

OKLAHOMA GAS AND ELECTRIC COMPANY



2018 REQUEST FOR PROPOSALS FOR CAPACITY

Table of Contents

<u>1</u>	<u>Definitions</u>	<u>1</u>
<u>2</u>	<u>Background Information</u>	<u>2</u>
<u>2.1</u>	<u>Introduction.....</u>	<u>2</u>
<u>2.2</u>	<u>RFP Objective.....</u>	<u>3</u>
<u>2.3</u>	<u>Resource Need.....</u>	<u>4</u>
<u>2.4</u>	<u>Process Overview.....</u>	<u>4</u>
<u>2.5</u>	<u>RFP Communication.....</u>	<u>5</u>
<u>2.6</u>	<u>RFP Submission.....</u>	<u>5</u>
<u>2.6.1</u>	<u>Proposal Due Date.....</u>	<u>5</u>
<u>2.6.2</u>	<u>Bidder Fees</u>	<u>5</u>
<u>2.6.3</u>	<u>Bid Opening.....</u>	<u>6</u>
<u>2.7</u>	<u>Bidder Questions.....</u>	<u>6</u>
<u>2.8</u>	<u>Transmission Guidance</u>	<u>6</u>
<u>2.9</u>	<u>Notice of Intent to Bid.....</u>	<u>6</u>
<u>2.10</u>	<u>Schedule.....</u>	<u>7</u>
<u>2.11</u>	<u>Requests for Clarification of and/or Additional Information</u>	<u>8</u>
<u>2.12</u>	<u>Changes or Cancellations</u>	<u>8</u>
<u>2.13</u>	<u>Confidentiality of Response.....</u>	<u>9</u>
<u>2.14</u>	<u>Validity of Proposals.....</u>	<u>9</u>
<u>2.15</u>	<u>Bidder Certification.....</u>	<u>9</u>
<u>2.16</u>	<u>Limitation of Liability.....</u>	<u>9</u>
<u>2.17</u>	<u>Appendices</u>	<u>10</u>
<u>3</u>	<u>Proposal Evaluation</u>	<u>10</u>
<u>3.1</u>	<u>Introduction.....</u>	<u>10</u>
<u>3.2</u>	<u>Threshold Evaluation.....</u>	<u>11</u>
<u>3.3</u>	<u>Non-Price Evaluation Criteria (50% in aggregate)</u>	<u>11</u>
<u>3.3.1</u>	<u>Contract Risk, Costs, and Benefits (15%).....</u>	<u>12</u>
<u>3.3.2</u>	<u>Operational Characteristics and Viability (10%).....</u>	<u>12</u>
<u>3.3.3</u>	<u>Locational Benefits, Reliability, Resiliency, and Security (10%).....</u>	<u>12</u>

3.3.4	Overall Project Development Risk (5%)	13
3.3.5	Resource Diversity, and Scalability (5%)	14
3.3.6	Environmental Impact (5%)	15
3.4	Quantitative Evaluation Criteria (50% in aggregate)	15
3.4.1	Net Present Value of OG&E Customer Impact (40%)	15
3.4.2	OG&E Financial Impact (10%)	16
4	Bid Submittal Requirements	16
4.1	Executive Summary	16
4.2	Applicable Forms	16
4.3	Narrative Topics Discussion	17
4.4	Redline of PPA or APA Form Agreement	18
	Appendix A: Notice of Intent to Bid Form	1
	Appendix B: Certification and Authorization	1
	Appendix C: Form Asset Purchase Agreement	0
	Appendix D: Form Power Purchase Agreement	1
	Appendix E: Bidder Forms A – S	1
	Appendix F: Due Diligence Questions	0
	Appendix G: Form Confidentiality Agreement	1

2018 OG&E Request for Proposals for Capacity

1 Definitions

Except in those certain instances where the context states another meaning, the following terms, when used in this Request for Proposals document, shall have the meanings below. These Request for Proposals definitions do not supplant the definitions used in the model Power Purchase Agreement(s) and Asset Purchase Agreement attached to this Request for Proposals.

“APA” means Asset Purchase Agreement, a document establishing the terms of a purchase and sale transaction of a generation facility between a utility and a bidder.

“Bidder” means a single legal entity.

“Capacity” means the quantity of electric power produced by a generating facility at a point in time, as measured in kilowatts or megawatts.

“Commissions” means collectively the Oklahoma Corporation Commission and the Arkansas Public Service Commission

“Load Responsible Entity” means any Asset Owner participating in the Integrated Marketplace with registered physical assets that are either load or firm Export Interchange Transactions.

“Permits” means permits, consents, licenses, franchises, certificates, authorizations, registrations, or waivers, extensions, renewals, or variances relating thereto, in each case issued by any Governmental Authority.

“PPA” means Power Purchase Agreement, a document establishing the terms of a purchased-power portfolio for a utility that meets the utility’s planning objectives and strikes an appropriate balance between power supply costs and the related risks to which consumers are exposed (e.g., purchased-power cost increases and power supply disruptions) over the term of the resource plan.

“Resources” means supply-side generating facilities including life extension and repowering projects for such facilities (and the output thereof). In this RFP, supply-side generating facilities are also called “projects.”

“SPP” means the Southwest Power Pool, the nonprofit regional transmission operator providing transmission services to OG&E and other utilities across 14 Midwestern and Southwestern states.

approved by the Federal Energy Commission on August 8, 2018. OG&E will accept proposals for capacity which qualifies to provide accredited capacity for reserve and peak purposes in compliance with SPP requirements; for PPA proposals, offers including the sale of energy or for a term of less than 30 years will be considered as non-conforming. OGE requires capacity be available to satisfy OG&E's resource adequacy obligations beginning as early as ~~summer of June 1~~, 2019 but no later than ~~summer of June 1~~, 2021. ~~Eligible generation facilities Proposals~~ must be sized at a level consistent with the provision of a minimum of 50 MW of qualified capacity during the entire term of the APA or PPA transaction. ~~Proposals must be for single generation facilities, or co-located generation facilities, that and must be~~ located in and interconnected to SPP's transmission network. OG&E will consider procuring up to approximately 500 MW of qualified capacity if the procurement alternatives available are shown to benefit the Company's system. OG&E may elect to contract with one or multiple Bidders to procure capacity resources. Final execution of any negotiated agreement(s) will be subject to satisfactory completion of due diligence analysis by OG&E and its agents. ~~While not required, Bidders are welcome to provide information to support due diligence of the proposal at any time. OGE has provided questions related to its initial due diligence in Appendix F. For Bidders who opt to provide due diligence information, OGE strongly encourages Bidders to provide OGE access to such information through a virtual data room. For access to due diligence information, OGE has provided a form Confidentiality Agreement in Appendix G which can be returned to ResourceRFP2018NDA@oge.com to begin the due diligence process.~~

2.2 RFP Objective

Taking into account the different factors set out in this RFP, OG&E's primary objective is to solicit competitive proposals to provide OG&E with cost-effective capacity resources consistent with the need identified and discussed in Section 2.3 below. With the capacity resource options received, OG&E strives to develop a resource plan that will allow it to meet its capacity obligations over a long-term planning horizon at the lowest reasonable cost to customers with due consideration of the uncertainties attributable to many of the planning assumptions and to other benefits which provide value to OG&E customers.

OG&E may select resources that represent the most cost-effective proposal(s) based on the evaluation criteria described herein. This evaluation will be based on an analysis of economic, operational, and technical attributes. Consistent with the goals for its resource plan, preference will be given to the lowest cost resources which also assist OG&E in satisfying SPP's planning reserve margin requirements; maintain or increase the ability of OG&E's portfolio to proficiently respond to locational requirements; provide diversity within OG&E's existing asset portfolio; and increase the overall reliability and resiliency of OG&E's system.

OG&E expects to evaluate individual proposals, as well as combinations of proposals, for the express purpose of identifying the most cost-effective capacity resource options available to OG&E.

2.3 Resource Need

This RFP and OG&E’s overall procurement planning is informed by its Integrated Resource Plan (“IRP”). OG&E’s 2018 IRP is currently under review by the Oklahoma Corporation Commission and Arkansas Public Service Commission (“Commissions”) and is expected to be finalized in mid to late September 2018. The OG&E 2018 draft IRP submittal provides a detailed account of OG&E’s current system outlook and projection for resource needs and is available <https://ogeenergy.gcs-web.com/static-files/58e52597-075b-4971-95e2-0df30c28b316>.

Within the 2018 Draft IRP, OG&E has identified an incremental capacity requirement beginning in 2019 and incrementing annually as load continues to grow as shown in Table 1.

Table 1: OG&E Planning Reserve Margin and Needed Capacity (MW unless noted)

	2019	2020	2021	2022	2023
Total Capacity	6,479	6,359	6,359	6,359	6,359
Net Demand	5,934	5,949	6,001	6,031	6,069
Reserve Margin	9%	7%	6%	5%	5%
Needed Capacity*	168	305	362	396	438

**Indicates the potential capacity needed to restore the reserve margin to 12%.*

Based on the identified need, OG&E is seeking projects that will be used to satisfy OG&E’s load and planning reserve obligations as and Load Responsibly Entity (“LRE”) within SPP beginning in 2019, 2020, or 2021.

2.4 Process Overview

This RFP will be administered in a fair, just, and reasonable manner consistent with Commission rules for competitive procurements Oklahoma Administrative Code (“OAC”) 165:35-34 (“Commission Rules”). All communications will be governed by the process discussed in Section 2.5 to ensure fair and equitable treatment for all bidders.

OG&E has provided the draft RFP and will hold a technical conference that will allow interested parties to provide comments and feedback regarding the draft RFP. Comments and feedback on the draft RFP are encouraged to be submitted to OG&E via email in advance of the Technical Conference All feedback received through close of the business on the day of the technical conference will be considered within the final RFP.

–Bidders may also submit questions to OG&E on the final RFP via email. OG&E will require a Notice of Intent to Bid for all bids that will subsequently be considered under this RFP process. Bidders will submit sealed bids to OG&E, and bids will be opened at the place and time identified in Section 2.10. OG&E will perform a detailed evaluation of bids and identify Bidder(s) selected for negotiation.

2.5 RFP Communication

All inquiries, and communications relating in any manner to this RFP, should be directed via email, to ResourceRFP2018Questions@oge.com.

Any unsolicited direct contact with employees or personnel at OG&E concerning this RFP is not allowed and may constitute grounds for disqualification.

2.6 RFP Submission

Two (2) hard copies of the proposal must be submitted in a sealed envelope. Facsimile submittals may be rejected. In addition, submission of a complete electronic copy of the proposal on an USB flash drive is mandatory. Text file submissions should be in Microsoft Word or Adobe Acrobat; spreadsheets should be submitted in Microsoft Excel.

Proposals submitted in response to this RFP will not be returned to Bidders and will become the property of OG&E. At the conclusion of the process, all proposals will either be archived or destroyed.

2.6.1 Proposal Due Date

All hard copy and flash drive proposal materials MUST be received at the below location by October 22, 2018 at 6:00 pm Central Prevailing Time (CPT). Any proposals submitted after the stated time on the due date may be excluded from consideration.

<u>Via Standard Mail</u>	<u>Via Carrier Service or Hand Delivery</u>
<u>Attn: OG&E RFP Response</u>	<u>Attn: OG&E RFP Response</u>
<u>P.O. Box 1514</u>	<u>321 N. Harvey</u>
<u>Oklahoma City, Okla. 73101</u>	<u>Oklahoma City, Okla. 73102</u>
Attn: OG&E RFP Response	
P.O. Box 1514	
Oklahoma City, Okla. 73101	

Bids must be submitted in a sealed package to ensure confidentiality, with the following information shown on the package: Response to OGE 2018 All-Source RFP Confidential Sealed Bid Proposal. The Bidder's company name and address must be clearly indicated on the package containing the bid.

2.6.2 Bidder Fees

A \$5,000 non-refundable filing fee must be submitted with each proposal of up to 100 MW in capacity. The bid fee will increase by \$100 for every incremental 20 MW above 100 MW in capacity to a maximum bid fee of \$7,000 per proposal offer. This bid fee includes one price, size or timing offer for a given sale/transfer proposal. Each additional price, size or timing offer for the same ~~Facility-facility~~ will cost an additional \$1,000. Filing fees should be submitted through one of the options listed below:

- ~~1. by~~ Standard check payable to Oklahoma Gas and Electric

2. Wire transfer to
Oklahoma Gas and Electric Services
Bank of Oklahoma
ABA: 103900036
Acct: 814072665
Ref: RFP for Capacity.

A W9 statement from OGE has been provided on the RFP Website for Bidders should it be required to by the Bidder to prepare payment.

2.6.3 Bid Opening

In compliance with the Commission Rules, bids shall be opened at the time and location specified in Section 2.10 and participants indicated in section 165:35-34-3 (d) (1) (B) of the Commission Rules may attend and monitor the opening of the bids.

2.7 ~~Bidders Conference and Bidder Questions~~

~~A Bidders Conference will be held for interested parties approximately one business day following the release of the final RFP. The purpose of the Bidders Conference is to provide the opportunity to clarify any aspects of this RFP.~~

Prospective Bidders are encouraged to submit questions about this RFP on or before the deadline for submission of questions listed in the schedule. All questions, and responses to those questions, will be posted at <https://oge.com/wps/portal/oge/about-us/do-business/rfp-rfi> ("RFP Website") within five (5) days after receipt of the question to the best of OG&E's capabilities. OG&E's objective in posting these questions and answers is to ensure that all Bidders have equal access to information that may be potentially relevant to their proposals.

Should OG&E determine it is necessary to provide confidential information to provide necessary information for Bidders, then Bidders wishing to receive responses to those questions will be required to sign a confidentiality agreement. The determination of whether confidential treatment is required to inform Bidders will solely be at the discretion of OG&E.

2.8 Transmission Guidance

Any inquiries about generation interconnection or transmission service must be directed only to the appropriate party at SPP. SPP will be OG&E's sole point of contact for all questions and requests related to interconnection applications and studies relating to resources connected to the SPP transmission system.

2.9 Notice of Intent to Bid

Notice of Intent to Bid ("NOI") is mandatory for proposals to be accepted. Submittal of NOI does not bind Bidders to submit a proposal; however, submittal of a proposal does require that an NOI have been submitted by the NOI due date. Bidders must submit a NOI by midnight, Central Prevailing Time ("CPT")
Page 6

on October 18, 2018. The NOI form is included as Appendix A and is to be submitted via email as per Section 2.5 above. Receipt of the NOI will be confirmed via e-mail from OG&E to the Bidder(s).

2.10 Schedule

OG&E reserves the right to change the schedule at any time and at its sole discretion. Bidders are encouraged to attend the Technical Conference to provide comments on the draft RFP. The schedule in

Table 2 will be applied to this RFP.

Table 2: Schedule for OG&E RFP for Capacity

Item	Date (all in 2018)
Notification to Commission of expected RFP	August 23
Draft RFP Filing Date	September 19
Draft RFP Technical Conference	October 5
RFP Final Issue Date (expected)	October 8
Final Submission of Questions	October 15
OG&E Response to Questions	October 17
Notice of Intent to Bid Due	October 18
Proposal and Proposal Fee Due	October 22
Opening of Bids	October 23
Selection of Projects for Negotiation (expected)	November 6
Complete Negotiations (expected)	November 20

The Technical Conference, ~~Bidders Conference~~, and opening of bids will take place at OG&E's headquarters at 321 N. Harvey ~~Street~~, Oklahoma City according to the following schedule:

- Technical Conference: 9 am CPT on October 5, 2018 (final comments are due to OG&E by 6 pm October 5, 2018)
- Bids will be opened: 9 am CPT on October 23, 2018

2.11 Requests for Clarification of and/or Additional Information

Following the submission of proposals, OG&E may request clarification and additional information from Bidders at any time during the evaluation process. Such information will be subject to public posting and protection of confidential information as described elsewhere in this RFP, consistent with other bid submission materials. Bidders that do not respond promptly to such information requests or do not provide adequate information may be eliminated from further consideration or have the information in their proposals modified by OG&E to produce a reasonable and appropriate evaluation. Bidders may not alter their bid in response to requests for additional information.

2.12 Changes or Cancellations

The terms and conditions of this RFP may, at any time, be changed, postponed, withdrawn, and/or canceled, including any requirement, term, or condition of this RFP, any and all of which shall be without any liability to OG&E. All changes to the schedule will be posted on the OG&E RFP Website. OG&E will endeavor to notify all participants who have filed a timely NOI of any such cancellations, modifications, or schedule changes that are made prior to the due date for the proposal. However, it is Bidder's responsibility to monitor the RFP Website. OG&E will have no responsibility for failing to notify Bidders of any changes, postponements, withdrawals, and/or cancellations.

2.13 Confidentiality of Response

Bids submitted in response to this RFP, and any contracts resulting from this RFP, will be treated as confidential. Bidders should be aware that information received in response to the RFP may be subject to review by applicable regulatory agencies. Information submitted in response to the RFP may become subject to federal or state laws pertaining to public access to information as a result of any reviews conducted by the aforementioned agencies. As such, Bidders should clearly designate all sensitive information as "Confidential." Except as required by regulatory reviews, OG&E will use reasonable efforts to avoid disclosure of such confidential information to persons other than those involved with the evaluation, selection, and any subsequent negotiations.

2.14 Validity of Proposals

Proposals shall remain valid for the entire evaluation period and should OG&E elect to seek pre-approval from the Commission, through the entire period of Commission proceedings. During these periods, proposals shall be considered as irrevocable and may not be modified, except as agreed upon in mutual negotiations in the post evaluation period.

2.15 Bidder Certification

An authorized officer or other duly authorized representative of a Bidder is required to certify by the submission of its proposal that:

1. The Bidder has reviewed this RFP and has investigated and familiarized itself with respect to all matters pertinent to this RFP and its proposal;
2. The Bidder has obtained all requisite internal approvals from its organization, parent company, and/or affiliates necessary to submit its proposal;
3. The Bidder's proposal is submitted in compliance with all applicable federal, state, and local laws and regulations, including antitrust and anti-corruption laws;
4. The Bidder accepts that confidential information about their proposal might be shared with any members of the evaluation team, negotiation team, or regulatory agencies; and
5. The proposal is binding and irrevocable through the evaluation and any Commission proceedings which may follow.
6. The individual signing represents and warrants that s/he is duly authorized to execute and deliver this proposal.

2.16 Limitation of Liability

Neither this RFP nor any other aspect of this solicitation shall create an agency, partnership, joint venture, or co-tenancy relationship among the members of the OG&E evaluation team or any other entities involved in the development or administration of this RFP, nor any other relationship or liability beyond those (if any) explicitly adopted in writing and executed by authorized representatives of OG&E and/or the appropriate entity. Neither OG&E nor any other persons or entities involved in the RFP

administration and evaluation shall be liable for any act or omission. Neither this RFP nor any other aspect of this solicitation creates or is intended to create third-party beneficiaries hereunder. In no event will OG&E or participating RFP entities be liable to any person for special, incidental, punitive, exemplary, indirect, or consequential damages or lost profits, whether by statute, in tort or contract or otherwise.

2.17 Appendices

The included appendices provide form information OG&E requires for consideration in this RFP. These include:

- Appendix A: Notice of Intent to Bid Form
- Appendix B: Certification and Authorization
- Appendix C: Form Asset Purchase Agreement
- Appendix D: Form Power Purchase Agreement
- Appendix E: Bidder Forms A through S

Additionally, Appendix F: Due Diligence Questions and Appendix G: Form Confidentiality Agreement, are optional and Bidders may provide such information at any time in the RFP review process.

Bidders are responsible for ensuring the completion of required information in the appropriate format, including submitting a signed copy of Appendix B, completing all relevant forms within Appendix E, and ensuring that all of their submissions are responsive to the evaluation criteria listed in Sections 3.2, 3.3, and 3.44-4 below.

Model agreements for the APA and PPA are attached in Appendix C and Appendix D, respectfully. Bidders are responsible for reviewing all terms and conditions specified in the model agreements and taking these terms and conditions into consideration in developing their proposals.

3 Proposal Evaluation

3.1 Introduction

OG&E and its authorized agents will evaluate the proposals to determine which, if any, have the potential to provide the most economical, reliable, and viable alternatives for OG&E's customers. OG&E will use an evaluation process with three (3) components including a threshold review, a non-price (qualitative) review, and a price (quantitative) review. Those proposals that are found to have satisfied the threshold RFP requirements will be evaluated based on the identified qualitative and quantitative criteria. OG&E may select the top-ranking bid based on the combined qualitative and quantitative score from among proposals received, or may select multiple bids to comprise a portfolio able to satisfy OG&E's need. Qualitative and quantitative factors will be considered simultaneously and weighted at 50% each.

3.2 Threshold Evaluation

OG&E will review each proposal to determine whether it satisfies the threshold criteria of ~~responsiveness~~completeness, technical viability, and Bidder financial ability and capability. The ~~responsiveness-completeness~~ review will ensure that the proposal ~~is complete~~, follows the guidelines set forth in the RFP, and includes all information required for a more thorough review. The technical viability review will determine whether the proposal meets OG&E's requirements and within the timeframe stated in the RFP. The financial ability and capability review will judge whether the Bidder has adequate financial capability and adequate competence, resources, and skills to perform its proposal.

At OG&E's sole discretion, any proposal deemed materially incomplete or technically deficient may be excluded from further consideration. OG&E reserves the right to request that any Bidder clarify questions or additional information regarding that Bidder's proposals to resolve deficiencies identified in the threshold review.

The criteria to be considered in the threshold review are listed below:

- Completeness: Proposals must be complete including all forms and required other information;
- Size, Timing, and Term: Proposals must be between 50 MW and 500 MW accredited capacity and available to begin supply to OG&E between 2019 and 2021. Capacity must be available to support OG&E planning reserve obligations. The term of any PPA must be for a minimum of 30 years;~~;~~
- Property Site Control: Bidders must demonstrate a high level of site control through executed land leases, options to lease, easements, or other instruments of conveyance;
- Unconditional: Proposals are not conditioned upon any contingencies;~~and~~
- Experience: Bidders proposing to develop new projects must have successfully completed one similar project successfully in the past; and.
- Bidder Financial Ability: Bidders must demonstrate financial strength and credit worthiness as a counter-party.

3.3 Non-Price Evaluation Criteria (50% in aggregate)

OG&E will consider the following six non-economic criteria. These are not incorporated into the quantitative evaluation (see ~~section~~Section 3.44.4) of each proposal:

1. Contract Risk, Costs, and Benefits (15%)
2. Operational Characteristics and Viability (10%)
3. Locational Benefits, Reliability, Resiliency, and Security (10%)
4. Overall Project Development Risks (10%)
5. Resource Diversity, and Scalability (5%)
6. Environmental Impact (5%)

3.3.1 Contract Risk, Costs, and Benefits (15%)

Contract risk and benefits will be assessed based on the extent to which pricing is firm; existing permits, easements, leases, and fuel, power supply, and other contracts are in good order and assignable; and/or the cost containment measures effectively limit cost risk for OG&E customers. This will include a review of all liabilities assumed under the proposed contract agreements. Additionally, proposals will be assessed on the extent to which the Bidder accepts all provisions relevant to the proposal submitted of the model APA or PPA agreements or shifts risk to buyers and their customers. OG&E has a strong preference and expectation for minimal changes to the proposed terms in the model APA and PPA.

For APA proposals that involve contract assignment or other obligation transfer (for example, assignment of fuel transport agreements, service agreements, etc), OG&E will consider the terms and conditions associated with such assignment. Where applicable, Bidders should provide an indication of such assignments as well as copies of the relevant contracts/agreements.

3.3.2 Operational Characteristics and Viability (10%)

Projects will be assessed on their expected contract or asset life performance. Projects with demonstrable longevity as a capacity resource at consistent levels over time are preferred. New and existing projects should provide an O&M plan, an assessment of the peak operational performance of their facility, an assessment of the facility to continue to provide reliable reserve capacity and peak supply over time, an assessment of the ability of the facility to continue operation in extreme hot and cold weather temperatures, an assessment of the project lifetime expectations (i.e., remaining useful asset life), and an estimate of the reasonable capital investment (cost and timing) expected to maintain the facility in sound operational order over time.

Operational flexibility will be considered based on the cyclic on/off capability, ramp rates and other start-up characteristics, automatic generation control, the ability to provide ancillary services such as voltage support and balancing services, and the overall expected impact on transmission conditions including voltage and frequency. OG&E will further consider how complimentary the characteristics of the proposed alternatives are to the overall OG&E portfolio. Bidders shall provide appropriate information to document the resource operational flexibility.

3.3.3 Locational Benefits, Reliability, Resiliency, and Security (10%)

OG&E prefers generation resources which provide locational benefits, including the ability to allow OG&E to maintain or increase the ability of its portfolio to respond at SPP's direction to localized reliability issues. Likewise, OG&E seeks resources which minimize disruptions, decrease response time to disruptions, and provide support to the local transmission and distribution system where applicable. To the extent that a generation facility, by virtue of its location and operational characteristics, can enhance the reliability options that OG&E provides to large customers with particular needs that will be a positive attribute.

OG&E's security review will include resiliency to physical and cyber threats and vulnerabilities. Bidders should provide a risk mitigation plan which specifically addresses all measures and actions taken by the Bidder to minimize risk exposure to such threats and vulnerabilities.

For this category, OG&E will also consider the economic benefits, including job creation for the OG&E customer base, tax benefits, or other benefits accruing to OG&E customers. Bidders should provide their assessment of their expected impact on the local economy in support of this review.

3.3.4 Overall Project Development Risk (5%)

This category is intended to assess the likelihood that the generation project can be successfully developed as proposed, based on a number of factors which influence project development feasibility and risk of development. Factors influencing the status of project development as well as the likelihood the project will be developed on schedule will be assessed. For this category, OG&E will evaluate factors including:

- **Critical Path Schedule:** To demonstrate credibility of the project schedule and ability to achieve commercial operation date, Bidders shall provide a detailed project schedule with critical path milestones for the project that include activities from the period of selection as the winning Bidder to the commercial operation date. OG&E will review and evaluate the project schedule to ensure there is a high likelihood the project can reach commercial operations as proposed. This review will include the risks of delays in securing the necessary environmental permits. This review will also include the risks of securing transmission interconnection and delivery capabilities. Bidders should provide a list of all required permits that must be obtained. In addition, Bidders should identify any rights-of-way that need to be acquired for the construction of supporting facilities (water pipelines, fuel lines, transmission lines, rail spurs, etc.) and provide a plan and schedule for securing the rights-of-way.
- **Site Control:** To demonstrate site control, Bidders must be able to 1) document they have obtained site control and provide documentation on which necessary permits have been obtained or 2) demonstrate how site control and permits will be obtained. To meet the site control requirement, each Bidder shall have identified a site and must provide a copy of documentation establishing that such Bidder has and/or will have control over the site for the entire term of the contract. Eligible documentation includes a demonstration of site ownership, an option to purchase the site, or a binding letter of intent from the landowners for the full term of the contract. Each Bidder must be able to obtain site control prior to signing a contract with the Company.
- **Technology:** Bidders must provide information about specific technology and equipment proposed for the project, including a description of the track record of the technology and equipment. Each Bidder should provide a detailed description and specifications for the proposed equipment (including, for example, the turbine, steam generator, cooling equipment and environmental control equipment proposed for thermal generation projects, or modules, inverters, and racking for solar photovoltaic projects). OG&E reserves the right to conduct

further due diligence on the equipment. OG&E prefers proposals that demonstrate that the generation design and equipment proposed is technologically mature and the Bidder has included a reasonable plan to address how the project will conform to change in environmental requirements in the future. For existing facilities, Bidders must demonstrate the continued longevity of the facility including identification of expected capital investment to maintain the facility in good operation status continuing for a minimum of five years.

- **Fuel:** As applicable to their generation technology, Bidders should provide a detailed strategy for securing and delivering fuel to the plant site. If the project is in the early stages of development, OG&E requires a fuel supply and transportation plan that demonstrates that the fuel supply arrangements adequately conform to the type of project/technology proposed (e.g., gas-fired combined cycle). OG&E prefers proposals that demonstrate a secure and reliable fuel supply or strategy, including for any back-up fuels to be used, which demonstrates the ability of Bidder to secure a reliable supply for the project.
- **Bidder Experience:** Bidders are required to demonstrate experience and management capability to successfully develop and operate the project proposed. OG&E is particularly interested in project teams that have demonstrated success in projects of similar type, size, and technology and can demonstrate an ability to work together effectively to bring the project to commercial operation in a timely fashion. In addition, OG&E values experience that Bidders can show in successfully developing and operating projects within the SPP footprint.
- **Resource Financing:** For facilities to be developed, Bidders should demonstrate their ability to finance the proposed project. The financing plan should address how the facility will be financed including the sources and mechanisms for financing. Further, each Bidder should provide the project's initial financing structure, and proposed capital structure, estimated sources for debt and equity financing, and a description of any pre- and post-construction equity ownership agreements. Bidders should include the estimated constructed costs as well as the financing costs for the project. Each Bidder's response must provide a description of the current status of the financing plan.
- **Community Engagement:** Bidders should provide the status and completeness of the project stakeholder engagement plan for any proposed facilities.

3.3.5 Resource Diversity, and Scalability (5%)

OG&E prefers flexibility in the availability of capacity to scale over time, allowing OG&E to be responsive to growing capacity requirements. Likewise, OG&E aspires to maintain a balanced capacity portfolio, which will allow OG&E to respond effectively to overall system needs in the short and long term. Consideration will also be given to the deliverability of the resource to OG&E territory.

Capacity credit will be assessed based on the SPP Planning Criteria. Bidders should demonstrate their approved capacity ratings according to SPP. Where such information is not available, Bidders should provide indications of their expected performance ratings for each required obligation period including data confirming the resource's designated operational performance, verifiable participation in the SPP Integrated Marketplace or identification as a network resource, confirmation of firm transmission

service, status affirming the resource is not committed to other market participants or load outside the SPP Balancing Authority Area, and assurance the resource is not double-counted. Bidders should also indicate expected degradation in capacity qualification over time.

Resource diversity will be assessed through consideration of the impact to the balance of the OG&E portfolio and the Company's goals of maintaining a reasonable balance among natural gas, coal, and economically viable renewable, energy storage, and demand-side resources. Diversity will also be assessed against the age of OG&E's other capacity resources, to ensure a balanced portfolio of assets over time.

Resource scalability will be assessed by OG&E based on the benefits that the proposal provides to the existing OG&E portfolio in meeting reserve requirements on a timely basis.

To assess deliverability, Bidders should provide information regarding the resource firm transmission rights and any deliverability assessments which have been performed for the generation facility.

3.3.6 Environmental Impact (5%)

Environmental impact will assess the environmental benefit provided by the proposed resource including the potential to reduce air emissions. Generation facilities will also be assessed for their site impact including their impact on land and water use. Bidders shall provide their expected emissions rates and supporting evidence for this expectation based on actual data for the resource or similar resources. Bidders must also provide environmental impact statements for the proposed generation facility(ies).

3.4 Quantitative Evaluation Criteria (50% in aggregate)

OG&E will consider the following two economic criteria.

3.4.1 Net Present Value of OG&E Customer Impact (40%)

All proposals will be evaluated on price and operational performance factors in the quantitative evaluation through simulation of the impact of the proposal on the costs paid by OG&E's customers.

OG&E will evaluate all bids based on the expected customer impact resulting from detailed simulation modeling and sensitivity analysis consideration as performed in the OG&E IRP, which will account for the generation facility cost and dispatch characteristics of assets as well as any proposed price information for PPAs. Expected dispatch and/or curtailment of resources in the SPP Integrated Marketplace will be projected by OG&E for a 30-year time horizon beginning in 2019. The modeling application will be consistent with the analysis and tools described in OG&E's 2018 IRP filing, including stress test analysis on customer cost.

Detailed assumptions used within the model are available in the OG&E IRP referenced above. Bidders are responsible to review OG&E's IRP and consider IRP assumptions and results in designing their bid.

3.4.2 OG&E Financial Impact (10%)

OG&E will take into consideration any projected costs of direct or inferred debt. Inferred debt results when credit rating agencies infer an amount of debt associated with a power supply contract and, as a result, take the added debt into account when reviewing OG&E's credit standing. Factors which may additionally be considered include:

- Balance sheet impact
- Cash flow impact
- Bond rating impact

4 Bid Submittal Requirements

This section outlines the content and format requirements for all bids submitted in response to this RFP. Bids that do not include the information requested in this section will be ineligible for further evaluation unless the information requested is not applicable or relevant to a given bid.

A complete bid will include the following four components: (1) and executive summary, (2) a complete set of applicable forms, (3) narrative discussion, and (4) redline of PPA or APA form agreement. Expectations for each component are summarized in the following paragraphs.

4.1 Executive Summary

The first section of each bid must contain an Executive Summary that provides an overview of the bid's characteristics, including any unique aspects or benefits.

4.2 Applicable Forms

The second section of the bid must include the set of forms included in Appendix B and Appendix E. These forms will contain essential information about each bid, and a separate set of forms and related information must be submitted with each bid. A summary of the forms is provided in Table 3.

Table 3: Complete Set of Required Bidder Forms

Form	Form Title
Appendix B	Certification and Authorization
Appendix E Bidder	Information Forms A to S
Form A	Bidder Contact Information
Form B	Bid Summary
Form C	Bid Fee
Form D	Generation Facility Technical Description
Form E	SPP Capacity Accreditation
Form F	Intermittent Resource Operational Information – Operational Profile
Form G	Operational Information – Planned Maintenance Profile
Form H	Annual Data for Cost, Performance, and Permitting
Form I	Fuel Plan
Form J	O&M Plan
Form K	Critical Path Schedule
Form L	Environmental Impact – Air Emissions
Form M	Environmental Impact Statement
Form N	Site Information <u>Interconnection</u>
Form PO	Site Information <u>Interconnection</u>
Form OP	Financing Information
Form Q	Project Management
Form R	Annual PPA Pricing Information
Form S	Monthly PPA Data for Contract Capacity

Bidder may also contact OGE at ResourceRFP2018Questions@oge.com to obtain the final copy of the MS Excel template for Appendix E forms which is embedded herein. The editable template in native Excel format will be emailed in response to requests received.

4.3 Narrative Topics Discussion

In addition to completed forms, each bid must also include a thorough written discussion of each of the following topics. The narrative topics should be organized under the following headings, with each heading beginning on a separate page.

1. Summary of Bid, including overview of technical specifications for the proposal
2. Operations and Maintenance Plan
3. Risk Mitigation Plan, including risks posed by natural disaster, physical threats and vulnerability including fuel security, and cyber threats and vulnerabilities
4. Impact on Local Economic Conditions
5. Siting and Permitting Plan, including operational permits, land acquisition strategy and status, etc.

6. Interconnection Plan, including indication of expected network upgrade requirements associated with new or upgraded interconnections
7. Fuel Supply Plan (where appropriate)
8. Development Experience for Proposed Facilities (where applicable)
- 8-9. Operational Performance History (where applicable)

4.4 Redline of PPA or APA Form Agreement

The fourth section will include the Bidder's redline review of the PPA form or APA agreements. This section may include an explanation of rationale for any significant changes. While Bidders are expected to provide reasonable redline related to technical aspects of their proposal (~~e.g. new versus existing asset~~), OG&E has a strong preference and expectation for minimal changes to the proposed commercial terms in the model APA and PPA. Bidders will not be penalized for reasonable redline suggestions related to technical aspects of their proposal such as modifying terminologys related to facility operations relevant to of a -dispatchable resource to be relevant to a non-dispatchable resource, or modifying terminology relevantated to a new facility to be applicable to an existing facility.

Appendix A: Notice of Intent to Bid Form

Company Name: _____

Generation Project Name: _____

Contact Person Information	
Name	
Title/Position	
Mailing Address	
Telephone Number	
Fax Number	
Email Address	

Project Size (nameplate MW): _____

Project planning reserve contribution (MW): _____

Project Location: _____

Estimated Commercial Operation Date (Month-Year): _____

Authorized Signature: _____

Title _____ **Date** _____

Bidders should send the completed Notice of Intent to Bid Form to
ResourceRFP2018NOI@oge.com

Appendix B: Certification and Authorization

A proposal will be considered incomplete unless all required signatures are provided

The undersigned certifies that he or she is an authorized officer or other authorized representative of the Bidder, and further certifies that:

1. The Bidder has reviewed this RFP, and has investigated and familiarized itself with respect to all matters pertinent to this RFP and its proposal;
2. The Bidder has obtained all requisite internal approvals from its organization, parent company, and/or affiliates necessary to submit its proposal;
3. The Bidder's proposal is submitted in compliance with all applicable federal, state, and local laws and regulations, including antitrust and anti-corruption laws;
4. The Bidder accepts that confidential information about their proposal might be shared with any members of the evaluation team, negotiation team, or regulatory agencies; and
5. The individual signing below hereby represents and warrants that s/he is duly authorized to execute and deliver this proposal.

Violation of any of the above requirements may be reported to the appropriate government authorities and shall disqualify the Bidder from the RFP process.

The undersigned further certifies that the prices, terms, and conditions of the Bidder's proposal are valid and shall remain valid the entire evaluation period and should OG&E elect to seek pre-approval from the Commission, through the entire Commission proceedings. Proposals shall be considered as irrevocable and may not be modified, except as agreed upon in mutual negotiations in the post evaluation period.

The undersigned further certifies that he or she has personally examined and is familiar with the information submitted in this proposal and all appendices thereto, and based on reasonable investigation, including inquiry of the individuals responsible for obtaining the information, the submitted information is true, accurate, and complete to the best of the undersigned's knowledge and belief.

The undersigned understands that a false statement or failure to disclose material information in the submitted proposal may be punishable as a criminal offense under applicable law. The undersigned further certifies that that this proposal is on complete and accurate forms as provided without alteration of the text. The undersigned further understands and agrees to the provisions of this RFP related to confidential information, and consents to the limited exchange and sharing of confidential information related to the Bidder's proposal as described in this RFP.

Bidder Company Name

Bidder or Bidder's Authorized Representative

Print or Type Name

Generation Project Name(s)

Date

Appendix C: Form Asset Purchase Agreement

Appendix D: Form Power Purchase Agreement

Appendix E: Bidder Forms A – S

Appendix F: Due Diligence Questions

Appendix G: Form Confidentiality Agreement