



Associated Electric Cooperative, Inc.

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The Touchstone Energy logo consists of a stylized human figure in blue, with two arms raised in red and yellow, set against a green and blue background.

ASSOCIATED ELECTRIC COOPERATIVE, INC.

REQUEST FOR PROPOSALS (RFP)

**PURCHASE OF SURPLUS CAPACITY, RENEWABLE CAPACITY AND
ENERGY**

1 Overview and Purpose

- 1.1 Associated Electric Cooperative, Inc (AECI) is owned by and provides wholesale power to six regional and 51 local electric cooperative systems in Missouri, northeast Oklahoma and southeast Iowa, serving more than 875,000 customers. AECI has a diverse mix of generation and transmission assets to reliably and economically serve its members.
- 1.2 Generation assets total approximately 6,000 MW and include 2,619 MW of coal, 2,798 MW of gas and oil, 478 MW of hydropower and 300 MW of wind.
- 1.3 Transmission assets include over 9,621 miles with 181 interconnections to 21 different balancing authorities. These interconnections provide for the ability to reliably deliver energy and capacity directly into the MISO, SPP, WAUE, TVA and EES markets.
- 1.4 AECI is projected to have surplus system capacity from 2012 through 2020 and is seeking counterparties interested in purchasing capacity and/or energy in this period. The capacity product may include energy as identified in the product description.

2 Product Description

- 2.1 The capacity available is indicated by year in the table below.

Year	Capacity Available (MW)	Renewable Energy Available (MW)
2012	350	150
2013	350	150
2014	350	150
2015	350	150
2016	350	150
2017	350	150
2018	350	150
2019	275	150
2020	200	150

- 2.2 The delivery point for capacity and energy may be at any AECI interconnection point which has firm transmission capacity available. Bidder shall be solely responsible for all transmission and ancillary services beyond the point of delivery. Any requested delivery point will be assessed by AECI to determine if adequate firm transmission is available for delivery of capacity and energy.
- 2.3 The capacity available does not include ancillary services such as: regulation and frequency response, load following capability, automatic generation control, reactive power, voltage control, spinning reserves or operating reserves.
- 2.4 The renewable energy is sourced from wind generation assets which are inherently dynamic and are not available for scheduling or dispatch. Pseudo ties will be considered if applicable.

3 Instructions to Bidders

- 3.1 Bidders shall submit the bid, and direct all correspondence to the RFP administrator listed below.

Associated Electric Cooperative, Inc.
Attention: Bill Alkier
Operations Planning Engineer
417-885-9376
balkier@aeci.org

Alternate contact:
Kirk Clark
Supervisor, Power Marketing
417-885-9284
kclark@aeci.org

- 3.2 All questions and clarifications concerning this RFP shall be submitted in writing to the RFP administrator.
- 3.3 Bids and any supplementary information must be submitted electronically at the e-mail address indicated in section 3.1 and be accompanied by the bid form attached with the RFP (Exhibit A). Bids received without the AECI bid form will not be accepted.
- 3.4 Bids must be submitted in the complete name of the party which will execute any resulting contract. The bid must be signed by a person who is duly authorized to bind the bidder to a contract. It is expected that bids will be non-binding and subject to further negotiation and management approval.
- 3.5 An existing interchange agreement with AECI is not a prerequisite for submitting a bid.

4 Required Bid Contents

A bid form is included with this RFP (Exhibit A) that is required to be completed and returned with the bid to facilitate bid evaluation and to ensure clarity on key issues as identified in the following sections.

- 4.1 Bidder must include contact information including company name, postal address, e-mail address, and phone number.
- 4.2 Capacity required by year, month, and type. Seasonal bids will be accepted.
- 4.3 The desired delivery point for capacity and energy along with the ultimate sink balancing authority(s).
- 4.4 Bid for capacity expressed in \$/kW-Month at the delivery point.
- 4.5 Bid for energy expressed in \$/MWh at the delivery point. Alternatively, bids based on an index and heat rate are accepted if provided with the formula for calculation of the Energy Charge.
- 4.6 Bid for renewable energy in \$/MWh at the delivery point.

- 4.7 **Day Ahead Dispatch Criteria:** AECI prefers that energy scheduled on a day-ahead basis must be submitted by the scheduling deadline of 8:30 AM CST. Hourly changes to the schedule are anticipated with an absolute hourly change of no more than 75 MW. Bidder may propose alternate conditions for consideration.
- 4.8 **Flexible (Intraday) Scheduling:** AECI prefers that energy scheduled on an intraday basis be subject to a scheduling deadline 90 minutes prior to the start of energy delivery. Energy scheduled on an intraday basis will be subject to a premium (in \$/MWh) and be limited to an hourly change of no more than 75 MW. Energy scheduled after the deadline shall be on a best efforts basis and at the discretion of AECI. Bidder may propose alternate conditions for consideration. The magnitude of the intraday premium will be negotiated based on the specifics of the bid.

5 Evaluation Criteria

Each bid will be evaluated based on the criteria below and the overall value of the bid to AECI.

- 5.1 The rate bid for capacity.
- 5.2 The volume of capacity bid.
- 5.3 Compliance to AECI preferred day-ahead and intraday scheduling.

6 Other and Conditions and Notes

- 6.1 Energy shall be available at all times on a continuous basis within the scheduling requirements negotiated between the parties. Notwithstanding the previous, capacity and energy may be interrupted if the interruption is (i) due to a Force Majeure or (ii) AECI experiences unavailability of AECI System resources such that in AECI's sole judgment AECI would otherwise require curtailment of service to native load.
- 6.2 AECI reserves the right to cancel or reissue this RFP, or to request updated offers at any time before a contract is signed with a bidder.
- 6.3 All bids are subject to final negotiation and AECI Board of Directors approval.
- 6.4 Nothing contained in this RFP shall be construed to obligate AECI to select any bid or limit the ability of AECI to reject bids in its sole and exclusive direction. AECI also reserves the right to withdraw this RFP at any time.
- 6.5 Any information exchanged between bidder and AECI as a result of this RFP is confidential and is to be used for the sole purpose of evaluating a response to this RFP. It cannot be shared with any company outside the party to which it is intended.
- 6.6 Bidders shall be responsible for all costs associated with bid preparation and contract negotiation.



Exhibit A

Company Name:	
Address:	
City:	
State:	
Contact:	
Phone:	

Required Capacity in MW

Year	Months	Capacity	Renewable Energy	Comments
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				

Delivery Point, Sink, Balancing Authority	
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Capacity and Energy Charges	Rate	Alternate
Capacity (\$/MW-Month)		
Energy (\$/MW)		
Renewable Energy (\$/MW)		

Day Ahead Scheduling	Preferred	Proposed
Scheduling Deadline (Time)	8:30 CST	
Maximum Absolute Hourly Change (MW)	75 MW	

Intraday Scheduling	Preferred	Proposed
Scheduling Deadline (prior to start of delivery)	90 Minutes	
Maximum Absolute Hourly Change (MW)	75 MW	