

CITY OF GALLUP
CENTRAL PURCHASING OFFICE
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GALLUP, NEW MEXICO 87305-1270
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EMAIL: frodriguez@gallupnm.gov

TITLE: Power Purchase Agreement & Asset Purchase Option for a 10MW AC Solar Photovoltaic Generation Facility within city limits of the City of Gallup, NM

AMENDMENT NO.: 1

RFP NO.: 2015/2016/05/P

THE FOLLOWING REVISIONS, ADDITIONS AND/OR CLARIFICATIONS SHALL FORM A PART OF THE CONTRACT DOCUMENTS AND EACH CONTRACTOR SHALL INDICATE ON THEIR PROPOSAL THE RECEIPT OF THIS NUMBERED AMENDMENT. REVISIONS, ADDITIONS, AND/OR CLARIFICATIONS ARE AS FOLLOWS:

- 1) The corrected potential site area is 48.49 acres. See “Potential Available Area Solar Generation” (GALLUP_SOLAR_FARM_R.pdf) attached.
- 2) The City of Gallup RFP No. 2015/2016/05/P references the requirement for a 10 MW solar facility at numerous places in the RFP, including in the title and Section 3.4.1 of the requirement for a “minimum of 10 MW AC”. The City is amending the RFP to eliminate the requirement that the facility must be a minimum of 10 MW AC and will accept proposals based on the maximum size as determined by the respondent based on each respondent’s evaluation of the updated and attached site survey. However, the RFP is further amended to add the restriction that the expected energy production of the proposed facility would not exceed 21,000 MW-hours per year.
- 3) The City of Gallup RFP No. 2015/2016/05/P references at numerous places in the RFP, including at Section 2.2.b and Section 3.4.2, the option for the Term of the PPA to be “5, 7, or 10 Years”. The City is amending the RFP to allow the option for the Term of the PPA to be “7, 10, or 12 Years”.
- 4) The City of Gallup RFP No. 2015/2016/05/P identifies in Section 2.2.2 terms the City anticipates negotiating in the PPA. The City is amending Section 2.2.2 to include an additional term that will require the operator of the solar facility to provide hourly energy production forecasts on a daily and monthly basis in a format acceptable the Tri-State Generation and Transmission Association.
- 5) Questions received and their responses/clarifications are attached.

This Amendment consists of nine (9) pages. If you do not receive all of the following pages contact our office immediately.

- Notice of amendment (2 pages)
- Gallup Solar Farm Map Revised (1 page)
- Questions/Responses (4 pages)
- Gallup Building Permit Fee Schedule (1 page)
- Gallup Sales History (1 page)

DATE: December 21, 2015

Acknowledge
Receipt No. One (1)

City of Gallup:

BY/S/ Frances Rodriguez

Frances Rodriguez, Purchasing Director

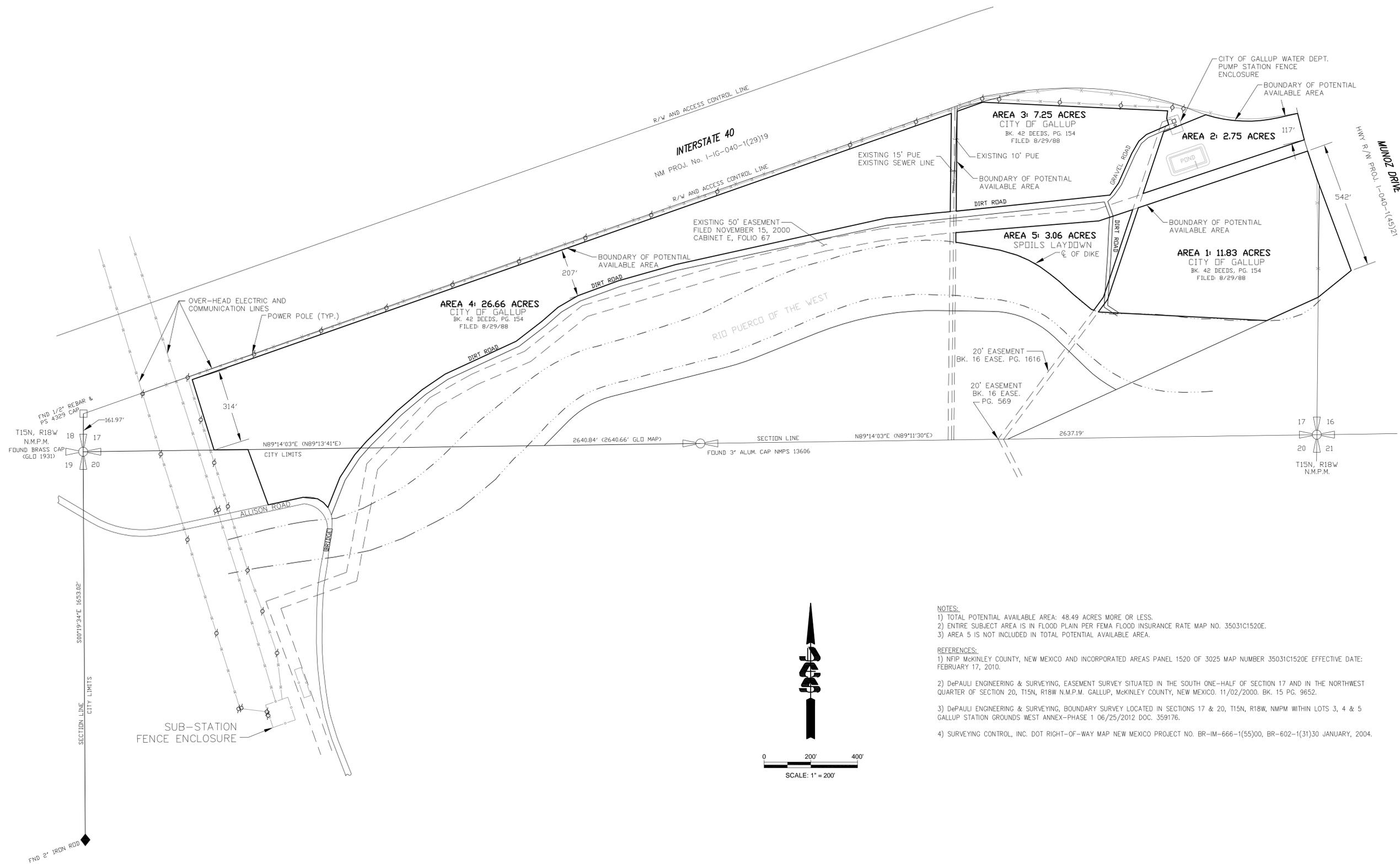
Contractor:

BY/S/ _____

Authorized Signature of Seller/Bidder

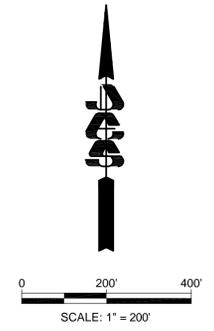
Company Name:

[ACKNOWLEDGE RECEIPT ON REP OR SIGN AND RETURN ONE (1) COPY WITH BID]



NOTES:
 1) TOTAL POTENTIAL AVAILABLE AREA: 48.49 ACRES MORE OR LESS.
 2) ENTIRE SUBJECT AREA IS IN FLOOD PLAIN PER FEMA FLOOD INSURANCE RATE MAP NO. 35031C1520E.
 3) AREA 5 IS NOT INCLUDED IN TOTAL POTENTIAL AVAILABLE AREA.

REFERENCES:
 1) NFIP MCKINLEY COUNTY, NEW MEXICO AND INCORPORATED AREAS PANEL 1520 OF 3025 MAP NUMBER 35031C1520E EFFECTIVE DATE: FEBRUARY 17, 2010.
 2) DePAULI ENGINEERING & SURVEYING, EASEMENT SURVEY SITUATED IN THE SOUTH ONE-HALF OF SECTION 17 AND IN THE NORTHWEST QUARTER OF SECTION 20, T15N, R18W N.M.P.M. GALLUP, MCKINLEY COUNTY, NEW MEXICO. 11/02/2000. BK. 15 PG. 9652.
 3) DePAULI ENGINEERING & SURVEYING, BOUNDARY SURVEY LOCATED IN SECTIONS 17 & 20, T15N, R18W, NMPM WITHIN LOTS 3, 4 & 5 GALLUP STATION GROUNDS WEST ANNEX-PHASE 1 06/25/2012 DOC. 359176.
 4) SURVEYING CONTROL, INC. DOT RIGHT-OF-WAY MAP NEW MEXICO PROJECT NO. BR-IM-666-1(55)00, BR-602-1(31)30 JANUARY, 2004.



NO.	BY	DATE	REVISION
1	ACV	12/18/2015	TO INCLUDE SPOILS LAY DOWN AREAS AND REVISED AREA 4

Questions/Responses

1. What is the cost of the interconnection agreement with Gallup Electric Utility?

There is no cost associated with the interconnection agreement.

2. What is the cost of City of Gallup's permit for this project?

City of Gallup Building Permit Fee Schedule is attached. Electrical permits are issued by the State of New Mexico.

3. Do you have a soil report? If not, do you have soil standards we should use for the proposal? We think that the bidders should not be forced to take the burden that everyone has to do his own soil report on his own cost, losing this money when not being awarded with the contract.

No, in order to submit similar proposals, assume ideal soil conditions. After selection of solar company, the City shall provide a geotechnical study needed for the design of the solar facility

4. In the RFP it is mentioned that a "Return Receipt from Gallup" has to be part of the proposal, see article 1.8.6. We could not find a form sheet for or a procedure how to receive this Return Receipt. Please advise.

See page 4 of RFP packet.

5. Are direct burial cables acceptable instead of wiring in UG conduits?

No. All cables should be installed in Sch 40 PVC minimum electrical conduit.

6. Is the Project Safety Plan due in the bid proposal or at construction time?

Project Safety Plan is not due in the proposal, but any costs associated with the Safety Plan should be incorporated in the proposal.

7. The requested 5 year PPA term seems to defeat one purpose of any PPA agreement, the benefit of the PPA supplier to use the Investment Tax Credit (ITC) to reduce the PPA rate. According to IRS the PPA Supplier has to keep ownership for at least until the 6th anniversary of COD, or ITC will be recaptured. So, we recommend to drop the request for the 5 year PPA.

Noted. This will be addressed in the addendum.

8. The RFQ asks for pre-determined purchase price at the end of the term. Similar to question 7, a fixed purchase price defeats the purpose of any PPA, in fact, it is not allowed to be part of any PPA. "Per IRS rules, no one can determine exactly the Fair Market Value (FMV) of the system in a given year in advance of the buyout. The FMV must be calculated at the time of the buyout by appraisers who will determine the remaining useful life." We can offer pre-determined purchase prices as a best estimate, whereby the Buyout price has to be the greater of either the contract price

(calculated as the discounted future value of the contract) and the FMV of the system, as determined at the time of the buyout. We can make the buyout price high enough so that the probability that the FMV will be higher is slim to nothing. Please advise.

Included in the evaluation criteria is the levelized cost of energy. This determination will include the system buyout cost.

9. There are other financing methods that allow fixed and pre-determined purchase prices, for example operating lease. We recommend that you allow other financing in addition to the PPA to be part of the proposal.

The City's objective is to implement electric supply resources that will not negatively affect known electric rates and will facilitate the control of future rates. Any financial option will be considered if it supports this objective

10. Please clarify if the 13.8 kV connection will be in the substation or if we will connect to the lines adjacent to the property.

The connection point will be at the fence line if possible. The City will bear the cost of any off-site improvements required to connect the project.

11. Is there a required distance to existing and future power poles between the solar array and the power poles?

Proposer should plan on maintaining a fifteen foot clearance between the centerline of the power line (including power poles) and the solar arrays.

12. There are City manholes on the property. Is there any requirement for getting access to them?

Existing water and sewer easements are indicated on the survey map provided (GALLUP_SOLAR_FARM.pdf).

13. Are there any future expansion plans for the I-40 highway?

No, the latest expansion occurred in 2007/2008 and further expansion is not anticipated

14. Is the green City Wastewater (green) line noted on the site map the same as the Gas Pipeline?

No. See the survey map provided (GALLUP_SOLAR_FARM.pdf).

15. In order to connect any array built east of the Gas Pipeline with an interconnection point on the west of the property, it will be necessary to cross that pipeline easement. Can you please define the parameters for that crossing (i.e. does it need to be above-ground, concrete-encased, hand dug, etc.)?

The easement is held by New Mexico Gas Company. Any construction within the easement would require a license from New Mexico Gas Company.

16. Does the retention pond need to stay intact?

Well water will discharge from the well during the prewash cycle. This occurs monthly when the well is started or stopped for about 15 minutes, each. The retention pond can be removed. Grading and drainage plans should take into account water discharged from the well.

17. What is the extent / dimensions of the spoils laydown area from the annual Corps of Engineers dredging activities?

The extent/dimensions of the spoils laydown area is shown on Revision 1 map.

18. Which is the minimum width required to maintain for the existing service road?

12 ft.

Ti-State

1. The following questions are in regard to the potential energy production from the City's proposed solar generation facility:

a. The RFP did not specify a fixed panel, single-axis tracking, dual axis tracking or other array configuration. Does the city have a preference?

The City does not have a preference.

b. Since the maximum amount of energy the City can acquire from a City-Owned Generation Facility (COGF) is 10% of the energy consumption of the "City Customers", why does the RFP require that the PV system be a minimum of 10 MW AC (Page 25, Section 3.4, paragraph 1)?

Project capacity and maximum production will be clarified in Addendum No.1.

2. The RFP did not require the respondent to provide a forecast of the solar project's energy production. Currently, CDEC provides Near-Term forecasts of the City's load from a third-party provider. While CDEC will schedule energy based on the City's load forecast, Western hydropower schedules provided by the City, and energy generated from a COGF, neither CDEC nor Tri-State are required to forecast the output of a COGF. Tri-State expects the City to provide Tri-State with a forecast of the solar project which can then be incorporated into energy schedule from Tri-State.

The project developer will be required to provide near term hourly production forecasts in a format acceptable to Tri-State. This requirement will be included in Addendum No. 1.

3. Section 5.2 - "Negotiation" of the RFP states: "Specific attention will be given to buy-out price/finance terms of outright purchase of the solar plant and/or terms of the PPA acceptable to the City under their terms of current contracts with WAPA and CDEC." Please help me understand how "...terms of current contracts with ... CDEC" may be associated with the "buy-out price/finance terms" for the solar generation facility?

The terms of the solar agreement will be consistent and in compliance with the terms of the PPA with CDEC.

4. Please indicate that the City will make available metering data and real-time SCADA telemetry from the output of the City's pending solar project to Tri-State and CDEC.

The City will make available metering data and real-time SCADA telemetry from the output of the City's pending solar project to PNM, Tri-State, and CDEC.

5. Please provide the energy consumption for the City Customers for the period beginning 1/1/2013 through 10/31/2015 in kilowatt-hours, by month.

Gallup kWh Sales History for Fiscal Year 2013, 2014, and 2015 are attached.

CITY OF GALLUP
 BUILDING PERMIT FEE SCHEDULE
 RESOLUTION No. R2004-40

TOTAL VALUATION	FEE
\$1.00 to \$500.00	\$15.00
\$501.00 to \$2,000.00	\$15.00 for the first \$500.00 plus \$2.00 for each \$501.00 to \$2,000.00 additional \$100.00 or fraction thereof, to and including \$2,000.00
\$2001.00 to \$25,000.00	\$45.00 for the first \$2,000.00 plus \$9.00 for each additional \$1,000.00 or fraction thereof, to and including \$25,000.00
\$25,000.00 to \$50,000.00	\$252.00 for the first \$25,000 plus \$6.50 for each additional \$1,000.00 or fraction thereof, to and including \$50,000.00
\$50,001.00 to \$100,000.00	\$414.50 for the first \$50,000.00 plus \$4.50 for each additional \$1,000.00 or fraction thereof, to and including \$100,000.00
\$101,000.00 to \$500,000.00	\$639.50 for the first \$100,000.00 plus \$3.50 for each additional \$1,000.00 or fraction thereof, to and including \$500,000.00
\$500,001.00 to \$1,000,000.00	\$2,039.50 for the first \$500,000.00 plus \$3.00 for each additional \$1,000.00, or fraction thereof, to and including \$1,000,000.00
\$1,000,001.00 and up	\$3,539.50 for the first \$1,000,000.00 plus \$2.00 for each additional \$1,000.00 or fraction thereof, to and including \$1,000,000.00
OTHER INSPECTIONS AND FEES	
Plan Check Fee	75% of building permit fee for new commercial construction
	55% of building permit fee for new commercial additions or remodeling with a building valuation not to exceed \$50,000.00
	45% of building permit fee for all residential building permits
Zoning Check Fee	\$25.00 for all commercial permits
	\$15.00 for all residential permits
Re-inspections fees	\$25.00 per re-inspection

Gallup kWh Sales

<u>Month</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
FY 2013	19,806,528	19,762,683	16,636,378	17,830,089	18,337,347	20,341,022	20,042,318	17,988,378	16,580,587
FY 2014	18,868,841	19,218,788	17,068,680	17,486,888	17,397,332	19,825,172	19,270,676	17,175,258	17,068,064
FY 2015	18,024,599	17,750,671	17,275,042	15,772,785	16,532,399	19,748,011	17,801,267	16,598,894	16,500,597
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>TOTAL</u>					
FY 2013	11,730,253	17,138,795	18,490,302	214,684,680					
FY 2014	16,187,714	15,820,586	18,416,818	213,804,817	-0.41%				
FY 2015	15,707,234	15,488,775	18,159,362	205,359,635	-3.95%				
3 YEAR AVERAGE				211,283,044					
10%				21,128,304					