Bidder Pricing Instructions

For

Request for Proposals (RFP)

Technology and Implementation Services

In support of
Public Service Company of New Mexico (PNM)
Commercial/Industrial Demand Response Program

Pricing Instructions

Bidder should provide pricing in sufficient detail such that PNM will understand precisely what is being proposed and how much the proposed software, services (and any related products) will cost. Bidders should provide this pricing information with the understanding that services must achieve the following:

1. A fully operational network of commercial and industrial customers capable of providing load curtailment meeting the specifications described in the RFP.
2. All items listed in Section 3.2 Vendor Products and Services
3. The Primary Objectives of PNM's DR Resource and other program-specific objectives identified in Section 2.3.

Firm pricing should be provided for a five-year term (or six-year if providing Supplemental load curtailment per Section 4.1 of the RFP) as indicated at the end of this pricing section of the RFP.

A. Pricing

1.	Summary of pricing proposal	Provide a brief summary of your complete pricing proposal, giving an overview of the price per kW-year delivered, any other charges to PNM, and any caveats or further explanation needed for PNM to understand the cost of selecting your firm for the desired services. This summary could include summary cost figures as appropriate (e.g., illustrating cost to PNM over the five-year contract) and should assist PNM in understanding the detailed pricing in the following information request items. Bidders are encouraged to limit their responses to as short as necessary to provide clarity to your pricing proposal.

2. Capacity Charge *$ per kW-year* (Primary C&I Curtailment Provider; see Section 4.1)	*Bidders should only provide pricing for this item if they are bidding on the **Primary C&I Curtailment Provider Option** in Section 4.1 of the RFP.*
	Using the table below, provide your price per kW-year of load curtailment assuming that you will provide 15 MW each year beginning in June 2018, based on maintaining PNM's current C&I curtailment capability. Assume that bidder is responsible for any incentive costs required to attract and retain customers.
	Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.3 of the RFP.
	Clarifications (optional). If you deem it necessary, provide clarification of your assumptions or any other explanation that may be needed for PNM to understand your pricing proposal.
	Capacity Charge ($/kW-year)*
	<table><tr><th>Calendar Year</th><th>MW</th><th>$/kW-yr</th></tr><tr><td>2018</td><td>15</td><td></td></tr><tr><td>2019</td><td>15</td><td></td></tr><tr><td>2020</td><td>15</td><td></td></tr><tr><td>2021</td><td>15</td><td></td></tr><tr><td>2022</td><td>15</td><td></td></tr></table>
	* Capacity must be available from between 8 a.m. and 8 p.m., weekdays June 1 to September 30. Payment stream may be monthly or as otherwise negotiated, but pricing should be based on annual payment amount. Annual pricing may be fixed, escalated, or as bidder wishes to propose.

3. Capacity Charge *$ per kW-year* (Supplemental C&I Curtailment Provider Option; see Section 4.1)	*Bidders should only provide pricing for this item if they are bidding on the* **Supplemental C&I Curtailment Provider Option** *in Section 4.1 of the RFP.* Provide the number of megawatts of load curtailment (from new participants or new loads from existing participants) that you anticipate providing, by year, and the price per kW-year. Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.3 of the RFP. Furthermore, for purposes of this pricing table, *assume that load curtailment meets the requirements identified in Section 2.3 of the RFP, Primary Objectives Item #3.* You may propose alternative pricing for more flexible load response in Item #5 below. **Clarifications (optional).** If you deem it necessary, provide clarification of your assumptions or any other explanation that may be needed for PNM to understand your pricing proposal. **Capacity Charge** ($/kW-year)* <table><tr><td>**Calendar Year**</td><td>MW</td><td>$/kW-yr</td></tr><tr><td>2017</td><td></td><td></td></tr><tr><td>2018</td><td></td><td></td></tr><tr><td>2019</td><td></td><td></td></tr><tr><td>2020</td><td></td><td></td></tr><tr><td>2021</td><td></td><td></td></tr><tr><td>2022</td><td></td><td></td></tr></table> * See footnote for the Capacity Charge table above for the Primary C&I Curtailment Provider option.
4. Required products not included in this pricing proposal	If applicable, explain why some products that may be required for a fully functional C&I program, per this RFP, have not been included in this pricing proposal. If vendor expects PNM to provide hardware, software, labor or other necessary materials or staff that are not covered in PNM Responsibilities in Section 3.1, bidder should identify those items here.

5.	Other pricing elements or pricing for optional performance and services	(Optional). Describe in words and, if desired, tables, any additional or alternative pricing structures being proposed. This may include:
		• Discounted pricing if a single bidder is offered both the Primary and the Supplemental Provider responsibilities.
		• Energy charges for kWh reduced during event periods.
		• An alternate capacity trajectory if:
		○ *For a Primary Provider* you believe that the 15-MW assumption is not attainable as early as 2018 or that it is too conservative over the five-year contract term.
		○ *For a Supplemental Provider* you would like to offer alternative growth trajectories.
		• Pricing terms and explanation for any optional performance and services proposed in Sections 4 and 5 of the RFP such as Load Response Flexibility described in Section 4.2, Table B, Item #5.
		In general, PNM prefers to have all costs encompassed in the Capacity Charge. However, we recognize that vendors may have valid reasons for alternative pricing arrangements, or may provide optional services that could be priced separately or that could raise the Capacity Charge above the base price proposed above.
6.	Summary Costs by Year	Provide summary cost figures corresponding to the rollout scenario(s) that applies to your proposal (i.e., Primary Provider maintain 15 MW or Supplemental Provider offering incremental capacity) If bidding on both options, or if offering more flexible load response, provide additional tables reflecting the combined bid or the various alternatives being offered.
		The pricing proposal contained elsewhere in this *Table A - Pricing* should be of sufficient detail such that PNM can recreate the pricing figures contained in this table for each Year.

Costs in $1000s

	2017	2018	2019	2020	2021	2022	Total
MW							N/A
Cost							

7.	Summary of Costs by Cost Category	Provide an estimated breakdown of total costs by cost category using the table below. Provide major assumptions and describe the rationale for this allocation of costs including the possible need to provide one-time and/or recurring customer incentives, required maintenance schedules, etc. Please identify any costs included in the "Other" category.

Bidders need only provide a single table (if bidding on only one option) or two tables (one for each option) if bidding to be both the Primary and the Supplemental Provider.

Cost Category	Cost ($1000s)	Percent of Total
Marketing/Recruitment		
Equipment		
Equipment Installation		
Equipment Maintenance		
Participant incentives		
Measurement & Verification		
Software licensing		
Other		
Total*		100%

* Total cost should equal the "Total" value indicated above in the *Summary Costs by Year* table.

B. Additional pricing issues

1.	Firmness of offer	What factors, if any, might affect your proposed pricing during contract negotiations, and by how much might this influence the prices presented above in Table A? What additional information do you expect to request from PNM in order to set firm pricing terms?
2.	Performance guarantees	How do you propose to link payment with performance goals, such as those identified in Section 3.4 of the RFP? Would pricing be adjusted for underperformance? If so, what performance metrics do you propose and how would this adjust the effective pricing?
3.	Invoicing and payments	Explain how you propose to bill PNM for services (e.g., fixed recurring monthly payments, variable payments based on progress, lump sum milestone payments, etc.)?