

**R E Q U E S T F O R
P R O P O S A L**

2016-043



Energy Management Agreement

Release Date: December 5, 2016

Proposals Due: January 17, 2017

Proposals must be submitted via E-mail to

PECbidresponse@peci.com

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003 - BACKGROUND

Pedernales Electric Cooperative, Inc. ("PEC") is a private electric utility owned by the members we serve. On behalf of our member/owner community, PEC is an industry-recognized leader providing outstanding service and reasonably priced electricity to homes and businesses for more than 75 years. We service more than 280,000 meters in twenty-four counties in Texas. Our Headquarters is located in Johnson City, Texas. PEC has 16 district and business offices located throughout its service area and a call center.

PEC's operational commitment is to provide reliable electricity and excellent service to members at competitive prices and to guide responsible stewardship of our resources and provide a rewarding, fair, and safe work place for our employees. As a cooperative, PEC is owned by the "members" it serves. Members—not stockholders—invest in the Cooperative through their electric billings and share in the Co-op's margins. Because of this unique business model, PEC members demand the best service, reliability, and management.

PEC is responsible for supplying the energy requirements of its members and maintains a power portfolio and has a set of wholesale power suppliers. Each wholesale power supplier organization supplies power under a varying set of costs and price formulas, over varying terms, and with a variety of features of supply.

The Lower Colorado River Authority (LCRA) is PEC's primary power supplier and serves PEC under a cost-based, full-requirement's contract that includes options for PEC to supply a portion of its power from non-LCRA sources. LCRA currently supplies a majority (about 80% of PEC's needs) under the existing "CSO" Customer Supply Option ("CSO") program. Currently, LCRA acts as PEC's ERCOT Qualified Scheduling Entity (QSE) as well as supplying power under a long-term, cost-plus based contract.

PEC is considering the restructuring of its power procurement efforts, but has not reached any conclusions about how to accomplish this, or whether or not to proceed.

As part of this evaluation, PEC is considering the retention of a third-party provider to administer PEC's procurement needs with third parties other than LCRA. This could be carried out under an energy management agreement (EMA).

This document identifies many, but not all, major elements and services that PEC may consider in reaching a decision to restructure its power supply and power procurement activities.

This solicitation represents a market test intended to assist PEC in deciding how to proceed, and is intended to result in firm proposals to PEC.

The Respondent needs to be aware that even though PEC expects to receive firm proposals, the result of the process may be that no contract(s) are awarded. Additionally, PEC may choose to enter into a single contract, or multiple contracts with additional third parties.

To receive additional background on PEC, each potential respondent is required to first sign a Confidentiality Agreement which can be requested through the PEC Purchasing contact.

In summary, **Power Supply team** through this request for proposal ("RFP") seeks proposals ("Proposals") from qualified persons or entities ("Respondents") interested in providing energy management services under a potential energy management agreement (EMA)

004 - SCOPE OF SERVICE

The Respondent's RFP response must include the necessary labor and other associated services to develop the following scope and deliverables.

1.0 General Inquiry

- 1.1. PEC invites proposals for third party provision of energy management services under an energy management agreement (EMA) to manage the power under contracts separate from LCRA that PEC is entitled to and maintains through the Customer Supply Option (CSO) of the LCRA agreement.
- 1.2. For purposes of clarity, the CSO amount that PEC may have (a) third party (ies) manage under a potential EMA agreement(s) is currently 20% of PEC's needs, and amount may rise or fall in the future. LCRA is expected to continue to manage certain volumes, currently set at 80% of PEC's needs.

2.0 Proposal Responses

- 2.1. In developing a response to this RFP, for each subsection in Section 6.0 and 7.0 of the Technical Specification of this RFP, the prospective supplier must state their intention based on the requirements.
 - 2.1.1. The Respondent shall use various terms to indicate understanding of and intended performance with respect to that Section or Subsection.
 - 2.1.2. The Respondent may use a selected term, and when appropriate is requested to provide additional detail to indicate why another response is better suited to their proposal.
 - 2.1.2.1. "Comply" - Indicates understanding of the requirements and intended performance under the proposal.
 - 2.1.2.2. "Concur" - Indicates understanding of the requirements and general acceptance of the term when the section does not require a specific action or service.
 - 2.1.2.3. "Exception" - "AAA cannot provide this service because AAA does not have a real time scheduling and trading desk."
 - 2.1.2.4. "Alternative" - "AAA does not propose to utilize a "stack" model to satisfy this requirement. AAA proposes a commitment and dispatch model to satisfy this requirement. It is AAA's experience that this approach provides greater accuracy and additional detail that is more representative of system performance."

3.0 Overview of Baseline Services

- 3.1. PEC requests that the prospective Supplier include the elements described in this section in this proposal.
- 3.2. After contract award, PEC will require a potential supplier to carry out a proposed Work Plan by first outlining each Baseline element and how it is to be accomplished during the course of the Project.
- 3.3. As part of your proposal response, PEC requests that each potential supplier provide a description of the Project Management approach that the vendor will utilize to implement the PEC-selected Program elements.
- 3.4. After contract award, PEC will require a potential supplier to provide a Statement of Intention and Approach with respect to overall Project Management efforts. Some of the elements for which PEC expects the prospective supplier to consider includes the following:
 - 3.4.1. Establish implementation goals, milestone tasks, and team members.
 - 3.4.2. Request and receive PEC's operational data including documents and datasets such as:
 - 3.4.2.1.1. Business or Strategic Plan
 - 3.4.2.1.2. Integrated Resource Plan
 - 3.4.2.1.3. Load and Load Forecasts
 - 3.4.2.1.4. Rate Schedules
 - 3.4.2.1.5. Additional documents as requested by Respondent or suggested by PEC.
- 3.5. As part of the Proposal, PEC requests that a potential supplier suggest a Statement of Intention and Approach to coordinate SCADA/EMS display connectivity.

- 3.5.1. PEC does not currently maintain a SCADA/EMS management system.
- 3.5.2. In the past, LCRA has maintained this functionality for all of PEC's contractual commitments and provided a layer of coordination between these third-party commitments and LCRA's supply.
- 3.5.3. In the past LCRA has also acted as the sole QSE for PEC's needs with ERCOT.
- 3.5.4. Describe a General Approach you would suggest to manage and coordinate these various supply alternatives; and, address the associated, requisite IT needs.
- 3.5.5. Describe any additional services or representations that you might offer to PEC to accurately, and optimally address the reliability needs that may arise with multiple suppliers.
- 3.6. PEC expects to utilize a Board Policy which would cover supply activities including planning, trading, risk management and other related energy management activities. PEC expects to establish additional internal policies, processes, and procedures in the future.
 - 3.6.1. Describe the process that you would propose to familiarize your firm with PEC requirements.
 - 3.6.2. Describe how you would integrate this familiarization into your internal Trading Authority Policy for confirmed commodities and trading locations.
- 3.7. Separately, but in parallel with this RFP, PEC expects to rely upon organizational portfolio goals and risk tolerance. PEC will concomitantly develop supply strategies to meet risk tolerance and portfolio goals consistent with targeted hedging time horizons.
 - 3.7.1. Describe the process that you would propose to familiarize your firm with PEC requirements.
 - 3.7.2. Describe how you would integrate this information into your internal Trading Authority Policy for confirmed commodities and trading locations.
 - 3.7.3. Describe how you might collaborate with PEC to improve the implementation of these goals and strategies.
- 3.8. PEC anticipates that some overall savings can be expected to accrue from leveraging the IT investments of EMA partners. Assume that PEC does not have systems needed to internally support planning for supply, trading and risk management.
 - 3.8.1. Describe how you would approach integrating existing PEC contracts into a System of Record to allow for trading, risk evaluation and deal capture.
 - 3.8.2. Describe high level interfaces that you would foresee between PEC and your organization.
 - 3.8.3. Describe the credit support services you are capable of providing.
 - 3.8.4. Describe your IT systems that enable PEC to access and allocate counterparty credit limits and the role that you would expect PEC to play in this process.
 - 3.8.5. Describe the need for, and process of acquiring ERCOT and TRE digital certificates.
 - 3.8.6. Describe how PEC can access reports, forward pricing data, market reports, etc.
 - 3.8.7. Describe the reporting that PEC can access as part of a standard program.
 - 3.8.8. Describe the ability of the Respondent's organization to support the development of custom reports as requested by PEC.
- 3.9. As part of this Proposal, PEC requests that a potential supplier suggest a Statement of Intention and Approach to establish Operating Desk Procedures and Operational Strategy. Include a statement about how you would configure necessary systems, tools, models, and load/gen forecasting models to meet business needs.
- 4.0 **Baseline Services - Overview of Front Office Functions.** PEC believes that a number of broadly defined desk functions are needed.
 - 4.1.1. Indicate whether you would be able to support ("Comply") with each.
 - 4.1.2. Describe the tool and approach you would use for each.
 - 4.1.3. Describe the methods that PEC can use to access the requested information (e.g. browser based, mobile device, proprietary portal).
 - 4.1.4. Describe what initial configuration efforts are needed.
 - 4.1.5. Describe what redundancy, security, and control mechanisms are in place.
 - 4.1.6. Outline if PEC staff is able to access each of the following functional systems at will.
 - 4.1.6.1. Short-term optimization model.
 - 4.1.6.2. Short-term load forecasting model.
 - 4.1.6.2.1. Also, please indicate your ability to integrate other third-party forecasts into the decision-making process that PEC may direct.

- 4.1.6.3. Business analytics to identify short-term trends and report portfolio profit and loss using metrics identified by PEC.
- 4.1.6.4. Security systems (tagging, internal systems, ERCOT and TRE portal access) to support transactions.
- 4.1.6.5. A System of Record (ETRM system) for use with PEC transactions.

5.0 Baseline Services - Real Time and Day-Ahead Activities.

- 5.1.1. Describe how you would continuously monitor PEC's load obligations (native and any third party sales), transmission resources, and (if applicable) generation (or generation under contract such as the solar resource previously outlined).
- 5.1.2. Describe how you would forecast generation and load on an hourly/daily basis.
 - 5.1.2.1. Describe the models and suppliers that you would use.
 - 5.1.2.2. Describe how you would utilize third-party suppliers that PEC may define.
 - 5.1.2.3. Describe various approaches that you might utilize if PEC desired greater involvement in this process.
- 5.1.3. Describe how you would monitor PEC requirements and respond to forecast deviations.
- 5.1.4. Describe how you might assist PEC in matching load obligations with supply contracts and other resources.
- 5.1.5. Describe how you would adjust to real-time load and generation conditions.
- 5.1.6. What process would you recommend to coordinate load and resource management with next-day trading operations either within your organization or with PEC?
- 5.1.7. Coordinate with the PEC Operations team for issues related to the EMS, Load Management Operations and/or dispatch of PEC-owned and operated resources
- 5.1.8. PEC will require a potential supplier to maintain Real-Time 24/7 communications with ERCOT. Describe your organization, staffing, and ability to carry out this requirement.
- 5.2. Describe the potential Supplier's Day-Ahead Trading Desk capabilities.
 - 5.2.1. On a day-ahead basis, PEC will require a potential supplier to have the ability to "optimize" PEC's portfolio of supply resources and obligations. Describe your approach and abilities to accomplish this.
 - 5.2.2. On a daily and day-ahead basis, PEC will require a potential supplier to match PEC's load obligations with its resources. Describe your approach and abilities to accomplish this.
 - 5.2.3. On a daily and day-ahead basis, PEC will require a potential supplier to adjust tags and schedules as needed. Describe your approach and abilities to accomplish this.
 - 5.2.4. On a daily and day-ahead basis, PEC will require a potential supplier to comply with all PEC Energy risk management policies, guidelines, procedures and NERC obligations. Describe your approach and abilities to accomplish this.
- 5.3. Describe how you would coordinate with PEC to perform event-driven analyses on a near-real-time basis and provide feedback to PEC, including:
 - 5.3.1. Identification of contract or plant performance issues (red flags).
 - 5.3.2. Deep analysis for root-cause definition and strategic portfolio adjustments.

6.0 Baseline Services – Reporting.

- 6.1. On a daily, day-ahead, or weekly basis, PEC will require a potential supplier to identify short-term trends and report P&L portfolio performance to PEC. The potential supplier shall identify if hourly, daily, or weekly time periods can be supported.
- 6.2. On a daily, day-ahead, or weekly basis, PEC will require a potential supplier to provide portfolio summary reporting, as follows:
 - 6.2.1. Detailed portfolio scorecards
 - 6.2.2. Daily operation review.
 - 6.2.3. LMP trend summaries.
 - 6.2.4. Day-ahead/real-time (DART) spread.
 - 6.2.5. Summary reports or dashboards.

7.0 Baseline Services – Middle Office.

- 7.1. Describe how you will coordinate with PEC to develop necessary Risk Management guidance to cover the following areas.
 - 7.1.1. On a real-time, daily and day-ahead basis, PEC will require a potential supplier to adhere to a Trade Authority Policy for trade execution.
 - 7.1.1.1.1. Describe how you will coordinate with PEC to monitor and review the authority hierarchy of real-time, day-ahead, and daily trade execution.
 - 7.1.2. On a daily and day-ahead basis, PEC will require a potential supplier to adhere to a Sanctions Policy for trade execution.
 - 7.1.2.1.1. Describe how you will coordinate with PEC to periodically review trade execution, and the efficiency and effectiveness of this execution.
 - 7.1.2.1.2. Describe how you will coordinate with PEC to provide or coordinate Transaction Reporting
 - 7.1.2.1.3. Describe how you will coordinate with PEC to provide Trade Confirmations and Trade Verification.
 - 7.1.2.2. On a real-time, daily and day-ahead basis, PEC will require a potential supplier to adhere to coordinate with respect to Compliance Monitoring of delegated requirements.
 - 7.1.2.2.1. Describe how you will coordinate with PEC with respect to Compliance Monitoring of delegated requirements.
- 7.2. On a daily and day-ahead basis, PEC will require a potential supplier to provide forward curve/pricing data for power, natural gas, RECs, and other commodities, as necessary.
 - 7.2.1. Describe how you will coordinate with PEC to provide this information.
- 7.3. On a daily and day-ahead basis and potentially a forward basis, PEC will require a potential supplier to perform daily Mark-to-Market of trades.
 - 7.3.1. Describe how you will coordinate with PEC to provide this information, as well as the internal software system, and third party data requests, used to generate the MTM reports
- 7.4. On a routine basis, PEC will require a potential supplier to support PEC with respect to FERC 741 support.
 - 7.4.1. Describe how you will coordinate with PEC to accomplish this.
- 7.5. On a daily basis, PEC will require a potential supplier to support PEC with data submissions to Price Index Developers.
- 7.6. On a daily basis, PEC will require a potential supplier to provide reports and post in a secure area accessible by PEC.
- 7.7. On a routine basis, PEC will require a potential supplier to provide Dodd-Frank Recordkeeping and Reporting.
- 7.8. On a routine basis, PEC will require a potential supplier to provide an initial review of PEC counterparty contracts and identify contractual issues, if they exist.
- 7.9. On a routine basis, PEC will require a potential supplier to enter counterparties and contracts into the supplier's risk management and deal capture system to facilitate trading.
- 7.10. On a routine basis, PEC will require a potential supplier to monitor contract exceptions, violations, and expirations for trade execution.
- 7.11. On a routine basis, PEC will require a potential supplier to ensure trades are executed with the proper legal entities and within available product authorizations.
- 7.12. On a routine basis, PEC will require a potential supplier to ensure existing contracts contain up-to-date credit provisions and adequate contractual provisions to minimize business risk.
- 7.13. On a routine basis, PEC will require a potential supplier coordinate with PEC to ensure that contract assignments have been executed should any counterparty be involved in a merger or acquisition.
- 7.14. On a routine basis, PEC will require a potential supplier to monitor trade execution within PEC specified parameters.
- 7.15. On a periodic basis, PEC will require a potential supplier to draft damage claim notice letters.

8.0 Optional Services – Overview.

- 8.1. At this time, PEC is not certain if additional services may (or may not) be desirable beyond those outlined in previous Sections. As a result, some possible additional optional services are tabulated in the following Sections.

- 8.2. In the following sections, the prospective Supplier is encouraged to suggest additional services he/she feels may be of interest to PEC even if they are not specifically outlined by PEC.
- 8.3. At this time, PEC does not have a fully developed view on which Optional Services that it may select, if any. Consequently, the Respondent is encouraged to describe completely your ability to offer these services.
- 8.4. The Respondent should note that if your organization indicates that the service can be offered, PEC may opt to request provision of the service. Consequently, PEC suggests that commercial terms and pricing for optional services be provided with this approach in mind.

9.0 Optional Services – Education

- 9.1. Describe how you might provide PEC with training in energy fundamentals and hedging strategies, as applicable to PEC. Describe how you might approach knowledge transfer for operating teams, operating management, senior management, and Board of Directors.

10.0 Optional Services – Portfolio Management of Forward Positions.

- 10.1. Describe how you (as portfolio manager) might manage the portfolio of associated forward transactions to maximize benefits while prudently managing the associated risk. Include a description of tools, internal business processes, and required PEC inputs in your response.
- 10.2. Describe how PEC might enter into physically settled power and transmission transactions today with tenors ranging beyond the next day through a period 3 years into the future.
- 10.3. Describe how PEC might enter into financially settled power and transmission transactions today with tenors ranging beyond the next day through a period 3 years into the future.
- 10.4. Describe how PEC might execute financial transactions, including futures, options, and swaps
- 10.5. Describe how you might provide PEC with forward market data from NYMEX, brokers, and electronic trading platforms.
- 10.6. Describe how you might provide PEC with weekly market reports, including forward price outlooks.
- 10.7. Describe how you might coordinate with PEC on possible power transactions with durations ranging from the next day through the next 3 years.
- 10.8. Describe how you might coordinate with PEC to negotiate and execute with counterparties framing agreements for term and structured product transactions. When describing your approach, please provide details demonstrating how you might consider PEC's risk tolerance, overall portfolio, and hedging program as part of the process.
- 10.9. Describe how you might collaborate with PEC on product and counterparty choices.
- 10.10. Describe how you might coordinate with PEC to value potential and executed products.
- 10.11. Describe how you might work with PEC to coordinate Contract Administration and Credit to document longer-term exposure to more complex originated transactions.
- 10.12. Describe how you might work with PEC to coordinate trading control to capture originated deals for on-going position management and risk policy adherence.

11.0 Optional Services – Planning and Modeling.

- 11.1. Describe how you might coordinate with PEC to provide power flow modeling, congestion analysis, and execution services for financial transmission products in ERCOT.
- 11.2. Describe how you might coordinate with PEC to develop customized congestion management strategies. What timeframe is your organization able to support?
- 11.3. Describe how you might coordinate with PEC to evaluate pre-existing rights (PCRRs), and optimize their utilization.
- 11.4. Describe how you might coordinate with PEC to construct auction bidding strategies or execute CRR hedge strategies.
- 11.5. Describe how you might coordinate with PEC to value congestion. What types of quantitative models, historical market data, and fundamental analysis would you employ?
- 11.6. Describe how you might report to PEC on transmission auction results and congestion management strategy performance.
- 11.7. Describe how you might provide PEC with daily market intelligence on fundamental drivers of congestion and what type of information might be contained in this communication.

- 11.8. Describe how you might follow market and policy changes impacting transmission and congestion issues, and what types of information might be provided to PEC.
- 11.9. Describe how you might coordinate with PEC to conduct Generation Siting Studies (both conventional generation and distributed resources) and how you would quantify the risk associated with the location of new generation and the relative benefits between various locations.
- 11.10. Describe how you might coordinate with PEC to conduct a Long term (10-20 year) Integrated Resource Plan.
- 11.11. Describe how you might coordinate with PEC to conduct nodal LMP forecasting and the timeframe over which you might support this type of study. Identify some of the considerations between basis and outright hub approaches.
- 11.12. Describe how you might coordinate with PEC to conduct Medium term (1-3 year) planning. These studies might include considerations of transmission additions, the economic impact of a power plant, or supply changes and upgrades. Analysis in this area supports construction projects, financing alternatives, and budgeting.
 - 11.12.1. Describe how you might coordinate with PEC to evaluate environmental impacts of potential asset additions. Describe how you might model potential future environmental regulations and the resulting impacts on PEC assets and obligations.

12.0 Optional Services – Portfolio Strategy and Modeling

- 12.1. Describe how you might coordinate with PEC to build or tailor a market-driven 5-year forward model to identify and measure the PEC portfolio risks to load, forced outages, and daily price volatility.
 - 12.1.1. Describe potential/existing model outputs including how you might develop a distribution for the cost to serve load over a selected time horizon.
 - 12.1.2. Describe the format in which the inputs and outputs are supplied. Also, describe any specialized software that is needed to read/modify the inputs and outputs.
 - 12.1.3. Describe the number of updates per year in which the potential supplier typically reevaluates the inputs to the model. Also, describe the number of “reports” (materially changed outputs) PEC can expect to receive.
 - 12.1.4. Describe how PEC might use the model results to develop hedge strategy recommendations in conjunction with PEC’s risk tolerance.
 - 12.1.5. Describe the process by which PEC might modify the scenarios used to develop the joint distribution components.

13.0 Optional Services – Middle Office - Overall

- 13.1. Describe the process by which the potential supplier might provide some of the services outlined in Section 10.0 for forward transactions to PEC.
- 13.2. Describe the process by which the potential supplier might negotiate and secure replacement agreements in support of PEC-identified forward transactions.
- 13.3. Describe the process by which the potential supplier might assist PEC in negotiating new EEI, ISDA, and/or NAESB agreements with potential counterparties.
- 13.4. Describe the process by which the potential supplier might assist PEC in negotiating contract amendments (i.e. Dodd-Frank), as necessary, to EEI, ISDA, and NAESB agreements.
- 13.5. Describe the process by which the potential supplier might assist PEC in analyzing and summarizing contract provisions.
- 13.6. Describe the process by which the potential supplier might assist PEC in establishing NYMEX accounts.
- 13.7. Describe the process by which the potential supplier might coordinate with PEC’s Financial Services Credit group to ensure adequate credit provisions within agreements.
- 13.8. Describe the process by which the potential supplier might monitor, track, and provide notice of contract renewal and expiration dates.
- 13.9. Describe the process by which the potential supplier intends to comply with applicable PEC energy risk management policies, guidelines and procedures.

14.0 Optional Services – Middle Office – Credit Services, Forward Transactions.

- 14.1. Describe the process by which the potential supplier might assign credit ratings to counterparties, when necessary, potentially based upon the potential supplier’s scoring model.

- 14.2. Describe the process by which the potential supplier might analyze the creditworthiness of PEC counterparties and update each analysis periodically.
- 14.3. Describe the process by which the potential supplier considers credit portfolio diversification of financial and non-financial trading firms such as banks and large energy companies.
- 14.4. Describe the process by which the potential supplier might maintain credit files for PEC counterparties.
- 14.5. Describe the process by which the potential supplier might suggest credit limits for PEC counterparties, at PEC's request.
- 14.6. Describe the process by which the potential supplier might track and provide PEC approved credit limits to its trading floor.
- 14.7. Describe the process by which the potential supplier might provide a daily credit exposure report to PEC and to the supplier's Traders for trade execution.
- 14.8. Describe the process by which the potential supplier might monitor PEC counterparty credit exposures.
- 14.9. Describe the process by which the potential supplier might manage PEC counterparty credit limit exceptions.
- 14.10. Describe the process by which the potential supplier might handle daily collateral calls and monitor collateral activity.
- 14.11. Describe the process by which the potential supplier might obtain and advise PEC about renewing credit enhancements.
- 14.12. Describe the process by which the potential supplier might assist PEC with the negotiation of credit provisions for EEI, or ISDA agreements.
- 14.13. Describe the process by which the potential supplier might assist PEC to negotiate any necessary contract amendments.
- 14.14. Describe the process by which the potential supplier might work with PEC to administer counterparty guarantees, letters of credit and collateral arrangements.
- 14.15. Describe the process by which the potential supplier might monitor bond spreads and credit default swaps to assess market risk for any of PEC's counterparties.
- 14.16. Describe the process by which the potential supplier might distribute credit restriction list to traders and provide confirmation to PEC that these controls are in place.

15.0 Optional Services – Middle Office – Regulatory Support.

- 15.1. Describe the process by which the potential supplier might monitor, analyze, and communicate to PEC relevant ERCOT regulations, rules, policies, proposals, procedures, decisions, and standards.
- 15.2. Describe the process by which the potential supplier might provide PEC with timely reporting on regulatory or market changes that are directly applicable to the contracted services.
- 15.3. Describe the process by which the potential supplier might externally represent and support PEC through participation in ERCOT stakeholder groups, task forces, and committees.
- 15.4. Describe the process by which the potential supplier might research statutes, regulations, tariffs, and rules required to support PEC agreements.

16.0 Optional Services – Middle Office – NERC Reliability Compliance and Cyber Security/Critical Infrastructure Protection (CIP)

- 16.1. Describe the process by which the potential supplier might assist PEC with Cyber Security and Critical Infrastructure Protection.
 - 16.1.1. Describe the process by which the potential supplier provides reporting to PEC as a result of efforts to monitor and attend NERC Critical Infrastructure Protection Committee (CIPC) meetings on behalf of PEC.
 - 16.1.2. Describe the process by which the potential supplier provides reporting to PEC as a result of efforts to monitor and participate in cyber security exercises, such as GridEx on behalf of PEC.
 - 16.1.3. Describe the process by which the potential supplier provides reporting to PEC as a result of efforts to monitor and participate in National Institute of Standards and Technology (NIST) meetings on the White House Executive Order and Presidential Policy Directive.
 - 16.1.4. Describe the process by which the potential supplier provides monthly cyber security newsletters or summaries of observations.
 - 16.1.5. Describe the process by which the potential supplier monitors upcoming versions of the CIP Reliability Standards and assists with preparation and transition plans.

- 16.1.6. Describe the process by which the potential supplier provides NERC training in these areas.
- 16.1.7. Describe the need for and process by which the potential supplier can assist with mock audits, gap analyses, and audit preparation.

17.0 Optional Services – Back Office, Settlements

- 17.1. Describe the process by which the potential supplier can assist PEC with validating the charge types billed on ERCOT settlement statements/invoices.
- 17.2. Describe the process by which the potential supplier can assist PEC with coordinating the dispute resolution process.
- 17.3. Describe the process by which the potential supplier can assist PEC with bilateral transaction position reporting.
- 17.4. Describe the process by which the potential supplier can assist PEC with bilateral settlements (physical and financial gas and power transactions), transmission transactions, and broker fees.
- 17.5. Describe the process by which the potential supplier can assist PEC with monthly verification with the counterparty of the total units and dollars of energy transaction (gas and power) that occurred during the month, including reconciling and resolving any differences that are identified during the process.
- 17.6. Describe the process by which the potential supplier can assist PEC with invoice preparation, general reporting, REC tie-out, and energy tie-out between PEC contracts and counterparties.

18.0 Compliance and Process Questions.

- 18.1. Do you, the Service Provider, act as:
 - 18.1.1. “Portfolio manager” accepting fixed price and hedging decision making responsibility?
 - 18.1.2. “As agent” or “at Client direction” with Client accepting fixed price and hedging risk decisions solely?
- 18.2. Do you “make a market” for a Client?
 - 18.2.1. If so, how do you, as a Service Provider, price the sale for the Client?
 - 18.2.1.1.1. At market, within bid-ask at market, at index?
 - 18.2.2. With regard to the market price...
 - 18.2.2.1.1.1. How do you document?
 - 18.2.2.1.1.2. By when do you document for the Client?
 - 18.2.2.1.1.3. How often do you document?
 - 18.2.2.1.1.4. How/Do you show you tested the market but did not transact?
- 18.3. How does the Client (Buyer or Seller) communicate what he or she wants?
 - 18.3.1. How Often?
 - 18.3.1.1. Routinely day-ahead?
 - 18.3.1.2. Custom period?
 - 18.3.1.3. By transaction type?
- 18.4. What method(s) is (are) used?
 - 18.4.1. Voice
 - 18.4.2. Email
 - 18.4.3. IM
- 18.5. Do you maintain voice recordings of traders to support transaction accuracy and audit?
 - 18.5.1. Describe the process of client access.
 - 18.5.2. How long are these records maintained?
- 18.6. Which of these products are typically delegated for bid/offer?
 - 18.6.1. Over the counter forwards?
 - 18.6.1.1. Organized market futures?
 - 18.6.1.2. Bilateral solicitations?
 - 18.6.2. Who enforces firm liquidated damages?
 - 18.6.2.1. Delegated to the potential service provider?
 - 18.6.2.2. How are issues reported to Client?
 - 18.6.2.3. How often are issues reported to Client?
 - 18.6.3. How/Do you show you tested the market but did not transact?

- 18.7. How are models back-tested?
 - 18.7.1. How are the results documented to PEC?
- 18.8. Do you maintain metrics for the portfolio you manage on behalf of a client?
 - 18.8.1. Do you have the capability to examine:
 - 18.8.1.1.1. VAR.
 - 18.8.1.1.2. Gross margin at risk.
 - 18.8.1.1.3. Cash-flow (or fuel cost) at risk.
 - 18.8.1.1.4. Net open position.
 - 18.8.1.1.5. Realized/Unrealized P/L.
 - 18.8.1.1.6. Volumetric Variance.
 - 18.8.1.1.7. Credit metrics.
 - 18.8.1.1.8. Counter-party.
 - 18.8.1.1.9. Default probability.
 - 18.8.1.1.10. CVaR.
 - 18.8.1.2. With respect to models, can Client specify all assumptions and parameters?
- 18.9. Describe the process and responsibility for “busted trades”.
- 18.10. Trade/No-Trade lists.
 - 18.10.1. How often are these available to the Client?
- 18.11. With respect to credit risk and your typical operating practices...
 - 18.11.1. Who specifies counter-parties?
 - 18.11.2. Are you the counter-party to any trades?
 - 18.11.3. Do you provide credit support to transactions?
 - 18.11.4. Can you provide visibility of credit sleeve opportunities to the Client?
 - 18.11.4.1. If so, how?
 - 18.11.5. Are you able to/allowed to transact credit sleeve opportunities?
 - 18.11.6. Can you allow groups of assets to pool credit support?
- 18.12. Do you have an ethics policy? If so, please provide.
- 18.13. Do you have a Code of Conduct? If so, please provide.
- 18.14. Do you have a Delegation of Authority? If so, please provide.
 - 18.14.1. Is it one document?
 - 18.14.2. Is it different for different clients?
- 18.15. How do you charge for your services? Indicate all that apply.
 - 18.15.1. Cost plus.
 - 18.15.2. Fixed price.
 - 18.15.3. Percentage of transaction.
 - 18.15.4. Fixed transaction fee.
 - 18.15.5. Do you typically have incentives?
 - 18.15.5.1.1. Split profit if sale above market?
 - 18.15.5.1.2. Rebate for performance over benchmark for look-back period?
- 18.16. Allocation of Deals (Transactions).
 - 18.16.1. Do you accept multiple Clients near one or more market hubs?
 - 18.16.2. How do you allocate large transactions internally between multiple potential counter-parties you may serve?
 - 18.16.3. Do you internally cross buyers and sellers in same region?
- 18.17. Audit Rights
 - 18.17.1. How do you provide transparency of operations to Clients? Describe.
 - 18.17.2. Do you maintain a set of performance metrics? Describe.
 - 18.17.3. What areas/positions can a client typically audit? Describe.
 - 18.17.4. Can client’s agent audit all (possibly relevant) transactions in a “clean room” setting? Describe.
- 18.18. Disputes and Resolution Procedures
 - 18.18.1. How are disputes handled? Describe.
 - 18.18.2. Please provide a complete history of all trading, risk management, supply, and related disputes with which you as principal or a client of yours have been involved in over the past five years in the

following areas: electricity (energy, transmission, conventional, renewables), natural gas, oil, refined products (biofuels or petroleum-based), emissions, or renewable energy credits.

18.18.3. Include legal and regulatory cases in the United States and Canada including appropriate references identifying the proceeding.

19.0 Terms and Conditions.

19.1. Each Respondent shall provide a complete copy of the Terms and Conditions with his priced Bid that you would expect to bind PEC and your organization in the event of a contract that might result from this RFP.

005 - ADDITIONAL REQUIREMENTS

N/A

006 - TERM OF CONTRACT

The anticipated term of the proposed contract is twelve (12) months from the effective date of award. PEC expects to have the option to renew for an additional twelve (12) month period.

Additionally, please address the following questions.

- 1.1.1. In your experience, how long is the typical time unit for service provision? (eg. Years?)
- 1.1.2. What is the typical duration or term for services to be contracted for or provided (1, 2, 5, 10)?
- 1.1.3. What is the minimum duration or term for services you expect PEC to consider contracting for?

007 - PRE-SUBMITTAL CONFERENCE

A Pre-Submittal Conference will be held by teleconference **TELECONFERENCE INFORMATION WILL BE SENT WITH SIGNED NDA RETURNED TO KATHY.BOWERS@PECI.COM Central Time, on December 14, 2016** Respondents are encouraged to enter into non-disclosure agreements (NDAs), and to prepare and submit their questions in writing in advance of the Conference to the Procurement Specialist identified in Section 011 – Restrictions on Communication in order to expedite the proceedings. PEC's responses to questions received by this due date may be distributed at the Pre-Submittal Conference call. Attendance at the Pre-Submittal Conference is optional but highly encouraged.

Any oral responses provided by PEC staff at the Pre-Submittal Conference shall be preliminary. Any oral response given at the Pre-Submittal Conference that is not confirmed in the written summary of the Pre-Submittal Conference or by a subsequent addendum shall not be official or binding on PEC. Only written responses shall be official and all other forms of communication with any officer, employee or agent of PEC shall not be binding on PEC.

008 - PROPOSAL REQUIREMENTS

Respondent's Proposal shall include the following items in the following order, noted with the appropriate heading as indicated below. If Respondent is proposing as a team or joint venture, provide the same information for each member of the team or joint venture.

Submit one complete electronic proposal in an Adobe PDF format and Excel workbook as outlined unless otherwise indicated below, proposal must be organized in the order as described below.

TABLE OF CONTENTS

EXECUTIVE SUMMARY. The summary shall include a statement of the work to be accomplished, how Respondent proposes to accomplish and perform each specific service and any unique problems perceived by Respondent and solutions.

GENERAL INFORMATION FORM. Complete Attachment A, Part One of this RFP.

EXPERIENCE, BACKGROUND & QUALIFICATIONS OF RESPONDENT FIRM. Complete Attachment A, Part Two of this RFP.

APPROACH PLAN Complete Attachment A, Part Three of this RFP.

PRICING SCHEDULE. Complete Attachment B of this RFP.

LITIGATION DISCLOSURE FORM. Complete and submit the Litigation Disclosure Form, found in this RFP as Attachment C. If Respondent is proposing as a team or joint venture, then all persons or entities who will be parties to the contract (if awarded) shall complete and return this form.

PROOF OF INSURABILITY. Each Respondent shall submit a copy of its current insurance certificate and affirm its commitment to insure for the types of coverages and at the levels specified in this RFP if awarded a contract.

VENDOR INFORMATION FORM. If PEC has not awarded your company a PO within the last 24 months, please provide the following documents:

- a. A completed [Vendor Information Form](#)
(http://pec.coop/docs/default-source/pdfs/vendorinfoform_2011_sflb.pdf)
- b. A completed [IRS W9 Form](#) (http://pec.coop/docs/default-source/pdfs/IRS_W9.pdf)

SIGNATURE PAGE. Respondent must complete, sign and submit the Signature Page found in this RFP as Attachment D. The Signature Page must be signed by a person, or persons, authorized to bind the entity, or entities, submitting the proposal.

VENDOR RESPONSE FORM. (Separate Excel Document) Respondent must follow the directions contained in the RFP Excel response sheet and provide the completed Excel sheet with his proposal.

FINANCIAL INFORMATION. "Submit a copy of Respondent's three most recent annual financial statements, prepared in accordance with Generally Accepted Accounting principles, audited by an independent Certified Public Accountant. Preferably, or if voluminous, Respondent may elect to provide this information on a CD, labeled to indicate its contents, so long as the CD is provided by the deadline."

PROPOSAL CHECKLIST. Complete Attachment G.

Respondent is expected to examine this RFP carefully, understand the terms and conditions for providing the goods or services listed herein and respond completely. FAILURE TO COMPLETE AND PROVIDE ANY OF THESE PROPOSAL REQUIREMENTS MAY RESULT IN THE RESPONDENT'S PROPOSAL BEING DEEMED NON-RESPONSIVE AND THEREFORE DISQUALIFIED FROM CONSIDERATION.

009 – CHANGES OR AMENDMENTS TO RFP

Changes or amendments to this RFP made prior to bid opening shall be issued in writing via addendum either through PEC's solicitation website or direct e-mail transmission. If the RFP was originally released through PEC's solicitation website it is each Respondent's responsibility to check that website for any addendum until the Proposal due date. Otherwise, changes or amendments to the RFP will be transmitted directly to potential Respondents. No oral statement of any person shall modify or otherwise change or affect the terms, conditions or specifications stated in the RFP.

010 – SUBMISSION OF PROPOSAL

Submission Proposals.

Proposals must be submitted via E-mail to PECbidresponse@peci.com no later than **January 17, 2017 at 0500 p CST.** No hard copies of Proposals (other than submitting any original Bid Bond as may be required). E-mail Subject field should be marked with the following project name and number, "**Energy Management Agreement RFP**" **No 2016-043. Attn: Kathy Bowers** "Any Proposal or modification to a Proposal received after the due date shall not be considered, and will be deemed non-responsive.

Proposal Format. Each proposal shall be typewritten, submitted electronically; single spaced and submitted on 8 ½" x 11" white paper and with accompanying, completed evaluation forms as provided to Respondent. Font size shall be no less than 10-point type. All pages shall be numbered margins shall be no less than 1" around the perimeter of each page. Unnecessarily elaborate brochures, artwork, bindings, visual aides, expensive paper or other materials beyond that sufficient to present a complete and effective submission are not required. Websites, or URLs shall not be submitted in lieu of the written Proposal. Each Proposal must include the sections and attachments in the order listed in the RFP Section 008 Proposal Requirements. Unnecessarily elaborate artwork or other materials beyond that sufficient to present a complete and effective submission are not required. Failure to meet the above conditions may result in disqualification of the Proposal or may negatively affect scoring.

Modified Proposals. Any Proposal may be modified provided such modification is received prior to the due date for submission of Proposals and submitted in the same manner as the original Proposal. Please provide a cover letter with the modified Proposal, indicating it is a modified Proposal and that the original Proposal is being withdrawn.

Correct Legal Name.

Any Respondent in its Proposal shall correctly state the true and correct name of the individual, proprietorship, corporation, limited liability company and /or partnership responsible for performing the services or delivering the goods requested in this RFP (clearly identifying the responsible general partner and all other partners who would be associated with the contract, if any). No nicknames, abbreviations (unless part of the legal title), shortened or shorthand, or local "handles" will be accepted in lieu of the full, true and correct legal name of the entity. These names shall comport exactly with the corporate and franchise records of the Texas Secretary of State and Texas Comptroller of Public Accounts. Individuals and proprietorships, if operating under other than an individual name, shall match with exact Assumed Name filings. Corporate Respondents and limited liability company Respondents shall include the 11-digit Comptroller's Taxpayer Number on the General Information form found in this RFP as Attachment A.

If an entity is found to have incorrectly or incompletely stated its name or failed to fully reveal its identity on the General Information form, the Procurement Manager, in her or his discretion, may suspend consideration of any Proposal at any point in the contracting process.

Firm Offer. All provisions in a Respondent's Proposal, including any estimated or projected costs, shall remain valid for ninety (90) days following the deadline date for submissions or, if a Proposal is accepted, throughout the entire term of the contract.

Confidential or Proprietary Information of Bidder; PEC Open Records Policy.

Upon submission, proposals and other materials submitted by Respondents may become records subject to PEC's Open Records Policy. All Respondents become the property of PEC upon receipt and will not be returned. **Any information deemed to be confidential or proprietary by Respondent should be clearly noted.** PEC may withhold public access to such records or applicable portions thereof, when it is or contains information, including pricing information, that, if released, would give advantage to a PEC Competitor (as defined in PEC Designation of Competitive Matters) or other bidder; trade secrets obtained from a person and privileged or confidential by statute or judicial decision; commercial or financial information for which disclosure would cause competitive harm to the person from whom the information was obtained; contract drafts, term-sheets, letters of intent, and other contract materials related to the items listed above. PEC, its employees, and consultants will not be liable for the disclosure of such data, even if it is marked. Any list of members of PEC and related account information provided by PEC as part of this RFP may not be shared, sold or offered to be sold.

Cost of Proposal. Any cost or expense incurred by the Respondent that is associated with the preparation of the Proposal, the Pre-Submittal conference, if any, or during any phase of the selection process, shall be borne solely by Respondent.

011 – RESTRICTIONS ON COMMUNICATION

Each Respondent is prohibited from communicating regarding this RFP or a Proposal with: (1) PEC Board members; (2) PEC employees from the time the RFP has been released until the contract is awarded. These restrictions extend to, phone calls, e-mails and any other contact that results in the discussion of the RFP and/or Proposal submitted by Respondent. Violation of this provision by Respondent and/or its agent may lead to disqualification of Respondent's Proposal from consideration.

However, Respondents may submit written questions concerning this RFP to the Procurement Specialist listed below until **5:00 pm, Central Time on December 19, 2016**. Questions received after the stated deadline will not be answered. All questions shall be sent by e-mail.

[Ms. Kathy Bowers], Procurement Specialist
Pedernales Electric Cooperative, Inc., Procurement Department
[kathy.bowers@peci.com]

012– EVALUATION OF CRITERIA

PEC will conduct a comprehensive evaluation of each Proposal received in response to this RFP. PEC may appoint a selection committee to perform the evaluation (the "Evaluation Committee"). Each Proposal will be analyzed to determine overall responsiveness and qualifications under the RFP. Criteria to be evaluated may include the items listed below. The Evaluation Committee may select all, some, or none of the Respondents for interviews. If PEC elects to conduct interviews, Respondents may be interviewed and re-scored based upon the same criteria. PEC may also request additional information from any Respondent at any time prior to final approval of a selected Respondent. PEC reserves the right to select one or more, or none of the Respondents to provide services. Final approval of a selected Respondent is subject to PEC's Evaluation Committee and originating Department Manager.

Evaluation criteria:

Qualifications – Baseline Services – 400 points

Qualifications – Optional Services – 150 points

Overall Experience, Background, Qualifications - Compliance, Process – 150 points

Price – 300 Points

013– AWARD OF CONTRACT AND RESERVATION OF RIGHTS

PEC reserves the right to award one, more than one or no contract(s) in response to this RFP.

A Contract (as defined herein), if awarded, will be awarded to the Respondent(s) whose Proposal(s) is deemed most advantageous to PEC, as determined by the Evaluation Committee and the originating Department Manager.

PEC may accept any Proposal in whole or in part. If subsequent negotiations are conducted, they shall not constitute a rejection or alternate RFP on the part of PEC. However, final selection of a Respondent is subject to PEC's Evaluation Committee and originating Department Manager.

PEC reserves the right to accept one or more Proposals or reject any or all Proposals received in response to this RFP, and to waive informalities and irregularities in the Proposals received. PEC also reserves the right to terminate this RFP, and reissue a subsequent solicitation, and/or remedy technical errors in the RFP process.

PEC will require the selected Respondent(s) to execute a contract in substantially the form as outlined herein prior to award (the "Contract"). No work shall commence until PEC signs the Contract and Respondent provides the necessary evidence of insurance or bonds as may be required in this RFP and the Contract. The Contract is not binding on PEC until executed by the originating Department Manager, the Chief Executive Officer or an officer of the Board of Directors as may be required by PEC's approval guidelines. . In the event the parties cannot negotiate and execute the Contract within the time specified, PEC reserves the right to terminate negotiations with the selected Respondent and commence negotiations with another Respondent.

This RFP does not commit PEC to enter into the Contract, award any services related to this RFP, nor does the RFP obligate PEC to pay any costs incurred in preparation or submission of a Proposal or in anticipation of the Contract.

If selected, Respondent will be required to comply with the requirements established herein.

The successful Respondent must be able to formally invoice PEC for services rendered, incorporating the SAP-generated contract and purchase order numbers that shall be provided by PEC.

Conflicts of Interest. This RFP is specifically intended to facilitate the evaluation and selection of a business-to-business partnership. All Respondents shall disclose any possible or actual conflict of interest that a Respondent may have with the interest of PEC. Possible or actual conflicts of interest include, but are not limited to, situations where an owner, investor or employee of a Respondent, or a relative of such a person, is a PEC employee or director, circumstances where a Respondent's clientele includes parties with interests adverse to PEC's interests. If a Respondent is uncertain whether a circumstance poses a conflict or possible conflict, the circumstance should be disclosed.

A Respondent will not be automatically disqualified based on a report of a conflict or possible conflict. However, PEC reserves the right to disqualify a Respondent based upon such a report, or upon failure to disclose a conflict or possible conflict. If a contract is awarded, failure to report a conflict or possible conflict may serve as grounds for PEC to terminate such a contract.

Independent Contractor. Respondent agrees and understands that, if selected, it and all persons designated by it to provide services in connection with the Contract, are and shall be deemed to be an independent contractors, responsible for their respective acts or omissions, and that PEC shall in no way be responsible for Respondent's actions, and that no Respondent will have any authority to bind others or to hold out to third parties, that it has such authority.

014 – SCHEDULE OF EVENTS

Following is a list of **projected dates/times** with respect to this RFP:

RFP Release Date	December 5, 2016
NDA Signed by Both Parties	December 9, 2016
Pre-Submittal Tele-Conference if Applicable	December 14, 2016, 200p CST
Final Questions Accepted	December 19, 2016, 500p CST
Written Proposal Due	January 17, 2017, 500p CST
Visits of Invited Repondents or Evaluation Team Site Visits to Respondents	Late January, Early February, 2017
Initial Discussions With PEC Board	February, 2017
Follow-Up and Substantive Negotiations With Short-Listed Vendors as Warranted	March, 2017 and April, 2017

015 – RFP EXHIBITS

RFP EXHIBIT 1

INSURANCE REQUIREMENTS

If selected to provide the services described in this RFP, Respondent shall be required to comply with the insurance requirements set forth below:

INSURANCE

Respondent shall maintain or cause to be maintained the insurance required herein, together with any other type of insurance required by the Contract, with the following requirements and at the levels as provided below:

1. Policies shall be issued by insurance companies rated "A-/VII" or better, by Best's Insurance Guide and Key Ratings (or, if Best's Insurance Guide and Key Ratings is no longer published, an equivalent rating by another nationally recognized insurance rating agency of similar standing) or other insurance companies of recognized responsibility satisfactory to PEC, until all obligations of Respondent pursuant to the Contract have been fully discharged, unless otherwise stated herein.
2. Respondent shall obtain and maintain the insurance coverage specified below on an occurrence-basis, with the exception of Professional Liability insurance which may be on a claims-made basis. If Professional Liability insurance is provided on a claims-made form, then the insurance coverage must continue for a minimum period of two (2) years beyond the expiration or termination of the Contract, and any retroactive date must coincide with or predate the Effective Date.
3. Respondent shall require any subcontractors to provide and maintain during the term of their agreements the insurance coverages specified as follows, with limits of liability deemed appropriate by Respondent. In the event work is performed by a subcontractor, Respondent shall be primarily responsible for any liability arising directly or indirectly out of the services performed that is not otherwise covered by any subcontractor's insurance.
4. THE COVERAGE SHALL NOT BE CONSTRUED AS ESTABLISHING OR LIMITING RESPONDENT'S LIABILITY.
5. PEC shall be listed as an "additional insured" on all policies other than the Workers' Compensation and Professional Liability policies.
6. Respondent for itself and its insurers hereby waives subrogation against PEC, its directors, officers, employees and agents.
7. If Respondent fails to meet the requirements herein, PEC may suspend the Contract, withhold payments or terminate the Contract for breach.
8. PEC's receipt of or failure to object to any insurance certificates or policies submitted by Respondent or its subcontractors does not release or diminish in any manner the liability or obligations of Respondent or its subcontractors or constitute a waiver of any of the insurance requirements under this Contract.
9. All policies will be endorsed to specify that they are primary to and not excess to or on a contributing basis with any insurance or self-insurance maintained by PEC. (not applicable to Workers' Compensation insurance policies).
10. The policies shall also include standard severability provisions that state each insured is provided coverage as though a separate policy had been issued to each, except with respects to limits of insurance. The policies shall not contain a cross liability or cross-suit exclusion that prevents PEC from asserting claims against the Respondent or any other insured under the policies.
11. Respondent shall be responsible for premiums, deductibles and self-insured retentions, if any, stated in policies.
12. Types of Insurance and Minimum Coverage Requirements:

Type of Insurance	Minimum Coverage
1. Workers' Compensation	Statutory
2. Employer's Liability	Not less than \$1,000,000 per occurrence and \$1,000,000 per disease/each employee.
3. Commercial General Liability	Combined single limit of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate, including endorsements for Premises/Operations, Personal Injury Liability, Independent Respondents Liability, Broad Form Property Damage Liability

	including Completed Operations, Products/Completed Operations, Explosion, Collapse and Underground Property Damage Liability, Blanket Contractual Liability assumed in the Contract, including indemnification liability, and Completed Operations Coverage (minimum 2 years past completion of Project) and endorsed to provide that aggregates limits apply on a per project basis. In the event the Respondent will use herbicide or pesticide, an endorsement for herbicide and pesticide applicator coverage and referenced on the certificate of insurance.
4. Automobile Liability	(owned, hired and non-owned, leased); with a combined single limit of not less than \$1,000,000
5. Professional Liability	If Respondent performing design, engineering or other professional services, with limits of at least \$1,000,000 for each occurrence and \$1,000,000 in the aggregate
6. Umbrella Insurance (Excess Liability)	Provides coverage at least as broad as and applies in excess and follows form of the primary liability coverages required above with minimum limits of \$3,000,000 per occurrence

RFP EXHIBIT 2

INDEMNIFICATION REQUIREMENTS

If selected to provide the services described in this RFP, Respondent shall be required to comply with the indemnification requirements set forth below and as to any intellectual property rights as may have been previously described in this RFP:

INDEMNIFICATION

RESPONDENT covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, PEC and its employees, officers, directors, agents and representatives of PEC, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees (including reasonable attorney fees), fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon PEC directly or indirectly arising out of, resulting from or related to RESPONDENT'S activities under the Contract, including any acts or omissions of Respondent, any agent, officer, director, representative, employee, consultant or subcontractor of Respondent, and their respective officers, agents, employees, directors and representatives while in the exercise of the rights or performance of the duties under the Contract. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence or willful misconduct of PEC, its directors, officers or employees, in instances where such negligence or willful misconduct causes personal injury, death, or property damage. IN THE EVENT RESPONDENT AND PEC ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, PEC WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. In addition, RESPONDENT agrees to INDEMNIFY, DEFEND, AND HOLD PEC HARMLESS from any claim involving patent infringement, trademarks, trade secrets, and copyrights on goods or services supplied. This provision survives the termination of the Contract.

The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. RESPONDENT shall advise PEC in writing within 24 hours of any claim or demand against PEC or RESPONDENT known to RESPONDENT related to or arising out of RESPONDENT's activities under the Contract and shall see to the investigation and defense of such claim or demand at RESPONDENT's cost. PEC shall have the right, at its option and at its own expense, to participate in such defense without relieving RESPONDENT of any of its obligations under this paragraph.

016 – RFP ATTACHMENTS

PLEASE NOTE: RFP ATTACHMENTS ARE PROVIDED ON A SEPARATE WORD FORMAT FOR YOUR RESPONSE

RFP ATTACHMENT A, PART ONE

GENERAL INFORMATION FORM

Respondent Questionnaire: Provide the following information regarding the Respondent.
 (NOTE: If Respondent is proposing as a team or joint venture with each entity signing the Contract, if awarded, each should complete this information. Sub-contractors are not co-Respondents and should not be identified here.)

Question	Response
Respondent Name: (NOTE: Give exact legal name as it will appear on the contract, if awarded.)	
Principal Address, City, State, and Zip Code	
Telephone No:	
Fax No:	
Website address:	
Year established:	
Provide the number of years in business under present name:	
Social Security Number or Federal Employer Identification Number	
DUNS NUMBER:	
Business Structure: Indicate the business structure of the Respondent: Individual or Sole Proprietorship (List Assumed Name, if any); Partnership; Limited Liability Company, For Profit Corporation; Nonprofit Corporation; Domestic; Foreign or Other (list business structure)	
Annual Revenue:	
Total Number of Employees:	
Total Number of Current Clients/Customers:	
Briefly describe other lines of business that the company is directly or indirectly affiliated with:	
Texas Comptroller's Taxpayer Number, if applicable NOTE: This 11-digit number is sometimes referred to as the Comptroller's TIN or TID.)	
Briefly describe other lines of business that the company is directly or indirectly affiliated with:	
List Related Companies:	
Printed Name of Contract Signatory and Title:	
Provide any other names under which Respondent has operated within the last 10 years and length of time under for each	
Provide address of office from which this project would be managed (Address, City, State, Zip Code. Telephone No., and Fax No.)	
Contact Information: List the one person who PEC may contact concerning your proposal or setting dates for meetings. (Name, Title, Address, City, State, Zip Code, Telephone No., and E-mail Address)	
Does Respondent anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months?	
Is Respondent authorized and/or licensed to do business in Texas? (If "Yes", list authorizations/licenses)	
Where is the Respondent's corporate headquarters located?	

Question	Response
Local/County Operation: Does the Respondent have an office located in Texas (If yes, please indicate how long has the Respondent conducted business in its Texas office and state the number of full-time employees at the Texas office)	
Debarment/Suspension Information: Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity? If "Yes", identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.	
Surety Information: Has the Respondent ever had a bond or surety canceled or forfeited?	
Bankruptcy Information: Has the Respondent ever been declared bankrupt or filed for protection from creditors under state or federal proceedings? If "Yes", state the date, court, jurisdiction, cause number, amount of liabilities and amount of assets.	
Tax Lien Information.	Complete the Litigation Disclosure Form as Needed
Disciplinary Action: Has the Respondent ever received any disciplinary action, or any pending disciplinary action, from any regulatory bodies or professional organizations? If "Yes", state the name of the regulatory body or professional organization, date and reason for disciplinary or impending disciplinary action	
Litigation Information.	Complete the Litigation Disclosure Form as Needed
Previous Contracts: Has the Respondent ever failed to complete any contract awarded? If "Yes", state the name of the organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.	
Has any officer or partner proposed for this assignment ever been an officer or partner of some other organization that failed to complete a contract? If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract	
Has any officer or partner proposed for this assignment ever failed to complete a contract handled in his or her own name? If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract. If "Yes", state the name of the individual, organization contracted with, services contracted, date, contract amount and reason for failing to complete the contract.	

REFERENCES

Provide three (3) references, that Respondent has provided services to within the past three (3) years. The contact person named should be familiar with the day-to-day management of the contract and be willing to respond to questions regarding the type, level, and quality of service provided.

Reference No. 1:	
Firm/Company Name:	
Contact Name and Title:	
Address, City, State, Zip Code:	
Telephone No:	
Fax No:	
E-mail Address:	
Date and Type of Service(s) Provided:	

Reference No. 2:	
Firm/Company Name:	
Contact Name and Title:	
Address, City, State, Zip Code:	
Telephone No:	
Fax No:	
E-mail Address:	
Date and Type of Service(s) Provided:	

Reference No. 3:	
Firm/Company Name:	
Contact Name and Title:	
Address, City, State, Zip Code:	
Telephone No:	
Fax No:	
E-mail Address:	
Date and Type of Service(s) Provided:	

RFP ATTACHMENT A, PART TWO

EXPERIENCE, BACKGROUND, QUALIFICATIONS

Prepare and submit narrative responses to address the items outlined on the attached Excel workbook as well as those listed below. If Respondent is proposing as a team or joint venture, provide the same information for each member of the team or joint venture.

1. Describe Respondent's experience relevant to the Scope of Services requested by this RFP. List and describe relevant projects of similar size and scope performed over the past five years. Identify associated results or impacts of the project/work performed.
2. Describe Respondent's specific experience with utility clients, especially electric utilities. If Respondent has provided services for PEC in the past, identify the name of the project and the department for which Respondent provided those services.
3. List other resources, including total number of employees, number and location of offices, number and types of equipment available to support this project.
4. If Respondent is proposing as a team or joint venture or has included sub-contractors, describe the rationale for selecting the team and the extent to which the team, joint venturers and/or sub-contractors have worked together in the past.
5. Identify the number and professional qualifications (to include licenses, certifications, associations) of staff to be assigned to the project and relevant experience on projects of similar size and scope.
6. State the primary work assignment and the percentage of time key personnel will devote to the project if awarded the contract.
7. Additional Information. Identify any additional skills, experiences, qualifications, and/or other relevant information about the Respondent's qualifications.

**RFP ATTACHMENT A, PART THREE
APPROACH PLAN**

Proposed Plan Prepare and submit narrative responses to address the following items. Responses to questions listed in Attachment A – Part Three should be limited to a total of ten (10) pages. If Respondent is proposing as a team or joint venture, provide the same information for each member of the team or joint venture.

1. Operating Plan - Describe the proposed plan to conduct operations, including service categories, specific tasks, staff assigned and schedule of events.
2. Insert any other plans to solicit information you will need for your evaluation. These might include: Management Plan, Staffing Plan, Technical Plan, Design Plan, Quality Plan, Safety Plan, Training Plan, and/or Community Outreach Plan.
3. Additional Information - Provide any additional plans and/or relevant information about Respondent's approach to providing the required services or goods.

RFP ATTACHMENT B

PRICING SCHEDULE

For Each Baseline and Optional Service Offered

RFP ATTACHMENT C

LITIGATION DISCLOSURE FORM

Respond to each of the questions below, failure to fully and truthfully disclose the information required by this Litigation Disclosure Form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

If you have answered "Yes" to any of the questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

Question	Response (Yes or No)
Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?	
Have you or any member of your Firm or Team to be assigned to this engagement been terminated (for cause or otherwise) from any work being performed for any Federal, State or Local Government, or private entity?	
Have you or any member of your Firm or Team to be assigned to this engagement been involved in any claim or litigation with any Federal, State or Local Government, or private entity during the last ten (10) years?	

RFP ATTACHMENT D

SIGNATURE PAGE

By submitting a Proposal, Respondent represents that:

If awarded a contract in response to this RFP, Respondent will be able and willing to execute a contract, with the understanding that the scope and compensation provisions will be negotiated and included in the final contract.

If Respondent is a corporation, Respondent will be required to provide a certified copy of the resolution evidencing authority to enter into the contract, if other than an officer will be signing the contract.

If awarded a contract in response to this RFP, Respondent will be able and willing to comply with the insurance and indemnification requirements set out in RFP Exhibits 1 & 2.

If awarded a contract in response to this RFP, Respondent will be able and willing to comply with all representations made by Respondent in Respondent's Proposal and during the Proposal process.

Respondent has fully and truthfully submitted a Litigation Disclosure Form with the understanding that failure to disclose any required information may result in disqualification of this Proposal from consideration.

Respondent agrees to fully and truthfully submit the General Information Form and understands that failure to fully disclose requested information may result in disqualification of this Proposal from consideration or termination of Contract, once awarded.

To comply with PEC's Restriction on Communication that prohibits a person or entity seeking a PEC contract —or any other person acting on behalf of such a person or entity —from contacting PEC officials or their staff after the release date of this RFP and prior to award.

(S)he is authorized to submit this proposal on behalf of the entity.

Complete the following and sign on the signature line below. Failure to properly sign and submit this Signature Page may result in rejection of your proposal.

Respondent Entity Name:

Signature: _____

Printed Name: _____

Title: _____

Date: _____

(NOTE: If proposal is submitted by Co-Respondents, an authorized signature from a representative of each Co-Respondent is required. Add additional signature blocks as required.)

Co-Respondent must also log in using Co-Respondent's log-on ID and password, and submit a letter indicating that Co-Respondent is a party to Respondent's proposal and agrees to these representations and those made in Respondent's proposal. While Co-Respondent does not have to submit a copy of Respondent's proposal, Co-Respondent should answer any questions or provide any information directed specifically to Co-Respondent.

Co-Respondent Entity Name

Signature: _____

Printed Name: _____

Title: _____

RFP ATTACHMENT E

PROPOSAL CHECKLIST

Use this checklist to ensure that all required documents have been included in the proposal and appear in the correct order.

Document	Initial to Indicate Document is Attached to Proposal
Table of Contents	
Executive Summary	
General Information and References RFP Attachment A, Part One	
Experience, Background & Qualifications RFP Attachment A, Part Two	
Approach Plan RFP Attachment A, Part Three	
Pricing Schedule RFP Attachment B	
Litigation Disclosure Form RFP Attachment C	
Copy of Current Certificate of Insurance	
Vendor Information Form (if applicable)	
* Signature Page and Corporate Resolution, if applicable • RFP Attachment D	
Proposal Checklist RFP Attachment E	
* Excel Evaluation Sheet, Attachment F	

*Documents marked with an asterisk on this checklist require a signature. Be sure they are signed prior to submittal of proposal.