

Bidder Pricing Instructions

For

Request for Proposals (RFP)

Technology and Implementation Services

In support of

Public Service Company of New Mexico (PNM)

Direct Load Control (DLC) Program

Pricing Instructions

Bidder should provide pricing for the collective products and services being offered in sufficient detail such that PNM will understand precisely what is being proposed and how much the proposed products and services will cost. Bidders should provide this pricing information with the understanding that products and services must achieve the following:

1. A fully operational network of direct load control devices
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 full replacement of existing switches) 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 products and 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

(Augment and Transfer Option; see Section 4.1)

*Bidders should only provide pricing for this item if they are bidding on the **Augment and Transfer Option** in Section 4.1 of the RFP.*

Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.3 of the RFP.

Incremental Curtailment. Using the table below, provide your price per kW-year of Incremental Curtailment assuming that you can provide and maintain an additional 5 MW per year for each of the first three summer seasons (e.g., 5 MW by June 1, 2017; 10 MW by June 1, 2018; 15 MW by June 1, 2019) for a total of 15 MW of incremental capacity for the summers of 2019-2021. Assume that bidder is responsible for any incentive costs required to attract and retain customers.

Transfer Curtailment. Using the table below, also provide pricing for each MW provided by customers previously participating in PNM’s program who transfer to your proposed solution. These customers will be referred to you by PNM and therefore will not require marketing/acquisition costs. Any MW provided through Transfer Curtailment will not count toward the vendor’s target of 15 MW of Incremental Curtailment. For purposes of pricing, assume no more than 1,000 existing participants would transfer from their existing switches to the new solution.

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)*

Calendar Year	Incremental Curtailment**		Transfer Curtailment
	MW	\$/kW-yr	\$/kW-yr
2017	5		
2018	10		
2019	15		
2020	15		
2021	15		

* Capacity must be available from between 1 p.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.

** Incremental Curtailment represents load control capability from newly recruited participants, above and beyond PNM’s 40 MW of existing DLC capability. Values shown here are cumulative (i.e., bidder must maintain 5 MW of curtailment in 2017 and must provide an additional 5 MW by 2018 in order to maintain a total of 10 MW of incremental curtailment beyond PNM’s existing 40 MW).

<p>3. Capacity Charge \$ per kW-year</p> <p>(Full Replacement Option; see Section 4.1)</p>	<p><i>Bidders should only provide pricing for this item if they are bidding on the Full Replacement Option in Section 4.1 of the RFP.</i></p> <p>Important: Assume that megawatt curtailment levels shall be calculated as described in Section 2.3 of the RFP.</p> <p>Replacement of Existing Switches. Provide your price per kW-year of curtailment from existing participants whose load control switches will be replaced with your proposed solution. Switch replacement must not begin until at least October 2017 and must be complete and operational by June 1, 2018. Assume that replacement of switches will result in 40 MW of curtailment.</p> <p>Incremental Curtailment. See instructions above for Incremental Curtailment pricing for the Augment and Transfer Option. If selected by PNM to provide incremental curtailment, you may begin adding the 15 MW of incremental capacity in 2017 or—at your discretion—defer to be concurrent with the switch replacement that will be operational by June 1, 2018.</p> <p>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.</p> <p>Capacity Charge (\$/kW-year)*</p> <table border="1" data-bbox="516 909 1321 1360"> <thead> <tr> <th rowspan="2">Calendar Year</th> <th colspan="2">Replacement of Existing Switches</th> <th colspan="2">Incremental Curtailment</th> <th rowspan="2">Blended**</th> </tr> <tr> <th>MW</th> <th>\$/kW-yr</th> <th>MW</th> <th>\$/kW-yr</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>0</td> <td>N/A</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2018</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2019</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2020</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2021</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2022</td> <td>40</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>* See footnote for capacity charges for the table above for the Augment and Transfer Option.</p> <p>** Blended pricing is simply the MW-weighted average pricing across all megawatts provided, from both replacement of existing switches and from incremental curtailment achieved from acquiring new participants. For purposes of this pricing table, assume that bidder will be awarded 15 MW of incremental curtailment in addition to the 40 MW of replacements. If your Replacement pricing will change in the absence of being awarded the Incremental Curtailment, please provide a second pricing table with just the Replacement pricing.</p>	Calendar Year	Replacement of Existing Switches		Incremental Curtailment		Blended**	MW	\$/kW-yr	MW	\$/kW-yr	2017	0	N/A				2018	40					2019	40					2020	40					2021	40					2022	40				
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<p>4. Required products not included in this pricing proposal</p>	<p>If applicable, explain why some products that may be required for a fully functional DLC 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.</p>																																														

<p>5. Other pricing elements or pricing for optional equipment and services</p>	<p>(Optional). Describe any additional or alternative pricing structures being proposed.</p> <ul style="list-style-type: none"> • This may include an alternate capacity growth trajectory if you believe that the 15-MW assumption in three years is too aggressive, or that you can provide more than 15 MW over the five-year contract term. • Alternate pricing may also include pricing terms and explanation for any optional products and services proposed in Sections 4 and 5 of the RFP. <ul style="list-style-type: none"> ○ For example, if you propose a separate charge for providing and hosting smart thermostat control services for customer, you should identify those charges. ○ Alternate pricing may also apply to Load Response Flexibility described in Section 4.2, Table I, Item #4. • 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. 																								
<p>6. Summary Costs by Year</p>	<p>Provide summary cost figures corresponding to the rollout scenario that applies to your proposal (i.e., incremental MW or full replacement with incremental MW). For purposes of this Summary Cost Table, assume that there is no Transfer Curtailment from the existing base of participants. The pricing proposal contained elsewhere in this <i>Table A - Pricing</i> should be of sufficient detail such that PNM can recreate the pricing figures contained in this table for each Year.</p> <p>Costs in \$1000s</p> <table border="1" data-bbox="513 1094 1326 1192"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>MW</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>N/A</td> </tr> <tr> <td>Cost</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		2017	2018	2019	2020	2021	2022	Total	MW							N/A	Cost							
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<p>7. Summary of Costs by Cost Category</p>	<p>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.</p> <table border="1" data-bbox="513 373 1175 831"> <thead> <tr> <th data-bbox="513 373 889 449">Cost Category</th> <th data-bbox="896 373 1032 449">Cost (\$1000s)</th> <th data-bbox="1039 373 1175 449">Percent of Total</th> </tr> </thead> <tbody> <tr> <td data-bbox="513 457 889 491">Marketing/Recruitment</td> <td data-bbox="896 457 1032 491"></td> <td data-bbox="1039 457 1175 491"></td> </tr> <tr> <td data-bbox="513 499 889 533">Equipment</td> <td data-bbox="896 499 1032 533"></td> <td data-bbox="1039 499 1175 533"></td> </tr> <tr> <td data-bbox="513 541 889 575">Equipment Installation</td> <td data-bbox="896 541 1032 575"></td> <td data-bbox="1039 541 1175 575"></td> </tr> <tr> <td data-bbox="513 583 889 617">Equipment Maintenance</td> <td data-bbox="896 583 1032 617"></td> <td data-bbox="1039 583 1175 617"></td> </tr> <tr> <td data-bbox="513 625 889 659">Participant incentives</td> <td data-bbox="896 625 1032 659"></td> <td data-bbox="1039 625 1175 659"></td> </tr> <tr> <td data-bbox="513 667 889 701">Measurement & Verification</td> <td data-bbox="896 667 1032 701"></td> <td data-bbox="1039 667 1175 701"></td> </tr> <tr> <td data-bbox="513 709 889 743">Software licensing</td> <td data-bbox="896 709 1032 743"></td> <td data-bbox="1039 709 1175 743"></td> </tr> <tr> <td data-bbox="513 751 889 785">Other</td> <td data-bbox="896 751 1032 785"></td> <td data-bbox="1039 751 1175 785"></td> </tr> <tr> <td data-bbox="513 793 889 827">Total*</td> <td data-bbox="896 793 1032 827"></td> <td data-bbox="1039 793 1175 827">100%</td> </tr> </tbody> </table> <p data-bbox="513 865 1318 911">* Total cost should equal the “Total” value indicated above in the <i>Summary Costs by Year</i> table.</p>	Cost Category	Cost (\$1000s)	Percent of Total	Marketing/Recruitment			Equipment			Equipment Installation			Equipment Maintenance			Participant incentives			Measurement & Verification			Software licensing			Other			Total*		100%
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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.)?