include a completed Form C from 4.2.8.

All pricing must be in current year dollars, also referred to as escalated or nominal dollars. For example, a \$50 per megawatt-hour ("MWh") energy price proposal for 2018 means that in 2018 energy from the facility will be purchased at a rate of \$50/MWh. Pricing must be in terms of an "all-in" energy price. The "all-in" price should include all amounts that the bidder expects to receive. Pricing must include all capital costs, fixed and variable O&M costs and all costs associated with delivering the energy output of the facility to the Point of Interconnection (POI) on the SPS distribution system. Bidders should propose PPA pricing that is both fixed for the contract term AND escalated at a known (non-indexed) rate.

Bidders must offer pricing valid for at least 210 business days following the proposal due date.

4.2.4 - Site Control

Proposals must provide a description of the status of real property acquisition and land use permitting for the project that is sufficient for SPS to assess the completeness and sufficiency of the respondent's real property rights, including but not limited to:

- A description of current site control including location (state, county, township), the form and percentage of land control, and terms of lease or easement arrangements.
- The plan for acquiring any and all currently uncontrolled necessary real property rights to the project.
- Acreage of real property required for the project and a schedule for the completion of the real property acquisition process.
- A description of any subdivision or zoning modifications and all city, county, or state land use permits that will be required, such as conditional use, special use or other similar permits and approvals, which will be required for any phase of development, construction, or operations of the project.
- A description of existing and planned land use in all directions surrounding the proposed site.

Proposals must include a map showing the location of the proposed site. See the bottom of Form B from Section 4.2.8.

4.2.5 – Distribution and Interconnection

Describe the planned interconnection site(s) by Section(s), Township(s) and Range(s) and illustrate such site(s) related to other area features. In addition, provide any known information related to the specific proposed POI, including substation name, voltage level, or if tapping an existing line, the line voltage level and substations located on each end of the tap point.

Bidder shall provide a description of the respondent's plan to transmit power from the project to the proposed POI on the distribution system.

4.2.6 – Financial Information

All proposals must provide detailed financial information about the proposed project. This information shall include two years of audited financial statements or the equivalent for respondents and other responsible parties (including any entities that would provide parent guaranties of the respondents' obligations), whether the project will be financed as a recourse or non-recourse project, the percentages of debt and equity financing, and the expected cost of debt. In addition, respondents shall provide a detailed plan for financing the proposed project during construction and operation including the financing commitments that the respondent has obtained. Such financing commitments may include letters of support or commitment from financial institutions or other kinds of lenders for the project. Proposals shall also explain in detail the plan for meeting the security requirements outlined in the Model PPA and must set forth the credit rating (if any) of any entities that would provide parent guaranties of the respondents' obligations. Proposals must include an organization chart showing the entities that own the respondent's organization and a description of the respondents' organization structure (including primary and secondary businesses). Financial information should be provided in electronic format only, see Section 4.3 on proposal submission.

4.2.7 - Exceptions to Model PPA

In support of the Company's efforts to complete project evaluation, and contract negotiations in a timely manner, respondents shall review and provide exceptions and/or comments to the Model PPA. To the extent that the validity of a respondent's proposal and/or the respondent's ability to execute a PPA is contingent upon material changes to the language in the Model PPA, respondents should specifically identify the terms in the Model PPA they propose to change and should summarize their proposed changes to such terms. To the extent that a respondent wishes to propose changes to the Model PPA that, if accepted by the Company, would reduce the respondent's proposed pricing the proposal should specifically identify such changes and the associated price reduction. To the extent practicable, respondents should develop exhibits, schedules, attachments and other supplemental documents required by the Model PPA.

Exceptions taken to model PPA terms must be clearly expressed such that the Company can reasonably understand the bidder's concerns. Statements containing language such as "To be discussed" do not provide the Company sufficient information to understand the bidder's concerns. Bidder's providing such comments will be required to more fully explain their concerns so that the Company can adequately conduct its due diligence activities.

4.2.8 – Standard Proposal Forms

All proposals must also include completion of the following standard proposal forms:

Form A	Bid Certification
Form B	Bid Cover Sheet
Form C	Committed Energy and PPA Pricing
Form D	Construction Milestones
Form E	Technical Description
Form F	Energy Production Profile: Annual and Monthly
Form G	Representation Authorization and Consent
Form H	Electric Interconnection Details

These forms can be downloaded from the RFP website in electronic format at the following link:

http://www.xcelenergy.com/energy_portfolio/renewable_energy/solar/solar_testing,_demonstration_and_community_projects/2017_new_mexico_solar_connect_community_rfp

All bid forms will be in a single Microsoft Excel file titled "SPS 2017 Solar*Connect Community Solicitation - Standard Proposal Forms". Each form will be contained in a unique Excel workbook tab.

If additional space is needed to elaborate on information requested on any form, please attach additional sheets with the heading "Form [___] – Additional Information."

If certain information is requested that does not apply to the proposal, the bidder must indicate that the information is not applicable. If appropriate, the bidder should explain why the information is not applicable.

Bidders must include electronic versions in Microsoft Excel format on CD, DVD, or flash drive as outlined in Section 4.3.

If a Bidder is offering a proposal for more than one project, a separate set of forms must be submitted for each project. In addition, proposals offering multiple pricing options must complete a separate Form C for each option.

4.3 Proposal Submission

All proposals will be accepted until 5:00 P.M. Central Standard Time on January 26, 2018. Proposals received later than the due date and time indicated will be rejected and returned unopened.

All proposals must be transmitted by express, certified or registered mail, or hand delivered in a sealed package as follows:

Response to SPS 2017 Solar*Connect Community Solicitation
Confidential Sealed Bid Proposal

Xcel Energy Inc.
Attn: SPS Solar*Connect Community RFP
1800 Larimer, 15th Floor
Denver, CO 80211

The respondent's company name and address must be clearly indicated on the package containing the proposal.

Faxes and e-mails are not acceptable means of proposal submittal. **Bidders must submit one electronic copy on a USB drive in a Microsoft Office format. All bid forms must be completed and submitted in MS Excel (.xls) format.**

4.4 Communication Policy

To obtain additional information about this RFP, potential bidders as well as all other parties should submit written inquiries to the RFP Project Manager via email at:

NMSolarConnectComm@xcelenergy.com

Questions or requests will only be accepted via email. SPS will maintain a log of all inquiries and coordinate the preparation of a written response. Once a response is prepared, SPS will post the information on the Solar*Connect Community RFP website. SPS has established this information policy to ensure that all Respondents have the same knowledge about the bidding process. Parties should not attempt to acquire information through any other means including telephone calls to Company personnel.

4.5 Bid Evaluation Fees

All respondents are required to pay SPS a bid evaluation fee of \$500 for each site submitted for consideration. For example, if a respondent includes a proposal for two requested PV systems, the respondent should pay SPS a total bid evaluation fee of \$1,000. If a respondent includes a proposal with a list of four potential PV systems for consideration, the respondent should pay SPS a total bid evaluation fee of \$2,000.

Bid evaluation fees must be paid to SPS by wire transfer. Bank wire transfer information will be provided to bidders upon request to the RFP Manager via the RFP email address in Section 4.4. Bid evaluation fees from those proposals that don't advance through the initial bid screening process are non-refundable.

4.6 Clarification of Proposals

The RFP Project Manager and subject matter experts from SPS may contact bidders directly at any point during the evaluation process for the purposes of clarifying proposals or obtaining additional information. Such requests will typically be sent via email to respondents identified on Form B by the RFP Project Manager or subject matter expert, and respondents are required to provide a written or electronic response back to the RFP Project Manager within five (5) business days, or SPS may deem the respondent to be non-responsive and either suspend or terminate evaluation of the proposal. Respondents are encouraged to provide an alternate point of contact to ensure a timely response to questions.

4.7 Confidentiality

Respondents are allowed to identify any information in their proposals that respondents claim should be considered to be confidential or proprietary. Nonetheless, SPS reserves the right to release all proposals to its affiliates and to its and such affiliates' agents, advisors, and consultants for purposes of proposal evaluation. SPS will, to the extent required by law, advise each agent, advisor or consultant that receives such claimed confidential information of its obligations to protect such information. In addition, all information, regardless of its confidential or proprietary nature, will be subject to review by the Commission, New Mexico Department of Justice, and other governmental authorities and courts with jurisdiction, and may be subject to legal discovery. It is not SPS's intent to enter into any separate confidentiality, non-disclosure, or similar agreements as a condition to receiving a respondent's proposal.

4.8 Addenda to RFP

SPS reserves the right to modify, supplement or withdraw this RFP by issuing one or more addenda at any time during this solicitation. Such addenda shall become part of this RFP and any additional responses required of respondent by any such addenda shall become part of each proposal.

Section 5. Evaluation and Criteria

The objective of SPS's evaluation is to identify a proposal or proposals that meet SPS's objectives as outlined in Section 1 at a reasonable cost and which is/are likely to be successfully developed and ultimately placed into commercial operation. SPS may conclude that no offered resource meets SPS's objectives of the solicitation and no resource will be acquired.

As described below, the evaluation process will include an assessment of both economic and non-economic criteria.

5.1 Evaluation Process

An evaluation team, made up of various groups within SPS will evaluate proposals; however, SPS reserves the right to retain the services of outside experts to assist in the evaluation of

proposals. The RFP Project Manager and subject matter experts from SPS may contact bidders directly at any point during the evaluation process for the purposes of clarifying proposals.

Proposals will be evaluated using a multi-step process as follows:

Step 1 – Bid Eligibility Determination

Each proposal will be reviewed to determine if it meets the requirements outlined in this RFP. SPS reserves the right to reject any, all or portions of any proposal received for failure to meet any criteria set forth in this RFP.

Step 2 – Initial Bid Screening Process

SPS will calculate the levelized \$/MWh for each bid based on information provided in the proposal and will rank the results from lowest cost to highest cost. A reasonable number of the lowest priced proposals will be identified with which to focus our further evaluation efforts.

Step 3 – Due Diligence

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

Interconnection Due Diligence

SPS will perform interconnection analysis for those projects that pass through the initial bid screening process described in Step 2. SPS may also contract with consultants to perform various studies as deemed necessary.

Other Due Diligence

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

- Bidder or developer experience
- Financial strength/credit worthiness of the bidder
- Financing plan, including ability to utilize tax advantages
- Development, construction and operation experience
- Generator technology, availability, and warranties
- Environmental permitting and compliance
- Land use permitting and zoning
- Other permitting
- Real property acquisition/site control progress and plan
- Project operational characteristics
- Scale of the project
- Geographic suitability
- Proximity of the project site to the cities identified in Section 1.2
- Visibility of project site to densely populated areas
- Community support for the project
- Potential for community or local business partnerships or development, or repurposing of otherwise unused land

- Use of solar parking lot systems
- Distribution access plan feasibility and arrangements
- Distribution upgrade schedule assessment
- Construction and equipment supply plans and arrangements
- O&M plan
- Project execution planning
- PPA lease accounting assessment
- Environmental impact and profile
- Bidder proposed changes to Model PPA
- Bidder's performance on previous projects with SPS or its affiliates

Step 4 – Project Selections

Based on the initial screening of bids and due diligence efforts, SPS will determine whether or not to initiate contract negotiations with any of the short listed bidders. Upon successful negotiation, SPS and Applicant will sign a letter of intent to sign a PPA. SPS will then file final PPA and resulting subscription pricing with the Commission and, pending a favorable and positive Commission ruling, SPS and Applicant will execute the PPA, and SPS will begin offering subscriptions to our customers.

5.2 Bidder Notification

SPS plans to complete the evaluation of bids and provide notification to bidders of the status of their proposal in March 2018.

Southwestern Public Service Company

SoCore Initial Bid Pricing

Bidder #	1a	1b	2a	2b	3a	3b
Bid Name	SoCore Energy	SoCore Energy	SoCore Energy	SoCore Energy	SoCore Energy	SoCore Energy
Project Name	Clovis Solar	Clovis Solar	Artesia Country Club	Artesia Country Club	Clovis Solar	Clovis Solar
MW's (AC)	0.99	0.99	0.99	0.99	1.98	1.98
Term	20	20	20	20	20	20
Net Present Value (Fixed)	\$ 539.34		\$ 521.38		\$ 492.70	
Net Present Value (2% escalation)		\$543.35		\$ 525.23		\$ 497.79
Levelized Cost	\$ 49.26	\$ 49.63	\$ 47.62	\$ 47.97	\$ 45.00	\$ 45.46

Contract

1	\$	49.26	\$	42.57	\$	47.62	\$	41.15	\$	45.00	\$	39.00
2		49.26		43.42		47.62		41.97		45.00		39.78
3		49.26		44.29		47.62		42.81		45.00		40.58
4		49.26		45.18		47.62		43.67		45.00		41.39
5		49.26		46.08		47.62		44.54		45.00		42.21
6		49.26		47.00		47.62		45.43		45.00		43.06
7		49.26		47.94		47.62		46.34		45.00		43.92
8		49.26		48.90		47.62		47.27		45.00		44.80
9		49.26		49.88		47.62		48.21		45.00		45.69
10		49.26		50.88		47.62		49.18		45.00		46.61
11		49.26		51.89		47.62		50.16		45.00		47.54
12		49.26		52.93		47.62		51.16		45.00		48.49
13		49.26		53.99		47.62		52.19		45.00		49.46
14		49.26		55.07		47.62		53.23		45.00		50.45
15		49.26		56.17		47.62		54.30		45.00		51.46
16		49.26		57.29		47.62		55.38		45.00		52.49
17		49.26		58.44		47.62		56.49		45.00		53.54
18		49.26		59.61		47.62		57.62		45.00		54.61
19		49.26		60.80		47.62		58.77		45.00		55.70
20	\$	49.26	\$	62.02	\$	47.62	\$	59.95	\$	45.00	\$	56.82