

**2022 REQUEST FOR PROPOSALS**

**FOR**

**ENERGY EFFICIENCY AND LOAD  
MANAGEMENT**

**MARKET POTENTIAL STUDY**

P.O. Box 982  
El Paso, Texas 79960

**Issue Date: July 8, 2022**



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## 1.0 Introduction

El Paso Electric Company (“EPE” or the “Company”) is issuing this Request for Proposals (“RFP”) for an Energy Efficiency (“EE”) and Load Management (“LM”) Market Potential Study (“MPS”) to select proposals from qualified consultants. The MPS will identify and assess the potential level of EE and LM opportunities in the EPE New Mexico and Texas service territories, and their associated costs. The MPS will include the Technical Potential, Economic Potential, and the Achievable Potential of identified or proposed EE and LM opportunities. The MPS will also include market saturation of popular EE and LM measures, such as LED lighting, evaporative cooling, refrigerated air conditioning, and smart thermostats. All professional, technical, and consultation firms are invited to indicate interest, qualifications, and capabilities for providing professional consulting services to EPE. The selected consultant(s) will work with EPE directly to complete the MPS that defines EE and LM programs for residential, commercial, and industrial customer segments in EPE’s service territory. EPE implements a commission approved EE/LM portfolio of programs in EPE’s Texas and New Mexico service territories that result in reduced annual demand and energy consumption. Existing EE/LM programs are approved by, and are in compliance with the respective jurisdiction’s commission and rules; Public Utility Commission of Texas (“PUCT”) and 16 Tex. Admin. Code §25.181 and the New Mexico Public Regulation Commission (“NMPRC”) and the Energy Efficiency Rule, NMPRC, 17.7.2 New Mexico Administrative Code. Additionally, EPE develops and submits an Integrated Resource Plan (“IRP”) to the NMPRC every three years to identify the most cost-effective portfolio of resources, supply-side and/or demand-side resources, that best meets customer needs for the next twenty years. For the IRP, demand-side resources, EE and LM, are considered in levels that are beyond the New Mexico and Texas regulatory requirements. The last IRP was submitted in 2021.

### **About EPE**

EPE is a fully bundled public utility engaged in the generation, transmission, and distribution of electricity in an area of approximately 10,000 square miles in the Rio Grande Valley in west Texas and south-central New Mexico. EPE owns or has significant ownership interest in five electrical generating facilities that provide it with a total net capacity of approximately 2,006 MW. In addition, EPE has purchased power agreements with seven companies for an additional net peak capacity of approximately 377 MW (solar) of which 107 MW are existing resources, and 270 MW are approved planned resources with commercial operation dates (“COD”) in 2023 and 2024.

EPE serves approximately 450,000 residential, commercial, industrial, and wholesale customers. EPE distributes electricity to retail customers principally in El Paso, Texas, and in Las Cruces, New Mexico. EPE’s retail electric rates and services are regulated by the NMPRC and the PUCT. EPE’s principal industrial and other large customers include steel production, copper and oil refining, and United States military installations, including the United States Army Air Defense Center at Fort Bliss in Texas and White Sands Missile Range and Holloman Air Force Base in New Mexico. Bidders can learn more about the Company by visiting EPE’s website at [www.epelectric.com](http://www.epelectric.com).

## **1.1 Project Scope**

The potential study will assess the technical, economic, and achievable potential for reducing energy, demand, and shifting on-peak electricity usage to off-peak times through EE and LM programs. The MPS must include a survey of EPE's residential (to include low-income), commercial (small and large), and industrial customers to determine best practices, procedures, and design of EE and LM program(s) that would maximize participation. The MPS must examine the potential for EE and LM program participation from customers' points-of-view, to include customer views of the adoption of building electrification, vehicle electrification, smart device and equipment technologies, and their perspectives on participating in LM programs. This MPS should clearly define and identify the market sectors and end user types, the use of data for strategic planning and forecasting, the development of awareness and identification of needs, means and methods for measurability and accountability of energy, and the load impacts and cost-effectiveness of each proposed program.

EPE is looking towards identifying traditional EE and LM program potential, electric usage and intensity by market sector and by end users, and market saturation of popular EE and LM measures such as LED lighting, evaporative cooling, refrigerated air conditioning, and smart thermostats. EPE is seeking to identify the potential for non-traditional programs utilizing new and evolving technologies such as utility and customer owned distributed energy resources ("DER"), energy storage, impacts and utilization of vehicle and building electrification, space heating and cooling electrification, water heating electrification, advanced metering infrastructure ("AMI"), and expansion or reapplication of existing programs or assets.

The survey of customers' point of view should provide EPE with an evaluation of their awareness, capability, desire, and motivation to participate in EE and LM programs. It should identify any perceived barriers to participation, including hosting capacity. Data driven customer segmentation based on customer feedback should be considered in any recommendations for EE and LM programs. EE and LM potential will be calculated using data from the market assessment and assumptions for inputs such as customer eligibility, likely participation rates, per customer demand reduction, program costs, avoided costs, etc. This measure of EE and LM potential will be used to create EE and LM candidate resources and levels to be modeled in EPE's 2024 IRP. The expectation is that customers should be able to participate in multiple programs where feasible. Please note that residential EE and LM programs used to meet statutory requirements are evaluated and governed independently by the NMPRC and PUCT.

## 1.2 RFP Communications

All submittals, inquiries, and communications relating in any manner to this RFP should be directed to the following EPE points of contact. Also, outside of any meetings scheduled for open attendance by all interested Bidders, all communication will be by e-mail through the RFP process up to the point of short-listing. EPE may choose to have one-on-one meetings with shortlisted Bidders if required.

Communication by e-mail should be submitted to all three e-mail addresses listed below:

Primary e-mail: [epe.resource.planning@epelectric.com](mailto:epe.resource.planning@epelectric.com)

Primary Contact: Damian Lamas  
EPE Resource Planning  
[damian.lamas@epelectric.com](mailto:damian.lamas@epelectric.com)

Secondary Contact: Manuel Gomez  
EPE Resource Planning  
[manuel.gomez@epelectric.com](mailto:manuel.gomez@epelectric.com)

## 1.3 Confidentiality of Responses

EPE will consider proposals and other information submitted by Bidders to be confidential only if such materials are clearly designated as "Confidential." It is the Bidder's responsibility to clearly indicate in its proposal what information it deems to be confidential. Bidders may not mark an entire proposal as confidential, but instead must mark specific information on individual pages to be confidential to receive confidential treatment (EPE will not accept any proposals that simply denote that the entirety of the proposal is confidential). Except as required by regulatory reviews, EPE will use reasonable efforts to avoid disclosure of such confidential information to persons other than those involved with the evaluation, selection, and any subsequent negotiations. To the extent that Bidders receive confidential information from EPE, Bidders shall maintain the confidentiality of such information and such information shall not be made available to, distributed to, or otherwise shared with any entity before, during, or after this RFP process unless required by law or regulatory order.

Bidders should be aware that information received in response to this RFP may be subject to review by applicable local, state, and/or federal regulatory agencies and/or courts, specifically including, but not limited to, the NMPRC and the PUCT, even if marked "Confidential". All Bidders shall cooperate with EPE, as it deems necessary or appropriate in its sole discretion, in making technological descriptions, pricing, and other contract terms available for review as part of any regulatory approval process. EPE will follow applicable orders and rules of the NMPRC, the PUCT, and other applicable agencies, including any protective orders issued; therefore, EPE cannot promise that information marked as confidential will not be publicly disclosed, and, as such, EPE cannot be held liable for any information that is ordered to be released or that is inadvertently released.

Additionally, as EPE deems necessary and appropriate, Bidders whose proposals are selected agree that key terms of negotiated agreements subject to NMPRC, PUCT, or other regulatory review and approval will be publicly disclosed on a nonconfidential basis for review as part of any regulatory process.

Moreover, information submitted in response to this RFP may become subject to federal or state laws pertaining to public access to information as a result of any reviews conducted by the aforementioned agencies. EPE shall not be liable for the release of any information subject to disclosure under any laws pertaining to public access to information.

## **2.0 El Paso Electric Company System Description**

### **2.1 System Overview**

EPE's service territory operates within the Western Electricity Coordinating Council ("WECC") and is located on the most southeast corner of the WECC system. EPE serves load through a mix of natural gas, nuclear, and solar generation resources. Remote nuclear generation and purchased power is imported via 345 kilovolt ("kV") tie-lines.

### **2.2 Existing System Generation Resources**

Below is a brief description of existing resources owned or purchased by EPE.

- EPE currently owns 622 MW of capacity at the Palo Verde Generating Station from Units 1, 2, and 3 that are fueled by uranium. This resource is outside the EPE service area, and its output is imported via EPE 345kV tie-lines.
- EPE currently owns approximately 1,384 MW of local generation for baseload, intermediate, and peak service. These local resources are fueled by natural gas. The local EPE generation resources include 63 MW at Copper Power Station, 703 MW at Newman Power Station, 266 MW at Rio Grande Power Station, and 352 MW of peaking duty generation at its new Montana Power Station.
- EPE purchases the output of utility-scale solar facilities totaling a gross capacity of approximately 107 MW.
- EPE also owns several small solar facilities.

### 2.3 Service Territory

The EPE service territory extends from west Texas to south-central New Mexico as illustrated in Figure 1 below. Copper, Rio Grande, and Newman Power Stations are located in the El Paso area. The Palo Verde Generating Station is located west of Phoenix, Arizona.



**Figure 1** - EPE Service Territory and Electric System

### 3.0 Proposed Schedule

The following schedule and deadlines apply to this RFP:

RFP Issuance	July 8, 2022
Submission of Consultant Questions	July 22, 2022
Response to Questions	August 12, 2022
<b>Proposal Due Date</b>	<b>September 16, 2022</b>
Notice of Contract Award	October 28, 2022
First Draft of Potential Study	March 3, 2023
Final Version of Potential Study	April 14, 2023

**EPE reserves the right to modify, cancel, or withdraw the RFP and to revise the schedule specified above if, in its sole discretion, such changes are necessary.**

#### 3.1 RFP Issuance

EPE will extend an invitation to participate in the RFP process via e-mail to all potential participants, of whom it is aware of, on the issue date. EPE will issue a press release to notify the media, energy industry trade publications, and general public in an effort to reach additional potential participants. EPE will post the RFP on its website ([www.epelectric.com](http://www.epelectric.com)) on the RFP issuance date. When on the EPE website, click on “Request for Proposals” on the bottom left of the home page and the link will direct you to EPE’s list of recent RFPs where you can find additional information regarding this RFP. Receipt of the RFP invitation should be confirmed via e-mail as per the RFP Communication Process listed in Section 1.3.

#### 3.2 Submission of Consultant Questions

All questions related to the RFP should be submitted in writing via e-mail as per the requirements of Section 1.2 RFP Communications.

EPE will prepare written responses to questions received and periodically distribute the questions and responses. Responses to general questions will be distributed to all Bidders and posted on EPE’s Resource Planning web page. Responses that are project specific will only be provided to the original inquirer. Any questions related to the RFP must be submitted by **July 22, 2022**, to



ensure enough time is allotted for (1) Bidders to go through the RFP and (2) responses to be developed and distributed prior to the proposal due date.

### 3.3 Proposal Due Date and Submission Requirements

All proposals **MUST** be received at EPE's office to the attention of Damian Lamas and Manuel Gomez at Location #135, 100 N. Stanton, El Paso, Texas 79901, by **5:00 p.m. Mountain Daylight Time on September 16, 2022**. Any proposals submitted after the due date may be excluded from consideration.

One hard copy of the proposal(s) must be submitted. In addition, a copy of the proposal(s) must be submitted electronically via email to [epe.resource.planning@epelectric.com](mailto:epe.resource.planning@epelectric.com).

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

### 3.4 Notice of Contract Award

Following a review of the proposals, EPE will determine which proposal(s) best meets its objectives and will notify all Bidders of the status of their bid. EPE may initiate discussions and negotiations with selected bidder(s), as applicable, to assess the winning proposal(s). Should EPE choose to initiate negotiations with any bidder(s), the Notice of Contract Award date for execution of any contract(s) is **October 28, 2022**.

## 4.0 Potential Study Requirements

The study will estimate EE and LM potential for the 20-year period beginning in 2023. EE and LM programs should include both traditional and behavioral programs such as smart thermostats, tariff-based dynamic rates, load curtailment, and direct load control programs. The study will quantify and consider the duration of required demand reduction in relation to each recommendation. The EE and LM programs must be in full compliance with all applicable federal, state, and local laws and regulations.

### 4.1 Study Deliverables

Bidders to quantify the potential annual energy (kWh) and demand (kW) savings at winter and summer system peak for each program.

- Estimate technical, economic, and achievable levels of demand reduction.
  - Technical potential is the total potential realized or what is technically practical.
  - Economic potential is the potential that is cost effective compared to building new energy resources (such as new generation) or what makes financial sense to EPE.
  - Achievable potential is the potential that is realistically achievable or what might happen at EPE by considering the real-world constraints, including market barriers.

- Analyze at least two achievable scenarios.
  1. Maximum Achievable Potential – aggressive adoption rates case
  2. Realistic Achievable Potential – assume real-world program case
- Identify program designs that would maximize annual energy savings (kWh) and on peak kW savings and indicate the associated implementation costs.
- Identified annual energy and demand savings should first be determined utilizing the State Approved New Mexico Technical Resource Manual or the Texas Technical Reference Manual.
  - Source of energy and demand savings algorithm to be provided for all EE and LM measures proposed and not already defined in the State Approved New Mexico Technical Resource Manual or Texas Technical Reference Manual.
- Identify traditional, behavioral, and non-traditional EE and LM program designs that would maximize customer participation, including optimal rate design, incentive design, and customer communication strategy.
  - Provide programs for residential, commercial, and industrial sectors and identify any low-income programs EPE should consider.
  - Include detail at the program level and the individual customer level and communication methods to customers.
  - Include program implementation and administration details such as methods of measuring customer participation and calculating customer compensation.
  - Include any expectations of the customer to make investments in supplemental equipment on their premise to affect a program.
  - Include any customer behavioral changes expected or required by the proposed program.
  - Include all assumptions used for the potential study.
  - Identify bundles based upon market segment with detailed energy and demand savings characteristics and costs to include in IRP resource optimization simulations.
- Provide sufficient information to evaluate the potential integration of the program into existing systems including meter data systems, customer information systems, billing systems, and SCADA systems.
- Formal, detailed report including summary data analytics and attachments presenting Potential Study results
  - Bidder to provide 8760 end-use load shapes for each program
- Study should include all EPE service territory, New Mexico & Texas along with
  - Combined New Mexico & Texas Potential Study results
  - Separate Potential Study for New Mexico & Texas

Discuss barriers to achieve the identified annual energy savings (kWh) and demand reduction (kW) and how they affect the recommended program designs. Identify cost per kW of potential winter and summer demand savings and provide

- Net present value costs over the program life,
- Levelized cost of energy by program type (“LCOE”),
- Itemized costs per kW of potential demand savings by program type,
- Itemized costs per kWh of potential energy savings by program type,
- Supply curves for levelized costs and energy/demand savings,
- Adoption rates of new technologies such as building and vehicle electrification to include the potential of fuel switching by residential (to include low income), commercial (small and large), and industrial market sectors, and
- Saturation rates of popular EE measures such as LED lighting, evaporative cooling, refrigerated air conditioning (to include heat pumps), and smart thermostats by market sector.

Include an assessment of how to fully maximize behavioral energy saving opportunities and LM potential using AMI already installed. If applicable, propose recommendations for follow-up study for areas not fully developed in this study.

## **4.2 Evaluation Criteria**

EPE will evaluate responses to this RFP to identify a partner that will provide the best value for EPE's customers and the Company. Determining factors associated with consultant selection will be at the sole discretion of EPE. EPE may consider any factor it deems relevant including, but not limited to:

- Ability of the consultant to meet the requirements detailed in this RFP document.
- The expertise and availability of consultant's personnel assigned to the project.
- Applicable experience and history of successful projects of similar scope by the consultant with a specific emphasis on successful industry involvement with investor-owned utilities.
- Overall suitability of the proposed project plan including time frames for the start-up and duration of the project.

Consultants may be required to participate in a webcast meeting prior to final selection. All scheduling shall be at the discretion of EPE.

## **4.3 Consultant Process and General Requirements**

Please provide general information on your company's background, proposed project team, and qualifications applicable to the scope of work in this RFP.

Please describe how you would conduct the potential study and provide a detailed work plan, including a timeline, along with time estimates required, by whom, for each task. Also, include team staffing requirements for EPE and any other focus items you feel would be appropriate or necessary to complete this potential study. Consecutively, include points for milestones and status reporting throughout the project, along with when drafts and final reports will be available.

Provide previous Potential Studies completed for other utilities and references of at least three other utilities for which a similar potential study has been completed. Include the company name,

date of study, contact name, email address, and phone number. It is preferable for references to be from companies of similar region, size, and type to EPE.

## **5.0 Notice of Disclaimer**

EPE has prepared the information provided in the RFP to assist interested persons and entities in deciding whether to respond with a proposal. EPE reserves the right to modify, change, supplement, or withdraw the RFP at its sole discretion. No part of this document or any other correspondence from EPE, its employees, officers, or consultants shall be taken as legal, financial, or other advice, nor as establishing a contract or any contractual obligations. All communication between Bidders and EPE shall be conducted in writing.

EPE makes no representations or warranties regarding the completeness of the information contained within the RFP and does not purport that the RFP contains all of the information needed for Bidders to determine whether to submit a proposal. Neither EPE nor its employees, officers, or consultants will make, or will be deemed to have made, any current or future representation, promise, or warranty, expressed or implied, as to the accuracy, reliability, or completeness of the information contained within the RFP or any other information provided to Bidders.

Bidders who submit proposals do so without legal recourse against EPE, or EPE's directors, management, employees, agents, or contractors, due to EPE's rejection, in whole or in part, of their proposal or for failure to execute any agreement with EPE. EPE shall not be liable to any Bidder or to any other party, in law or equity, for any reason whatsoever related to EPE's acts or omissions arising out of or in connection with the RFP process.

EPE reserves the right to reject, for any reason, any and/or all proposals. EPE further reserves the right to waive any irregularity or technicality in proposals received, or to consider alternatives outside of this solicitation, at its sole discretion. In addition, EPE reserves the right, at its sole discretion, to modify or waive any of the criteria contained herein and/or the process described herein.

No Bidder will have any claim whatsoever against EPE, its employees, officers, or consultants arising from, in connection with, or in any way relating to the RFP. Without limiting the generality of the foregoing, each Bidder agrees, by and through its submission of a proposal, that rejection of a proposal will be without liability on the part of EPE, its employees, officers, or consultants, nor shall a Bidder seek recourse of any kind against any of the foregoing on account of such rejection. The filing of a proposal shall constitute an agreement of the Bidder to each and all of these conditions. Each Bidder and recipient of the RFP is responsible for all costs incurred in evaluating, preparing, and responding to the RFP. Any other costs incurred by any Bidder during negotiations are also the responsibility of the Bidder.