

# REQUEST FOR PROPOSALS (RFP)

## **KYMEA Intermediate Capacity and Energy Procurement**

**RFP # 2020-1  
August 2020**

The Kentucky Municipal Energy Agency (KYMEA) seeks written proposals from qualified suppliers of electric intermediate capacity and energy resources. KYMEA intends to purchase power from one or more suppliers commencing on June 1, 2022 for terms of 3 to 20 years. Resources should: (i) be deliverable on a firm, non-interruptible basis to the LGE/KU transmission system, (ii) be delivered to KYMEA on a first call basis and not be committed for sale to third parties, and (iii) qualify for designation as network resources under the LGE/KU Open Access Transmission Tariff (“OATT”) to serve the loads of KYMEA’s Member municipal electric systems.

Proposers are required to submit by email their questions pertaining to this RFP no later than 2 pm EDT on August 12, 2020 and their proposals no later than 2 pm EDT on August 19, 2020, and meet other requirements specified in this RFP.

All communications regarding this RFP should be directed to Rob Leesman [Rleesman@kymea.org](mailto:Rleesman@kymea.org). Communications with KYMEA Board Members and other representatives of KYMEA and its Members may result in disqualification as more completely provided in the RFP.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

**Introduction to KYMEA and this RFP**

The Kentucky Municipal Energy Agency (KYMEA), formed pursuant to Sections 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the "Interlocal Cooperation Act" (the "Act"), seeks written proposals from qualified suppliers of electric capacity and energy produced from intermediate capacity resources ("Proposal"). KYMEA intends to purchase power from various suppliers commencing on June 1, 2022 for a term of 3 to 20 years. Resources should: (i) be deliverable on a firm, non-interruptible basis to the LGE/KU transmission system, (ii) be delivered to KYMEA on a first call basis and not be committed for sale to third parties, and (iii) qualify for designation as network resources under the LGE/KU Open Access Transmission Tariff ("OATT") to serve the loads of KYMEA's Member municipal electric systems. KYMEA anticipates economically dispatching available resources to serve the combined load of its Members.

KYMEA supplies all requirements service to the following KYMEA Members (AR Members): at the present time the Cities of Bardwell, Falmouth, Madisonville, Paris, and Providence, the Frankfort Plant Board, the Barbourville Utility Commission, and the Corbin City Utilities Commission. The annual demand and energy requirements of the KYMEA AR Members are projected to be approximately 273 MW and 1,362,000 MWhs, respectively, in 2022.

This RFP requires submittal of data that will be required to screen alternatives to determine if competitive negotiations should be undertaken with one or more Proposers.

**Negotiation Procedure - RFP Form 1**

This RFP will be conducted under the provisions of the Kentucky Model Procurement Code, specifically Kentucky Revised Statutes 45A.370 titled Competitive Negotiation. Written or oral discussions will be conducted with the responsible Proposers whose proposals are determined in writing by KYMEA or its consultants to be reasonably susceptible of being selected for award based on qualifications and the evaluation factors provided in the RFP.

Any award granted hereunder is subject to KYMEA's successful negotiation of any remaining unresolved terms to be included in a final power purchase agreement(s) with a responsible Proposer(s) in order to achieve the best and most advantageous terms and conditions for KYMEA and its Members relating to energy from electric capacity and intermediate capacity resources.

Proposer understands that KYMEA reserves the right to make an award on the basis of initial proposals without discussions, subject to the successful negotiation of a final power purchase agreement.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

Proposers are required to submit with their Proposals a completed copy of the Notice of Negotiation Procedure, RFP Form 1, in acknowledgment of their understanding and acceptance of this negotiation procedure.

**Qualification of Proposers – RFP Form 2**

KYMEA anticipates that successful Proposers will have the following characteristics. KYMEA reserves the right, but is not required, to reject Proposals from Proposers that do not possess the characteristics outlined below.

- a) Proposers that are either an investor owned utility, exempt wholesale generator, municipal electric utility or joint action agency, electric cooperative, or wholesale power marketing firm with the authority to do business in the Commonwealth of Kentucky;
- b) Proposers that have a BBB or above credit rating by a minimum of two established credit rating agencies (Standard and Poor's, Fitch, or Moody's). Proposers whose ratings are below BBB may be considered so long as additional credit assurance acceptable to KYMEA is provided;
- c) Proposers that have performance bonding capabilities greater than \$10 million;
- d) Proposers that are able to demonstrate rights to physical electric generation units proposed for the electric power supply to KYMEA;
- e) Proposers that own or currently have contractual rights to all physical resources from which power would be supplied to KYMEA; and
- f) Proposers whose resources qualify or can qualify as a designated network resource(s) under the LGE/KU OATT.

All Proposers are required to submit to KYMEA with their Proposals a completed Qualification of Proposers form. The Qualification of Proposers form is included as RFP Form 2.

**Communications regarding this RFP and Submission of Proposals, Data, and Forms**

From the date this RFP is advertised until a notice of recommended award, notice of rejection of all Proposals or other notice is made, Proposers are required to confine all communication related to this RFP exclusively to the contact person at Kentucky Municipal Energy Agency specified below and any other representatives designated by that person. Unless authorized in advance, no contact related to the RFP, will be permitted between a Proposer, its employees, representatives, or affiliates and any board member, officer, official, director, employee, representative or other staff of KYMEA or any of the municipals that are, or are considering becoming, Members of KYMEA. Any unauthorized contact will be the basis for disqualification of the Proposer from further consideration.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

All questions regarding this RFP, technical or otherwise, should be submitted electronically by e-mail in accordance with the RFP Schedule below to:

KYMEA Power Supply RFP  
C/o Rob Leesman  
E-mail: [rleesman@KYMEA.org](mailto:rleesman@KYMEA.org)

Only responses provided in writing by KYMEA will be considered official. A verbal response by KYMEA will not be considered an official response. Responses to questions determined by KYMEA, at its sole discretion, to be applicable to the RFP process in general and all published addenda will be provided on the KYMEA website at [www.kymea.org/request-for-proposals/](http://www.kymea.org/request-for-proposals/). Questions, answers and addenda will be communicated in electronic form.

If discussions pertaining to the revision of the specifications or quantities are held with any potential Proposer, all other potential Proposers shall be afforded an opportunity to take part in such discussions. At KYMEA's sole discretion, a Request for Proposals based on revised specifications or quantities may then be issued as promptly as possible, shall provide for an expeditious response to the revised requirements, and shall be awarded upon the basis of the best overall benefit to KYMEA determined by applying the criteria set forth in the Request for Proposals.

Each Proposer is free to determine the format of the Proposal. Proposers should provide all information requested in this RFP. Each Proposal, with Forms 1 and 2, must be submitted by email to the following address by the date shown below under the heading "RFP Schedule."

KYMEA Power Supply RFP  
c/o Rob Leesman  
Email: [rleesman@KYMEA.org](mailto:rleesman@KYMEA.org)

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

**RFP Schedule**

The timetable for this RFP process is shown below. The dates and times set forth below may be changed at any time at the discretion of KYMEA. All deadlines for submittals due from Proposers are specified in Eastern Daylight Time (“EDT”).

<b>Milestone</b>	<b>Due Date</b>
Release of RFP by KYMEA	7/24/2020
Proposers submit questions regarding the RFP By Email to: <a href="mailto:Rleesman@KYMEA.org">Rleesman@KYMEA.org</a>	By 2 pm EDT on 8/12/2020
Proposal Submission (Include, as part of the Proposal, Forms 1 and 2 and all supporting data and information) By Email to <a href="mailto:Rleesman@KYMEA.org">Rleesman@KYMEA.org</a>	By 2 pm EDT on 8/19/2020

After receipt of Proposals, KYMEA intends to request any clarification deemed necessary and then perform screening and other analyses. Further discussions and, if appropriate, negotiations will then be initiated with a Proposer(s) deemed reasonably susceptible of being selected for award with the goal that contract terms can be finalized and contracts executed as early as 45 days after submission of Proposals.

KYMEA will include in the power purchase agreement certain conditions precedent to its obligations to purchase and pay for any capacity and energy. Those conditions precedent will include, without limitation:

1. Completing the process of designating the Proposer’s resources as network resources for the service of the loads of KYMEA’s Members and making such other transmission arrangements as are necessary under terms that are acceptable to KYMEA.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

KYMEA anticipates that the purchase of power from successful Proposers will commence on June 1, 2022.

**Acceptance and Disqualification of Proposals**

KYMEA reserves the right to accept the Proposal(s) that, in its sole judgment, best meet the needs and objectives of KYMEA and its members, to reject any and all Proposals, and to waive irregularities and formalities in any Proposal that is submitted.

Without limiting the generality of the foregoing, KYMEA may accept or reject Proposals that are incomplete or irregular, omit any item that the RFP requires, or do not include timely submittal of all required RFP information and forms.

Proposer may submit Proposals that may deviate from the specific requirements of the RFP. KYMEA at its sole discretion may accept and evaluate, or disqualify, any nonconforming Proposals received.

**Reserved Rights of KYMEA**

At any stage in the RFP process, KYMEA reserves the right, at its sole discretion, to:

- a) Accept or reject any and/or all conforming or non-conforming Proposals received in response to this RFP;
- b) Waive any individual Proposal requirement if deemed in KYMEA's best interest;
- c) Accept multiple or no Proposals;
- d) Accept quantities and terms different from those sought in the RFP upon mutual agreement of KYMEA and the Proposer;
- e) Accept or reject any Proposals received after the submittal deadlines;
- f) Accept or reject any Proposal if the Proposer fails to fully complete and timely submit all required RFP Forms;
- g) Not disclose information which KYMEA has determine may be confidential or may be subject to a non-disclosure or confidentiality agreement between KYMEA and a Proposer;
- h) Negotiate arrangements for power supply with one or more Proposers;
- i) Request clarifications from Proposers at any time;
- j) Amend this RFP at any time;
- k) Cease negotiations with any or all Proposers at any time;
- l) Set deadlines for completing negotiations of agreements; and

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

- m) Disqualify a Proposer during the negotiations for failing to honor the terms of the RFP or those contained in its Proposal.

**Confidentiality of Information**

KYMEA anticipates taking reasonable steps consistent with applicable Kentucky law relating to governmental agencies and open records requests to maintain the confidentiality of proposed pricing and other commercially sensitive information provided by Proposers, including, upon request of a Proposer, entering into a non-disclosure agreement (NDA) acceptable to KYMEA. The form of an acceptable Confidentiality and Non-Disclosure Agreement is attached hereto as Exhibit A.

**Power Supply Resources Sought by KYMEA**

The purpose of this RFP is to solicit Proposals for physically firm capacity and energy resources suitable to economically serve intermediate loads of KYMEA Members and such other uses as KYMEA may deem appropriate. KYMEA seeks Proposals for resources that can be dispatched by KYMEA limited solely by the availability of said resources. Resources should: (i) be deliverable on a firm, non-interruptible basis to the LGE/KU transmission system, (ii) not be committed for sale to third parties, and (iii) qualify for designation as network resources under the LGE/KU OATT to serve the loads of KYMEA's Member municipal electric systems.

**Term**

The initial power supply delivery term proposed may range from a minimum of 3 years to a maximum of approximately 20 years in duration, with power supply delivery to begin on June 1, 2022.

If a Proposal offers a range of terms between 3 to 20 years, KYMEA may unilaterally select the term it determines is most suitable.

**Capacity**

Proposals may be submitted for physical intermediate resources such as the following resource categories.

- a) Natural Gas Combustion Turbines;
- b) Natural Gas Combined Cycle;
- c) Virtual Natural Gas Combined Cycle;

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

- d) Reciprocating Internal Combustion Engines;
- e) Intermediate hydroelectric plants;
- f) Coal;
- g) Wind;
- h) Wind plus storage;
- i) Solar;
- j) Solar plus storage; or
- k) Other intermediate resources with similar cost and operating characteristics.

Proposers may propose a specific amount of capacity or indicate that the amount of capacity to be purchased would be within a range from 30 MW to 60 MW, with the specific amount to be determined during negotiation of the power purchase agreement.

Physical capacity resources may be individual designated units, designated stations, or Proposer's clearly identified system resources.

1. **Purchase Power Agreement Capacity Prices** shall be submitted using one of two pricing methods. All capacity prices provided should be on a "dollars per MW-month" basis. Permissible pricing methods are as follows.
  - a) Fixed Price: Fixed prices may be for the total term proposed or fixed for specified time periods (e.g., by year);
  - b) Escalated Price: Proposed prices may escalate at a fixed annual percentage or by an index applied to a fixed price for the base year beginning June 1, 2022.
2. **Ownership** options shall be submitted using one of two pricing methods. All ownership prices provided should be on a "dollars per kW" basis. Permissible pricing methods are as follows.
  - a) Turnkey Delivery: Power plant price with complete engineering, procurement, and construction (EPC). The completed project will be delivered to KYMEA only after it is fully operational and meets all performance measures. Expected on-going annual operation and maintenance expenses as well as expected annual capital



**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

expenditures to maintain plant performance and reliability will be included in the pricing; Will KYMEA be providing the site? If so, we should consider stating that.

- b) EPC Contract: Engineering, procurement, and construction (EPC) for only the power island portion of the facility. Please provide a detailed scope of services and equipment included in the power island EPC and expected on-going annual operation and maintenance expenses as well as expected annual capital expenditures to maintain plant performance and reliability. Please assume KYMEA will provide the site, interconnection, fuel supply, and other balance of plant through a separate EPC contract.

## **Energy**

Proposals should clearly specify the basis for determining KYMEA's entitlements to energy from the Proposer's resource(s).

KYMEA anticipates that its entitlements to the energy available from the Proposer's resource(s) in all hours will be proportionate to the amount of capacity purchased from the resource(s). The portion of KYMEA's load to be served would require one or more resources that can be economically used to supply energy at an expected capacity factor between 30% and 50% dependent upon the energy cost or dispatch price of the resource(s).

Energy pricing is expected to be provided on a dollars per MWh basis that may include: (i) a commodity cost based on reasonable actual costs, contract prices, or an index in \$/MMBtu times a net heat rate and (ii) a variable cost adder, if applicable.

If Proposer is providing delivered natural gas, KYMEA prefers that the commodity cost for natural gas be tied to commodity prices at a nationally recognized liquid trading hub plus a specified amount for transportation and/or a cost or market basis for the calculation of transportation to the physical location of the proposed resource(s). Natural gas transportation or basis can be set as a fixed price, a fixed price with escalation, or indexed to a value defined by the tariff of the natural gas transportation provider or a secondary market pricing indicator. Unless otherwise stated by Proposer, KYMEA assumes the right to provide its own delivered fuel to the proposed resource(s). Proposer shall provide additional information related to the natural gas commodity procurement and transportation strategy upon request of KYMEA.

Heat rate for energy billing purposes may be specified as a fixed or contract net heat rate or as an actual net heat rate, calculated on a Higher Heating Value basis. If an actual net heat rate is proposed, KYMEA prefers a not-to-exceed limit be specified in the Proposal.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

Variable cost adders, in \$/MWh, may be specified as fixed for the term of the Proposal, escalated based on a fixed escalation rate applied to a fixed price for the year beginning June 1, 2022, or escalated as based on a proposed escalation index applied to a fixed price for the year beginning June 1, 2022, or cost based. If cost-based prices are proposed, KYMEA prefers that not-to-exceed prices also be specified in the Proposal.

If variable cost adders include emission-related pricing and/or costs, Proposers shall include information to indicate the price or cost of each effluent included in the variable cost adder, and Proposers shall furnish information on emission rate by effluent for each physical resource being proposed. Proposer shall specify the pricing method for any emission allowances that may be included in the variable cost adder. Unless otherwise specified by Proposer, KYMEA reserves the right, but not the requirement, to provide emissions allowances for energy it schedules and receives.

Unless included in the variable cost adder, startup costs, if applicable, should be delineated as a separate cost.

Proposer should provide a detailed explanation of the proposed method of energy pricing.

### **Delivery of Resources**

KYMEA is soliciting Proposals for physically firm resources that can be delivered to the LGE/KU transmission system on a firm, non-interruptible basis and are capable of qualifying as designated network resources under the LGE/KU OATT. It is KYMEA's preference that Proposers designate points of delivery within the LGE/KU system or at the interfaces between the LGE/KU transmission system and neighboring transmission systems. However, KYMEA is willing to consider resources that would be delivered to points of delivery on a neighboring transmission system.

Proposers should clearly identify the delivery point for each resource proposed. For resources delivered to points on a neighboring transmission system, the Proposer should identify the RTO region, node, and physical location of the delivery point proposed. Qualifying Proposals for resources delivered to points on a neighboring transmission system will be evaluated considering allowances for the additional costs of transmission service charges, transmission upgrades, congestion and losses on the neighboring transmission system, as appropriate.

### **Energy Scheduling and Dispatch**

Proposer shall specify scheduling options available to KYMEA. Scheduling options shall be specified as either day ahead, day ahead with intra-day hourly adjustments to schedule, or other scheduling options that may provide additional scheduling flexibility to KYMEA. KYMEA

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

assumes it will have unlimited remarketing capabilities for capacity and energy purchased from the Proposer.

Proposer shall specify any limitation on KYMEA's use of capacity and energy for re-marketing.

**Availability**

Proposer is requested to provide five-year historical NERC GADS Equivalent Availability, Equivalent Forced Outage Rate, and Scheduled Outage Factor statistics for each physical resource proposed.

Proposers may specify any or no level of availability guarantee. KYMEA will evaluate qualifying Proposals using availability criteria determined to be the most advantageous to KYMEA.

Proposers that elect to provide a contractual availability guarantee should propose a method for compensating KYMEA, should the availability guarantee level not be achieved, using the following options.

1. Proposer may commit to provide delivered replacement energy at the lower of actual market price or contract energy rate to avoid availability guarantee penalties.
2. Proposer may specify a capacity payment reduction or other financial compensation based on an amount per percentage point below the guaranteed percentage level.

If a contractual availability guarantee is not proposed, KYMEA will evaluate the availability-based component of the Proposal evaluated based on the actual historical performance in comparison to the criteria established by KYMEA.

Proposer should confirm that any availability-based reductions in energy scheduled by KYMEA will be implemented on a non-discriminatory, pro-rata basis.

**Proposal Commitment**

Proposer must hold its Proposal provisions firm for a minimum of 120 days after the date the Proposal is submitted to KYMEA.

**Evaluation of Proposals**

The evaluation of Proposals submitted in response to this RFP will consider the impact of a Proposal on the KYMEA Members' total net cost of power on a present value basis and over the potential term of the transaction.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

Projections of a Proposal's impact on the Members' net costs of power may include, but not be limited to, consideration of the proposed price for capacity and energy, costs of energy during periods when the proposed resource is not fully available, transmission related costs (including congestion and losses on other systems), environmental costs, and fuel costs. KYMEA's consideration of a Proposal also may qualitatively and/or quantitatively consider: (i) risks that actual costs may be higher than projected; (ii) uncertainties that may impact the ability of the respondent to perform as proposed; (iii) flexibility and optionality that may be provided to KYMEA; and (iv) the potential volatility relative to other options in the projected costs of the Proposal. The information provided in the Proposal regarding capacity offered, capacity and energy pricing, scheduling, constraints, type(s) of fuel, expected availability, availability guarantees, and delivery point(s) proposed will be used in the development of the above described analysis. KYMEA also will make assumptions regarding, and use forecasts of, fuel, market prices for capacity and energy, and environmental compliance requirements in performing the evaluation.

Consistent with the above, the factors to be considered in the evaluation, in declining order of relative importance, are the following:

1. Projected net cost of power over the potential term of the transaction using the criteria and methodology stated above;
2. Scheduling flexibility and other optionality afforded to KYMEA under the Proposal;
3. Uncertainties concerning performance and availability;
4. Uncertainties concerning transmission arrangements required for delivery as a designated network resource on the LGE/KU system;
5. Uncertainties concerning commencement of the transaction by June 1, 2022;
6. Creditworthiness; and
7. Location of the Proposer's resources.

KYMEA reserves the unilateral right to make all decisions and judgments as to the assessment of all Proposals, the appropriate assumptions to be used in the analyses, and the weight to be given to each factor.

This RFP will be conducted under the provisions of the Kentucky Model Procurement Code, specifically Kentucky Revised Statutes 45A.370 titled Competitive Negotiation. Written or oral

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP # 2020-1**

discussions will be conducted with the responsible Proposers whose proposals are determined in writing by KYMEA or its consultants to be reasonably susceptible of being selected for award based on qualifications and the evaluation factors provided in the RFP.

Any award granted hereunder is subject to KYMEA's successful negotiation of any remaining unresolved terms to be included in a final power purchase agreement(s) with a responsible Proposer(s) in order to achieve the best and most advantageous terms and conditions for KYMEA and its Members relating to intermediate capacity and energy.

Proposer understands that KYMEA reserves the right to make an award on the basis of initial proposals without discussions, subject to the successful negotiation of a final power purchase agreement.

**Nonconforming Proposals**

Proposers are not precluded from submitting Proposals for alternatives outside of the specific requirements of this RFP for KYMEA's potential consideration.

KYMEA reserves the right, but has no obligation, to evaluate and qualify any such nonconforming Proposals as it may determine, in its sole discretion, to be in its interest to consider. Any Proposals not meeting the requirements of this RFP are subject to disqualification.

**Other Considerations and Requirements**

Consistent with KRS 45A.494, Kentucky resident preference will be a consideration in the evaluation of qualified Proposals.

A duly authorized representative of the Proposer must sign all Proposal documents.

**Basis of Award**

If an award is made, it shall be made to the responsible Proposer or Proposers whose proposal is determined in writing to be the most advantageous to KYMEA based upon the evaluation factors set forth in the RFP and the reciprocal preference for resident bidders required by KRS 45A.494, provided, however, any award made hereunder by KYMEA shall be subject to KYMEA's successful negotiation of a final power purchase agreement(s) in order to achieve terms and conditions which are determined by KYMEA, in its sole discretion, to be most advantageous to KYMEA and its Members based upon the evaluation factors set forth in the RFP.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP Form 1: NOTICE OF NEGOTIATION PROCEDURE**

The undersigned Proposer, having read and examined the specifications and documents for the designated goods and/or services requested under this RFP hereby acknowledges that this RFP will be conducted under the provisions of the Kentucky Model Procurement Code, specifically Kentucky Revised Statutes 45A.370 titled Competitive Negotiation.

Written or oral discussions will be conducted with the responsible Proposers whose proposals are determined in writing by KYMEA or its consultants to be reasonably susceptible of being selected for award based on qualifications and the evaluation factors provided in the RFP.

Any award granted hereunder is subject to KYMEA’s successful negotiation of any remaining unresolved terms to be included in a final power purchase agreement(s) with a responsible Proposer(s) in order to achieve the best and most advantageous terms and conditions for KYMEA and its Members relating to intermediate capacity and energy.

Proposer understands that KYMEA reserves the right to make an award on the basis of initial proposals without discussions, subject to the successful negotiation of a final power purchase agreement.

The undersigned acknowledges and understands that if all Proposers are rejected, KYMEA has the option of seeking Proposals through a subsequent RFP process.

From the date this RFP is advertised until a notice of recommended award, notice of rejection of all Proposals or other notice is made, Proposers are required to confine all communication related to this RFP exclusively to the contact person at Kentucky Municipal Energy Agency specified below and any other representatives designated by that person. Unless authorized in advance, no contact related to the RFP, will be permitted between a Proposer, its employees, representatives, or affiliates and any board member, officer, official, director, employee, representative or other staff of KYMEA or any of the municipals that are, or are considering becoming, Members of KYMEA. Any unauthorized contact will be the basis for disqualification of the Proposer from further consideration.

All Proposals are subject to all other specifications and requirements provided for in this RFP.

Name of Company \_\_\_\_\_

Authorized Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**RFP Form 2: QUALIFICATION OF PROPOSERS**

**Company Name:** \_\_\_\_\_

**Company Contact Information**

- Name
- Title
- Address 1
- Address 1
- City, State, Zip
- Email:
- Phone number:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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**Classification of Company:**

- Investor Owned Utility
- Municipal Utility
- Electric Cooperative
- Wholesale Power Marketer

Check if Yes \_\_\_\_\_  
Check if Yes \_\_\_\_\_  
Check if Yes \_\_\_\_\_  
Check if Yes \_\_\_\_\_

**Licensed in Kentucky:**

Yes \_\_\_\_\_ No: \_\_\_\_\_

**Number of Years in Business:**

\_\_\_\_\_

**Current Credit Rating:**

\_\_\_\_\_ Standard and Poor's  
\_\_\_\_\_ Moody's  
\_\_\_\_\_ Fitch  
\_\_\_\_\_ Million

**Bonding Capability**

Proposer owns or currently has contractual rights to all physical resources from which power would be supplied to KYMEA

Yes \_\_\_\_\_ No: \_\_\_\_\_

Each proposed resource that will require transmission service **can qualify** for designation as a network resource for the service of the loads of KYMEA's member municipal electric systems

Yes \_\_\_\_\_ No: \_\_\_\_\_

Each proposed resource currently qualifies as a network resource for the service of a load serving entity directly connected to the LGE/KU transmission system.

Yes \_\_\_\_\_ No: \_\_\_\_\_  
If Yes, specify load serving entity:

\_\_\_\_\_

**Authorized Signature of Proposer:**

\_\_\_\_\_

**Printed Name**

\_\_\_\_\_

**Date**

\_\_\_\_\_

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**INSTRUCTIONS FOR PROPOSALS**

Please provide a Proposal that addresses each of the topics described in the RFP. Proposers are requested, but not required, to present their proposals in the format outlined below to the extent applicable.

KYMEA requests that each Proposal include at least the level of detail normally included in a Term Sheet.

Item	Provision
<b>1. Seller</b>	
<b>2. Buyer</b>	KYMEA
<b>3. Product Description (Attributes)</b>	
<b>4. Term of Agreement</b>	
<b>5. Capacity Amount by Year</b>	
<b>6. Installed Capacity Amount by Year</b>	
<b>7. Flexibility of KYMEA to Adjust Capacity Amount during Negotiations or during the term of the transaction</b>	
<b>8. Capacity Price</b> a. Price by Component b. Escalation c. Not to Exceed	
<b>9. Energy Price (Cost components as applicable)</b> a. Heat Rate b. Fuel Commodity c. Transportation d. Variable O&M rate e. Start-up f. Environmental g. Not to Exceed	
<b>10. PPA Delivery Point</b>	



**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**  
**INSTRUCTIONS FOR PROPOSALS**

Item	Provision
<b>11. Project Interconnection Point</b>	
<b>12. Arrangements for transmitting power from the point of interconnection to the delivery point.</b>	
<b>13. Scheduling</b> a. Day Ahead b. Intra-Day	
<b>14. Ancillary Services</b>	
<b>15. Availability</b>	
<b>16. Pricing, Notice and Other Provisions pertaining to any proposed option for KYMEA to extend the term of the transaction beyond the initial term</b>	
<b>17. Pricing, Notice, Grant Applicability, and Other Provisions pertaining to any proposed option or requirement for KYMEA to assume ownership of all or a portion of the project</b>	
<b>18. Other considerations</b>	

Note: Please provide the historical data listed on the following page for the most recent 5-year period for which data is available.

**Request for Proposals**  
**KYMEA Intermediate Capacity and Energy Procurement**

**INSTRUCTIONS FOR PROPOSALS**

Line No.		Units	Calendar Years				
			1	2	3	4	5
		<b>Year →</b>					
	<b>Resource</b>						
1	Name	Name					
2	Summer Capacity Rating	MW					
3	Annual Energy Production	MWh					
4	Average Net Heat Rate (HHV)	Btu/kWh					
	<b>Actual Energy Costs</b>						
5	Fuel Commodity	\$/MMBtu					
6	Fuel Transportation	\$/MMBtu					
7	Emissions Component	\$/MMBtu					
8	Other Components	\$/MMBtu					
9	Total	\$/MMBtu					
10	Variable O&M	\$/MWh					
	<b>Performance Based on GADS</b>						
11	EFOR	%					
12	SOF	%					
13	EAF	%					
14	Capacity Factor	%					
<b>Comments (by line number)</b>							
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							

## EXHIBIT A

### CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-disclosure Agreement (this “Agreement”), dated \_\_\_\_\_, is entered into between Kentucky Municipal Energy Agency with offices at 1700 Eastpoint Parkway, Suite 220, Louisville, Kentucky 40223 (“Receiving Party”) and \_\_\_\_\_ with offices at \_\_\_\_\_ (“Disclosing Party”), collectively referred to as the (“Parties”).

#### **Background Statement**

Receiving Party has had and desires to have confidential discussions with Disclosing Party in connection with the evaluation of proposed transactions between Disclosing Party and Receiving Party provided by Disclosing Party in response to the Request for Proposals from Receiving Party dated \_\_\_\_\_ (“Proposed Transactions”). The Parties acknowledge that Receiving Party will be receiving, reviewing, and analyzing information with respect to Proposed Transactions that is highly confidential, proprietary, or otherwise not publicly available. Receiving Party and Disclosing Party have entered into this Agreement to establish terms and conditions applicable to the exchange of Confidential Information in connection with the Proposed Transactions.

#### **Agreement**

1. **Non-disclosure of Confidential Information.** Confidential Information will be kept strictly confidential by Receiving Party. Confidential Information may, however, be disclosed by Receiving Party to its directors, officers, employees, attorneys, consultants and financial advisors (collectively, “Representatives”), but only if such Representatives (i) need to know the Confidential Information in connection with Receiving Party’s evaluation of Proposed Transactions, and (ii) such Representatives agree to be bound by the terms of this Agreement. Receiving Party shall not disclose the Confidential Information to any person other than as expressly permitted by this Agreement, and shall safeguard the Confidential Information from unauthorized disclosure. Receiving Party shall use the Confidential Information solely for the purpose of evaluating Proposed Transactions and for no other purpose. Notwithstanding the disclosure of the Confidential Information to any Representatives, Receiving Party shall remain liable for any breach of this Agreement by any of its Representatives.

2. **Notice Preceding Required Disclosure.** If Receiving Party or its Representatives are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand, regulatory proceedings, stock exchange rules, or other applicable rules or regulations or similar process) to disclose any Confidential Information, Receiving Party shall promptly notify Disclosing Party of such request or requirement so that Disclosing Party may seek an appropriate protective order or waive

compliance with this Agreement. If, in the absence of a protective order or the receipt of an express waiver under this Agreement, Receiving Party or its Representatives are, in the opinion of legal counsel, required to disclose the Confidential Information, Receiving Party or its Representatives may disclose only such of the Confidential Information to the party requiring disclosure as, in the opinion of legal counsel, is required by applicable law, rule or regulation and, in connection with such disclosure, Receiving Party and its Representatives shall use commercially reasonable efforts to obtain confidential treatment to such portion of the Confidential Information as is disclosed.

3. Definition of “Confidential Information”. As used in this Agreement, “Confidential Information” means any and all information that is furnished, before or after the date hereof, to Receiving Party or its Representatives by Disclosing Party or otherwise that relates to or concerns Proposed Transactions or the Disclosing Party and its affiliates, including, but not limited to, the fact that Confidential Information has been made available to the Receiving Party, the fact that discussions relating to this Agreement or relating to Proposed Transactions is taking place, and the existence of this Agreement. Any information furnished to Receiving Party or its Representatives by a director, officer, employee, member, partner, lender, consultant, agent, or other representative of Disclosing Party will be deemed furnished by Disclosing Party for the purpose of this Agreement. Notwithstanding the foregoing, the following does not constitute Confidential Information for purposes of this Agreement: (i) information that is or becomes publicly available other than as a result of a disclosure by Receiving Party in breach of this Agreement or other obligation of confidentiality; (ii) information that was already known to Receiving Party on a non-confidential basis prior to being furnished to Receiving Party by Disclosing Party; (iii) information that becomes available to Receiving Party on a non-confidential basis from a source other than Disclosing Party or a representative of Disclosing Party if such source, to Receiving Party’s knowledge, is neither subject to any prohibition against transmitting the information to Receiving Party nor bound by a confidentiality agreement with Disclosing Party; and (iv) information that is independently developed by Receiving Party without use of or reference to Confidential Information.

4. Return of Information. Confidential Information will remain the property of Disclosing Party. Upon request of the Disclosing Party, confidential Information, and any copies thereof, will be returned to Disclosing Party or destroyed immediately upon Disclosing Party’s request. . Unless otherwise agreed to by the Parties, the Receiving Party or its Representatives may retain one record copy for their files. Any Confidential Information so retained shall remain subject to this Agreement without regard to Section 7 hereof.

5. No Waiver. No failure or delay in exercising any right, power, or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege hereunder.

6. Remedies. Because money damages may not be a sufficient remedy for a breach of this Agreement by Receiving Party or its Representatives, Disclosing Party shall be entitled to seek specific performance and injunctive relief as remedies for any such breach or threatened breach. Such remedies will not be deemed to be the exclusive remedies for a breach of this Agreement by Receiving Party or any of its Representatives but will be in addition to all other remedies available to Disclosing Party at law or in equity.

7. Term. Except as otherwise provided in Section 4, this Agreement shall terminate on the date that is two (2) years from the date first written above.

8. No Representations or Warranties. Neither Disclosing Party nor any of its Representatives is making any representation or warranty as to the accuracy, validity or completeness of Confidential Information and Disclosing Party shall not be liable to Receiving Party or any other party as a result of the use of Confidential Information.

9. No Assignment; Successors. Receiving Party may not assign all or any part of this Agreement without Disclosing Party's prior written consent. This Agreement inures to the benefit of the Parties hereto and their successors and permitted assigns and is binding on each other and each other's successors and permitted assigns.

10. Governing Law. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF KENTUCKY, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD OTHERWISE DIRECT THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION. EACH OF THE PARTIES HERETO AGREES THAT (A) ANY LEGAL ACTION BROUGHT HEREUNDER SHALL BE BROUGHT IN THE FEDERAL OR STATE COURTS LOCATED WITHIN KENTUCKY AND (B) ANY RIGHT OF THE UNDERSIGNED TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING OUT OF THIS AGREEMENT IS WAIVED.

11. Entire Agreement; Headings. This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof. The headings of the Sections of this Agreement are inserted for convenience only and do not constitute a part hereof or affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed via facsimile transmission and may be executed in separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single instrument.

12. Savings Clause. If any provision of this Agreement or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of the Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

To evidence their acceptance of this Agreement, the Parties' authorized representatives have signed below effective as of the date first specified above.

**DISCLOSING PARTY**

**KENTUCKY MUNICIPAL ENERGY  
AGENCY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_