



Request for Proposals
For
Capacity Products

Issued: April 28, 2023
Proposals Due: May 30, 2023

Revision Log

Revision or Change Number	Effective Date	Affected Page Numbers	Description of Revision/Change

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1.0 INTRODUCTION

1.1 TVA Overview

The Tennessee Valley Authority (TVA) is a corporate agency of the United States that provides electricity for business customers and local power distributors (Local Power Companies or LPCs), serving more than ten million people in parts of seven southeastern states. TVA receives no taxpayer funding, deriving its revenues almost exclusively from sales of electricity. In addition to operating and investing its revenues in its electric system, TVA provides flood control, navigation, and land management for the Tennessee River system and assists Local Power Companies and state and local governments with economic development and job creation.

1.2 Description of Solicitation

This announcement constitutes a Request for Proposals (RFP) notice, soliciting proposals in supplying energy, capacity, and environmental attributes (as applicable) to TVA. A transaction resulting from the RFP will be a Confirmation executed under an Edison Electric Institute (EEI) Master Power Purchase & Sale Agreement or a Power Purchase Agreement (both are referred to herein as a “Confirmation”). This RFP does not constitute a commitment, implied or otherwise, that TVA will take action in this matter. TVA will not be responsible for any costs Respondents incur in furnishing TVA responsive information. As used in this RFP, “Respondent” refers to the legal entity that would be bound by a resulting Confirmation under this RFP. Proposals must be submitted in the legal name of the Respondent. “Respondents” refers to all parties submitting proposals under this RFP.

Although a competitive bidding process is not legally required for TVA power purchases, in certain circumstances a competitive process presents on balance the most advantageous method of proceeding.

2.0 GENERAL TERMS

2.1 Resource Request

2.1.1 Target volume quantities between 100 MW to 500 MW per proposal.

2.1.2 Respondents may submit a proposal for any term through December 2028.

2.1.3 Capacity resources are preferred but TVA will consider energy resources delivered to the TVA system.

2.2 Resource Specifications

2.2.1 Product Types

- Call option (Heat rate, fixed price, etc.)
- Firm (LD)
- Tolling
- Other structures

2.2.2 Capacity Resource Requirements

- Designated generating resource
- Firm transmission on all paths
- Resource is not contracted to another party, is not recallable by any third-party (including market or transmission tariff administrator, if applicable), and available to TVA on a non-interruptible basis

2.2.3 Delivery Point

- TVA prefers resources delivered to TVA but will consider other delivery points

2.2.4 Delivery Period

- 7x24 availability is preferred, other options will be considered

2.2.5 Resource Preferences

- Priority is for resources that meet the Capacity Resource Requirements above
- Shaped pricing for capacity payments based on the periods of highest demand for 1-year and longer proposals (see Exhibit B)
- All respondents shall include a performance guarantee mechanism as part of their proposal
- As applicable, provide details for adequate fuel supply, dual fuel capabilities, or facility-specific benefits

2.2.6 Pricing

- Bidders shall specify in detail all pricing components related to their proposal.

2.2.7 Transmission

- Respondents must provide a transmission strategy that results in firm transmission from the generation source to the delivery point. The strategy can include required actions from the Respondents and/or TVA.

3.0 COMMUNICATIONS

3.1 Communications during RFP Process

3.1.1 TVA will utilize Power Advocate, a web-based sourcing platform, to organize all RFP documents and communicate with Respondents. Respondents shall view the RFP package, message TVA, and submit their proposals and RFP-related communications through Power Advocate.

4.0 RFP SCHEDULE

The following schedule is based on TVA's expectations as of the release date of this RFP. TVA reserves the right to modify the schedule at its sole discretion.

RFP Schedule

Action	Date
RFP Release Date	April 28, 2023
Pre-Bid Conference Call	May 5, 2023 (monitor Power Advocate for details)
Question Submittal Deadline	May 18, 2023
Proposal Submittal Deadline	May 30, 2023
Evaluation of Proposals	June 2023 (tentative)
Selections and Confirmation Execution	July-August 2023 (tentative)

5.0 PROPOSAL PROCESS

5.1 General Requirements

5.1.1 Information regarding this RFP can be found on the TVA website under the "Doing Business with TVA" link. All technical information and documents will be placed on the Power Advocate website.

5.1.2 Provide planned outage schedule for the period being proposed.

5.1.3 Description of fuel supply source record shall be included, provide firm or non-firm transport, and provide if there are fuel source back-up on site.

5.2 Proposal Expenses

5.2.1 Each Respondent will bear any and all costs and expenses required to prepare its proposal.

5.3 Method for Submitting Proposals

5.3.1 All proposals submitted must be received by the submittal deadline. Proposals received after the deadline may be accepted by TVA in its sole discretion.

5.3.2 All proposals must be submitted through Power Advocate. The RFP is listed as solicitation event 140267: 2023 Capacity RFP. The following link will allow Respondents to register and request access to the event:

<https://www.poweradvocate.com/pR.do?okey=140267&pubEvent=true>

5.3.3 Respondents must upload a Term Sheet(s) under Upload Documents as well as complete the Commercial Data form for each Proposal.

6.0 [RESERVED]

7.0 PROPOSAL EVALUATION

7.1 Evaluation Process

7.1.1 TVA may select none, one, or more than one proposal for contract award. TVA will use least-cost planning approaches in all evaluations. In addition to proposal economics, TVA values resources that provide reliability and flexibility. TVA has a preference for the following: structure clearly meets the Capacity Requirements under 2.2.2, shaped capacity payments for yearly or longer proposals, and an adequate performance guarantee.

7.2 Contract Approval

7.2.1 TVA's selection of a Respondent for contract award will not constitute a binding TVA commitment until a Confirmation has been approved in accordance with TVA's approval processes and the Confirmation has been executed by TVA.

7.3 Credit Requirements

7.3.1 TVA requires secure and reliable performance and delivery of physical electric capacity, energy or other product(s) under each proposed contract. Respondent must demonstrate its creditworthiness to the satisfaction of TVA. Among other things, the Respondent should possess at the time of submission, a senior unsecured debt rating equivalent to no less than 'BBB-' by Standard & Poor's, and 'Baa3' by Moody's Investors Service. TVA will evaluate the ability of the Respondent to perform under the terms of its proposal, by reviewing published credit ratings and performing its own internal credit analysis.

- 7.3.2 It may be required of any Respondent who does not meet the above requirements, or whose creditworthiness becomes unacceptable during the RFP evaluation period, to provide satisfactory credit assurance to TVA. Security and reliability of performance and delivery of the electric capacity, energy or other product(s) will be guaranteed by either: (1) cash; (2) a letter of credit issued by a financial institution that has a senior unsecured debt rating by Standard & Poor's of A or better, and by Moody's Investors Service of A2 or better; or (3) various combinations of the foregoing, as approved by TVA. Respondent will bear the cost of any such credit assurance.
- 7.3.3 If a Respondent has an existing EEI Agreement with TVA, that agreement will be considered as the basis for a contract under this RFP. Additional modifications and credit requirements, including an Independent Amount (as such term is used in the EEI Agreement), may be required to conform to the credit and collateral requirements under this RFP.
- 7.3.4 If a Respondent does not have an existing EEI Agreement with TVA, or if such agreement exists, but does not include acceptable credit or other provisions, then a satisfactory EEI Agreement will be negotiated. TVA's standard EEI cover sheet terms and collateral requirements can be provided upon request through Power Advocate.

8.0 RESERVATION OF RIGHTS

8.1 General

- 8.1.1 This RFP is an invitation to submit a proposal and does not create a binding agreement.
- 8.1.2 All material submitted in response to the RFP will become the property of TVA.
- 8.1.3 Following selection, a Respondent may be required to participate in negotiations and to submit via Power Advocate any price, technical, or other revisions to its proposal that may result from such negotiations.
- 8.1.4 TVA reserves the right to procure resources through other means instead of, or in addition to, this RFP.
- 8.1.5 TVA reserves the right to waive any requirement of this RFP when TVA determines that it is in TVA's interest to do so.

8.2 Right to Reject

- 8.2.1 This RFP does not commit TVA to award a contract, pay any cost associated with the preparation of a proposal, or purchase power from any facility. TVA reserves the right to accept or reject any or all responses to this RFP or cancel this RFP in whole or in part at any time.

8.3 Limitations

- 8.3.1 TVA may ask Respondents to clarify the information in their proposals, but the Respondents shall not alter their proposals or otherwise submit any additional information after the proposal due date unless requested by TVA to do so.

8.4 Confidentiality

- 8.4.1 TVA recognizes that certain information contained in proposals submitted may be considered confidential and, as permitted by applicable law, will treat as confidential any information clearly labeled as such. TVA reserves the right to share proposal information, on a confidential basis, with any existing or future customers of TVA or its LPCs. If TVA is formally requested and required by any regulatory or judicial authority, or is otherwise required by law, to disclose information with regard to a proposal, TVA will disclose such information in accordance with applicable laws and regulations.

Exhibit A - Term Sheet

This Term Sheet describes the primary terms of an agreement by and between “[Seller Name]” and Tennessee Valley Authority, (collectively, “the Parties”) regarding the terms and conditions applicable to the sale and purchase of capacity, energy products, ancillary services, and environmental attributes (as applicable) from Seller’s generation facility to be negotiated between the Parties. Until a Confirmation is approved, signed and delivered, the Parties shall have no legal obligations, expressed or implied, or arising in any other manner, under this Term Sheet.

Buyer:	Tennessee Valley Authority (“TVA”)
Seller:	[Seller Name] (If Seller is a project LLC or special purpose entity, please also provide parent name who will be providing credit support and financial information)
Product:	Call Option (Heat Rate, Fixed Price, etc.) Firm LD Tolling Other Product Type The Product may include the following: <ol style="list-style-type: none"> 1. Energy: all energy delivered to the Delivery Point. 2. Environmental Attributes: all renewable energy credits (“RECs”) and any other environmental attributes associated with delivered energy; 3. Capacity Rights: all capacity rights, including resource adequacy benefits, if any, associated with the Facility; and 4. Ancillary services: all ancillary services, products and other attributes.
Generation Facilities Installed Capacity:	[] MW _{AC}
Buyer’s Contract Capacity:	[] MW _{AC}
Effective Date	MM/DD/YYYY 0000
Expiration Date	MM/DD/YYYY 0000
Facility Interconnection Point:	The Facility shall interconnect to [].
Delivery Point:	[] (the “Delivery Point”)
Generation Facility:	The [] project, located in [County], in the State of [], (the “Facility”). Please include: <ul style="list-style-type: none"> • Fuel type • Generation technology; and

	<ul style="list-style-type: none"> • name of Facility.
Contract Price	TVA will pay \$[]/MWh for energy and all components of the product
Capacity Payment	If a capacity option is applicable, then the Capacity prices should be quoted in the form of a flat amount per month or nominal dollars per kilowatt-month. If capacity price is quoted on the basis of \$/kW-month, the kW to which the capacity price is applied must be stated. Note: Payment will be weighted based on Exhibit B for 1-year and longer proposals.
Heat Rate	Provide applicable heat rate(s)
Availability Guarantees	All respondents shall include a performance guarantee mechanism as part of their proposal
Risk Mitigation	Seller shall expect to provide Financial Assurance in the form of cash or a letter of credit in the amount determined by TVA prior to contract execution.
Eligible Resources	Resources eligible to respond to the RFP are all generation sources
Fuel Supply	TVA will be charged at index cost for Seller supply. Seller shall provide details around fuel Transportation (Firm/Non-firm) and specify if there are dual fuel capabilities.
Scheduled Outages	Seller shall provide to TVA a Scheduled Outage schedule for the Facility for the proposed Delivery Period.
Agreement Condition Precedents	Satisfactory completion of all “agreements” required for the parties to successfully meet their obligations under the Confirmation.
Transmission	Description of the transmission strategy that results in firm transmission from the generation source to the delivery point. The strategy can include required actions from the Respondents and/or TVA.
Other	Any additional unique contract provisions specific to the Facility.

Exhibit B – Monthly Weighing Factors for Capacity Payments

Monthly Weighing Factors for Capacity Payments	
Month	Weighting Factor
January	1.5
February	1
March	0.5
April	0.5
May	1
June	1.5
July	1.5
August	1.5
September	1
October	0.5
November	0.5
December	1