

Request for Proposals

Public Private Partnership Opportunity

Participating in the San Luis Transmission Project

Near Los Banos and Tracy, CA

October 5, 2020

I. INTRODUCTION

The San Luis & Delta-Mendota Water Authority (Water Authority), a Joint Powers Authority consisting of 28 member agencies, 25 of which contract with the Bureau of Reclamation (Reclamation), an agency within the U.S. Department of Interior (Interior), for water from the Central Valley Project (CVP), is seeking proposals from entities interested in participating in a Public Private Partnership (PPP) with the Water Authority to fund construction of the San Luis Transmission Project (SLTP). SLTP is a single circuit, 230-KV transmission project being explored by Reclamation with the Western Area Power Administration (WAPA), a power marketing administration within the U.S. Department of Energy, to provide Federal transmission service to Reclamation's San Luis Unit facilities for the primary benefit of Reclamation and its water contractors. The Water Authority is participating in SLTP as a principle funding partner for Reclamation's interests in the project. This Request for Proposals (RFP) is being issued by the Water Authority to seek out potential funding partners who may have similar interest in transmission service in the San Luis region. Parties interested in participating jointly in the funding of SLTP would potentially receive transmission services on SLTP subject to the provisions of service under WAPA's Open Access Transmission Tariff (OATT).

The following are the anticipated dates in connection with the selection of an entity for PPP, but are subject to change:

- October 5, 2020 – RFP released
- October 16, 2020 – Deadline to submit questions via email
- October 23, 2020 – Addendum issued, if necessary, addressing questions
- November 16, 2020 – Proposals due by email

This RFP does not commit the Water Authority to contract for any supply or service. Responders are advised that the Water Authority will not pay any cost incurred in response to this RFP. All costs associated with responding to this RFP will be solely at the interested party's expense.

WAPA's participation in SLTP would be as a transmission service provider to Reclamation and those parties who may request service on the project, and meet the requirements for service, in accordance with WAPA's OATT. WAPA is not a party to this RFP, and its association with this RFP

is limited to providing clarifications needed to interested parties regarding services it provides under its OATT. Any entity seeking transmission service from WAPA must request transmission service under WAPA's OATT. Such request is outside of this RFP. Nothing in this RFP guarantees transmission services from WAPA, nor does it provide for preferential rights of service.

II. BACKGROUND

The San Luis Act of June 1960 (Public Law 86-488) authorized the construction of a transmission line between Reclamation project facilities at Gianelli (San Luis) Substation, O'Neill Substation, and Dos Amigos Substation (all near Los Banos, CA) and Tracy Substation for transmission service to deliver CVP water to Reclamation's water contractors. Construction of this transmission line, as a feature of the San Luis Unit Project, was deferred due to a Pacific Gas and Electric Company (PG&E) transmission contract which expired (and was not renewed) in 2016.

Section 5 of the Flood Control Act of 1944 (Act of December 22, 1944, ch. 665, 58 Stat. 887), which is read in pari materi with the Reclamation Laws, provides that WAPA delivers its power and energy at the lowest possible rates consistent with sound business principles. Prior to the expiration of the PG&E contract, the Water Authority and Reclamation commenced planning and analysis of activities with WAPA to determine the least cost means to convey Reclamation power to its San Luis Unit plants. Based on these analyses, Reclamation concluded that construction of 230-KV facilities, as originally conceived in the San Luis Act, was the least cost long-term alternative. This alternative has been proposed as the SLTP; a new, 65-mile long, 230-KV single circuit transmission line originating in the Tracy Substation and terminating in the San Luis Substation, and a 20-mile long single circuit 230-KV transmission line from the San Luis Substation that will terminate in the Dos Amigos Substation (see Attachment A for map of SLTP). Additionally, the project effort is proposed to include a new San Luis Substation extension to include a 230/70-KV transformer bank and interconnection facilities to support a new radial single circuit 70-KV sub-transmission line¹ to serve Reclamation's O'Neill Pumping Plant. The 230-KV transmission lines are designed for 600-MW facility rating, and the project is expected to provide 1200-MW of total bidirectional transmission service capacity on WAPA's system between Tracy and Dos Amigos substations. The Reclamation need for capacity is approximately 400-MW from Tracy to the San Luis facilities, which leaves available capacity of approximately 200-MW from Tracy to the San Luis facilities. 600-MW south to north capacity (from the San Luis facilities to the Tracy Substation) also remains available for partnership consideration and use.

WAPA has completed significant milestones for SLTP, including the performance of technical system impact studies to determine the impact of the proposed SLTP on WAPA and adjacent electric systems, a facilities study to determine what facilities are needed, a cost estimate of such facilities, and analyses of various options for implementing the SLTP under the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) as required, including but not limited to evaluating and selecting route and capacity options. The NEPA and CEQA reviews resulted in a Finding of No Significant Impact and Negative Declaration.

See link to the EIS/EIR: <https://www.wapa.gov/regions/SN/environment/Pages/san-Luis-transmission-project.aspx>.

In addition, WAPA has completed all designs and specifications related to the SLTP. The remaining activity is to seek a PPP to provide full project financing and share in the project benefits.

WAPA will charge all transmission customers of SLTP under its SLTP rates. Such rates recover all transmission costs including operation and maintenance. Under WAPA's OATT, Water Authority and PPP will advance fund the costs for network upgrades for SLTP and WAPA provides a network credit for such advance funds. Per federal statutes and regulations, Reclamation currently reimburses WAPA through collection of funds from water contractors for 100 percent of the costs of transmission related to WAPA delivering Reclamation generation to Reclamation loads. It is anticipated that this process will continue with the SLTP. PPP and the Water Authority will negotiate each parties' transmission needs and funding obligations. For instance, should a PPP party become a transmission customer of WAPA and provide a share or all of the SLTP capital needed to advance the SLTP (currently \$300 million), Reclamation would have a proportional share of the annual debt service associated with its 400 MW share of SLTP capacity. The actual percentages of costs and benefits of the SLTP use between partners is subject to the proposals received under this RFP and subsequent negotiation.

The actual facilities will be constructed, owned, operated, and maintained by the federal government (WAPA). In addition, WAPA will also own 100% of the capacity. Through its OATT, WAPA would enter into long-term transmission service agreements with the funding entities for service rights on the 230-kV transmission facilities, for an expected 30 years or the term of debt obligation. Renewal rights at the end of the term will be in accordance with WAPA's OATT.

Although all options for funding will be considered, the preferred option is a 50/50 cost-share where the Water Authority will fund 50 percent of the project cost for the 600 MW north to south capacity and the PPP party would provide 50 percent project funding for the 600 MW of south to north capacity.

III. PROJECT REVIEW AND PROPOSAL REQUIREMENTS

A meeting to review each selected SLTP proposal will be scheduled. Parties intending to submit a proposal are strongly encouraged to provide a contact name, phone number, email address, and business address to the Water Authority's point of contact identified below so that they can be informed of the date of the project review.

The following information shall be provided in each proposal and will be utilized in evaluating each proposal submitted. Please provide the following information (Proposal) in the following order:

1. **Entity:** Name and general description of the entity.

2. **Entity Contact Information:** Name, mailing address, telephone number, facsimile number, and e-mail address of the entity's primary contact.
3. **Proposal for Participation in a PPP for the SLTP.** Describe the entity's participation objective to include amount of capacity desired; the amount of funding to be provided; the expected cost sharing objective; expected rate of return (if any); and rates of interest used for determining annual debt service amount. Proposals will be evaluated over a 30- year term.
4. **Prior Experience:** A brief description of the entity's qualifications and prior experience related to constructing, financing, facilitating or participating in PPP projects and transmission related projects.
5. **Financial Capability:** Verifiable information demonstrating that the entity is in sound financial condition and has the ability to secure the necessary financing to meet the project's requirements now and in the future. The entity's financial capability and any other responsibility determinations will be reviewed for stability and adequacy to meet its long-term capital and cash needs to carry out its role in developing the proposed project. Entities may use the financial capability information request outlined on the attached form in determining what information will meet the demonstration of verifiability. If the entity plans to secure financing from an outside source, an official letter from the financier confirming the financial arrangements will be required.
6. **Participation of Other Entities:** A brief description of any steps the entity has taken to seek interest from other entities in participating in developing the proposed project or in seeking interest in subscribers for the additional transmission capacity resulting from the proposed project.
7. **Conflicts:** Proposers shall verify that they have no personal or organizational conflicts of interest, as prohibited by law.
8. **Other Information:** A brief description of any other information that would be useful in evaluating the level of interest including perspectives not covered in this RFP.

IV. DEADLINES

Questions: Potential proposers may submit questions on this RFP by the deadline specified above. The Water Authority shall not be obligated to respond to any question unless it is submitted in writing to Frances Mizuno at frances.mizuno@sldmwa.org. The Water Authority will reply regarding substantive issues by addenda posted to its website. Proposers are responsible to check the website for any addenda. Questions received after the deadline may not be answered. Only questions answered by formal written addenda will be binding. Oral responses, or email responses, shall not be binding on the Water Authority.

Timing: The deadline for receiving proposals is Monday, November 16, 2020 at 12:00 p.m., Pacific Standard Time. Proposals not received by that time will not be considered. Please submit your proposal via email to Frances Mizuno at frances.mizuno@sldmwa.org.

Notification of Receipt: An e-mail acknowledgement of receipt will be provided.

All proposals, whether selected or rejected, shall become the property of the Water Authority.

V. EVALUATION PROCESS

Proposals will be evaluated by the Water Authority based on the required information contained in this notice and as outlined above in Items 1 through 8 and the feasibility of developing a project that ultimately meets the following criteria:

- Funding readiness and timeline
- Participant's proposal economics and cost-effectiveness.
- Participant's existing in-service projects (if related)
- Participants' financial capabilities.

The Water Authority does not have specific points allocated for evaluation.

The Water Authority reserves the right to: negotiate the final agreement with any respondent(s) to serve the best interests of the Water Authority; withdraw this solicitation at any time without prior notice, including after proposals are received; re-solicit proposals following withdrawal of the solicitation; choose not to award an agreement with any respondent; award to one respondent; or apportion the contract among two or more respondents.

VI. CONFIDENTIALITY AND USE OF INFORMATION

The Water Authority will treat data submitted by Project participants related to this RFP, including financing arrangements by other parties, as available to the public through the Freedom of Information Act (FOIA). However, participants may request confidential treatment of all or part of a submitted document under FOIA's exemption for "Confidential Business Information." Materials so designated and which meet the criteria stipulated in the FOIA will be treated as exempt from FOIA inquiries.

ATTACHMENT A

