

## **ETEC ERCOT Spring 2019 Long-Term RFP - Solar Additional Clarification**

### **Size/Output**

- The project sizes should fit as closely to the specified energy requirements as possible. Other sizes will be considered but less preferred. It would be in the best interest of the supplier to bid all sizes and terms so that it won't limit the proposal's selection.
- There is not necessarily a preferred output shape for a unit contingent offer. The burden associated with volatility and less favorable shape will be factored into the evaluation. If you believe you may assign less cost to that, it would be worth bidding in a fixed/shaped version. In this case, 5x16 and 7x24 shapes would be a good target.

### **Credit**

- See below presentation for an overview of ETEC's credit.
- Detailed credit discussions will pursue with short-listed entities

### **COD**

- We strongly prefer the specified COD but will consider offers deviating somewhat. There will be a burden assigned to that in the evaluation.

### **RECs**

- Pricing could be included with or without the inclusion of RECs. We will factor in the value of those into the evaluation of the price.

### **Location**

- We welcome projects in any location of the ERCOT footprint with no preference other than for the resulting price.
- Delivery: Pricing can reflect busbar, any hub or North Hub energy delivery. We will take a conservative view of congestion, so it may be beneficial to additional offer North Hub delivery pricing if you think you would assign less cost to the congestion risk.

### **Project Status**

- The more developed / certain a project is, the better.

### **Product Options**

- We welcome proposals for any combination of the products and even multiple offers for each.

### **Product Costs**

- PPA pricing should include all development costs and risk (e.g. interconnection, land, environmental, maintenance, operation, etc.).

### **Company and Project details**

- Company details would be helpful, especially credit rating, corporate structure (parents) and past experience. The details of the project will be helpful for us to evaluate it.



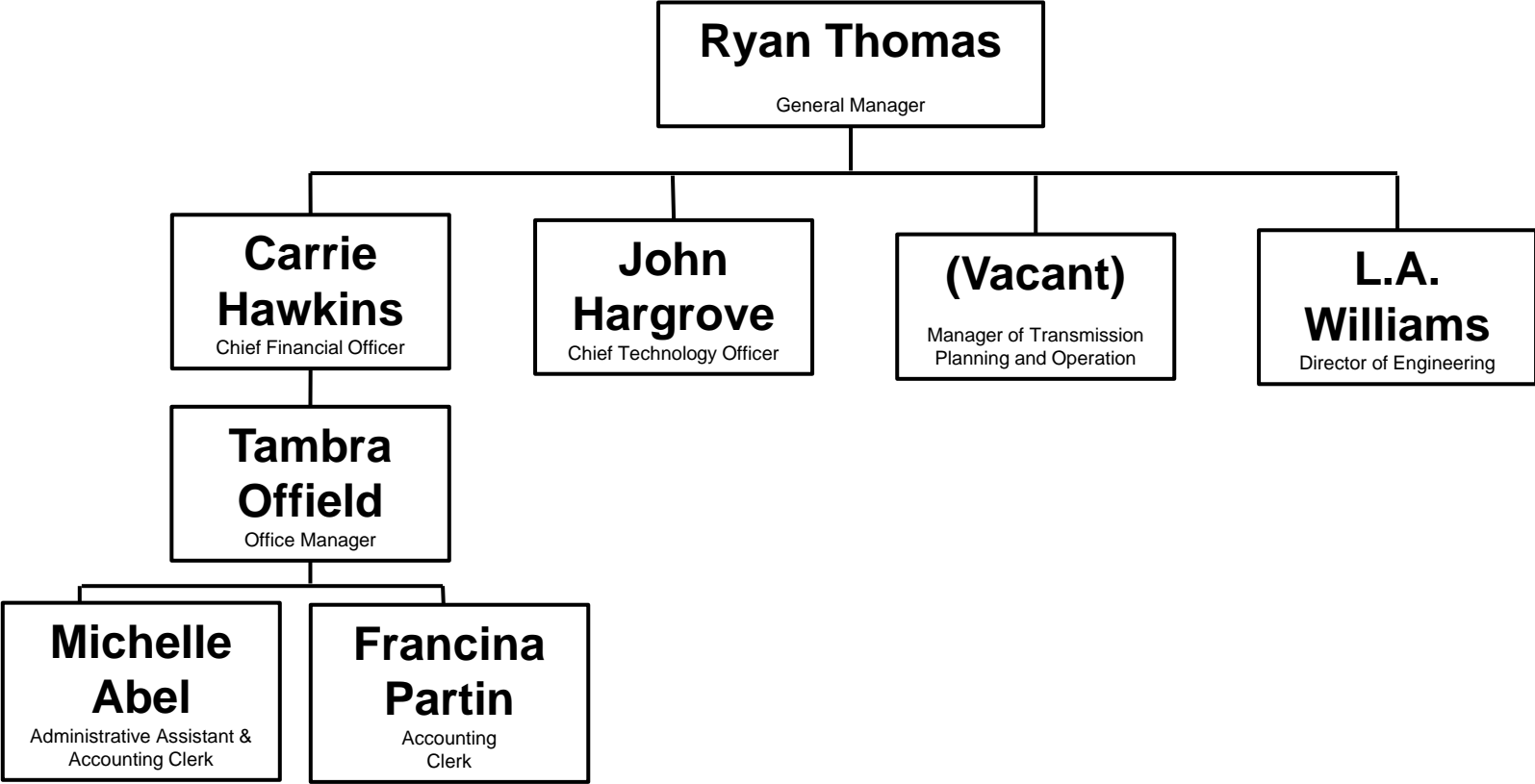
**ETEC**

East Texas Electric Cooperative

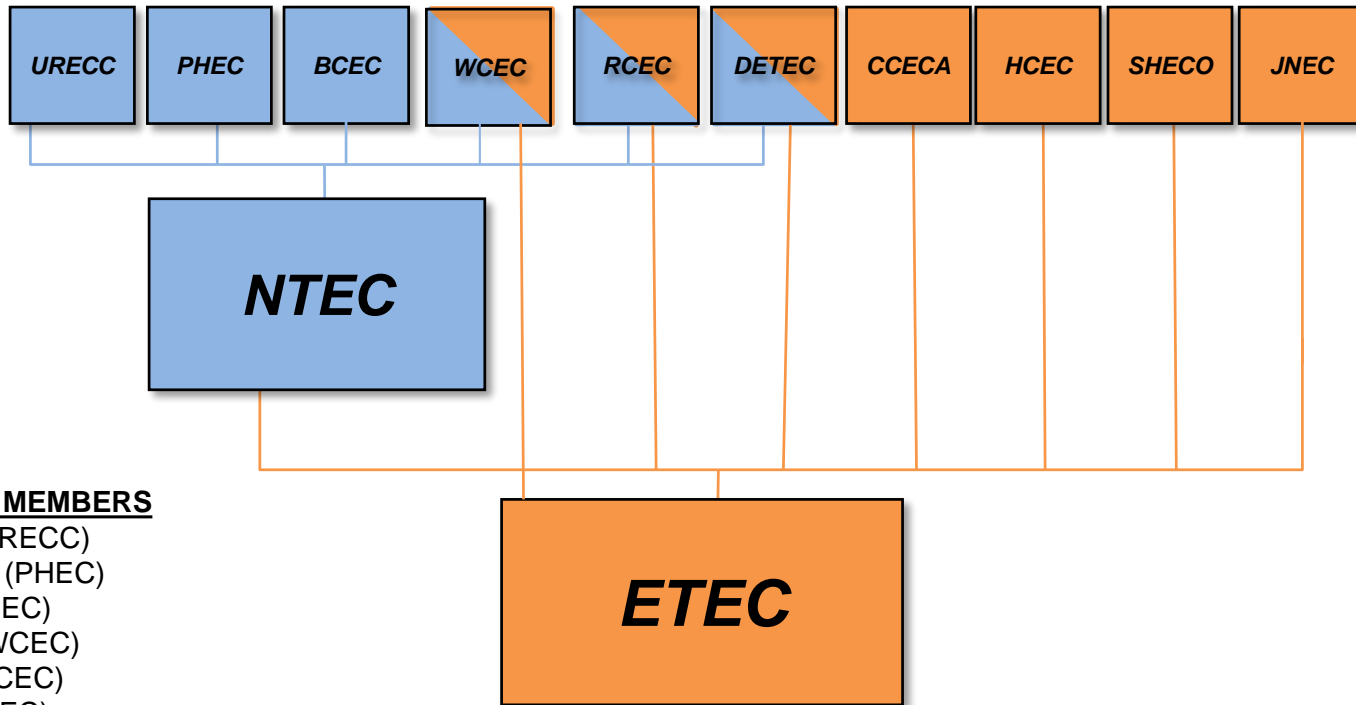
# Overview

April 2019

# ETEC Organizational Chart



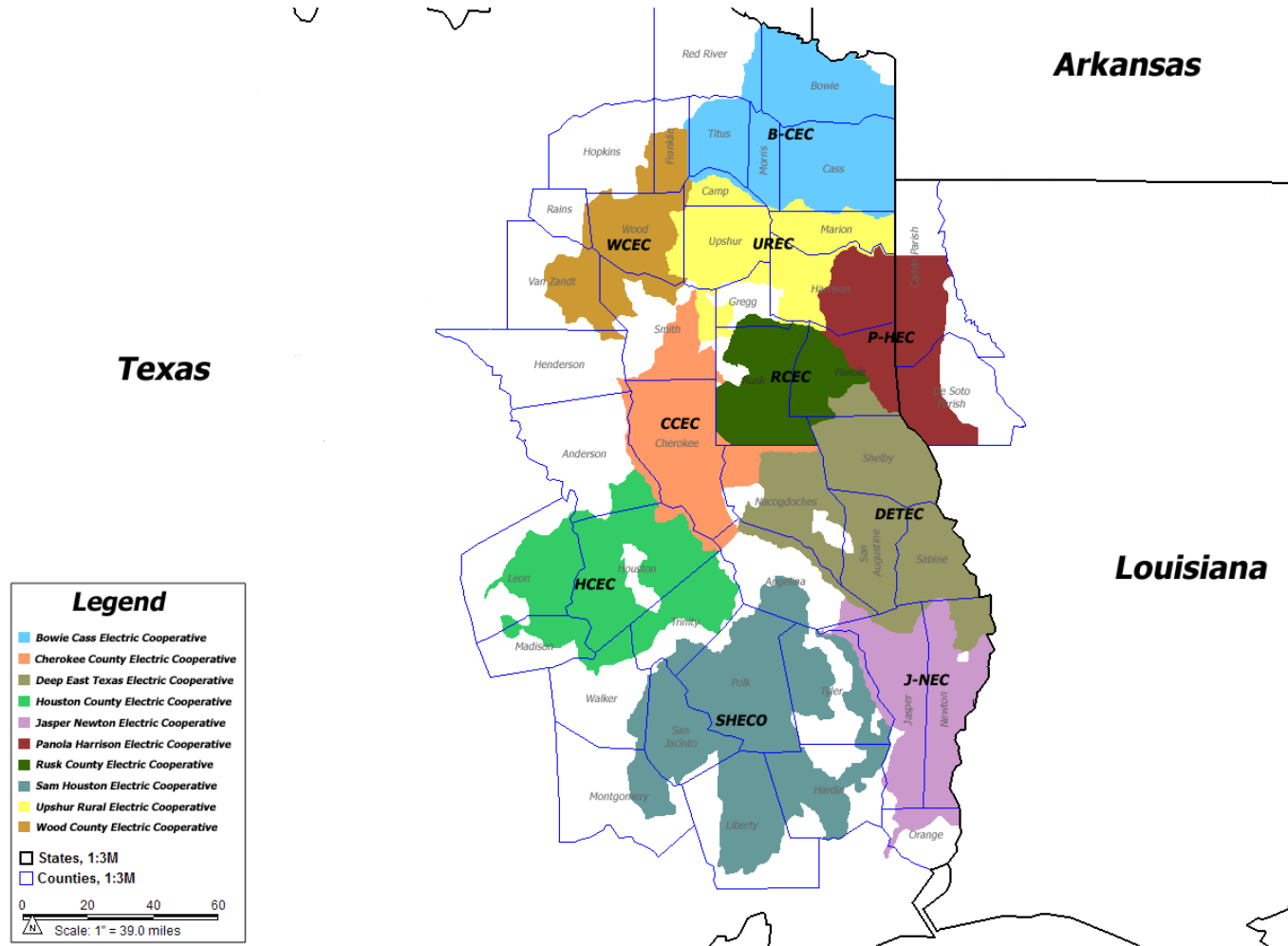
# Member Organizational Chart



## DISTRIBUTION MEMBERS

- Upshur Rural (URECC)
- Panola Harrison (PHEC)
- Bowie-Cass (BCEC)
- Wood County (WCEC)
- Rusk County (RCEC)
- Deep East (DETEC)
- Cherokee County (CCECA)
- Houston County (HCEC)
- Sam Houston (SHECO)
- Jasper-Newton (JNEC)

# G&T Service Territory



# Wholesale Power Contracts

- Uniform long-term all requirements contracts
- Expiration date of December 31, 2044
  - Not subject to early termination
- Unconditional obligation to pay rates sufficient to cover all operating and financing costs as well as working capital needs
- Distribution members serve 342,500 retail meters, with total member requirements of up to 7,000 GWh and 1,800 MW

# Regulatory Oversight

- Neither ETEC, nor any of its G&T and distribution members, are under PUCT jurisdiction for rate-setting purposes
- ETEC's wholesale rates are regulated by its Board and RUS
- Formulary rates are designed to recover costs plus equity enhancement

# Retail Competition

- Restructuring in the MISO & SPP areas of Texas has been delayed by State Legislature and PUCT
- Distribution cooperatives serving load in ERCOT have the right to opt-in for Retail Choice
  - Distribution members in ERCOT have chosen **NOT** to opt-in at this time
- ETEC's distribution members' retail rates competitive with local IOUs



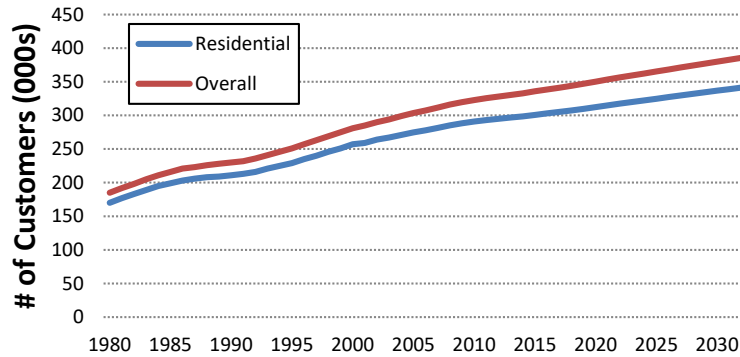
# G&T Customer Mix (2017)

<i>Meters</i>	Residential	Small C\I	Large C\I
ETEC	91.2%	8.4%	0.4%
NTEC	<u>87.6%</u>	<u>11.6%</u>	<u>0.8%</u>
Overall	89.5%	9.9%	0.6%

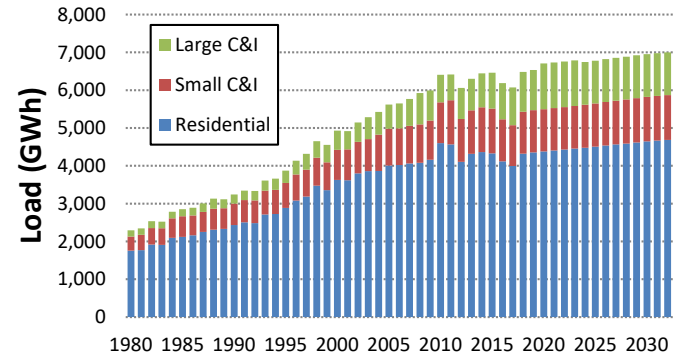
<i>Load</i>	Residential	Small C\I	Large C\I
ETEC	66.1%	16.5%	17.4%
NTEC	<u>64.8%</u>	<u>18.9%</u>	<u>16.3%</u>
Overall	65.5%	17.6%	16.9%

# Load Characteristics

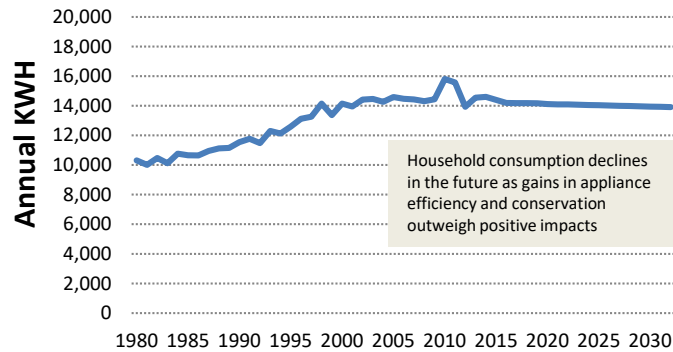
## Customer Growth



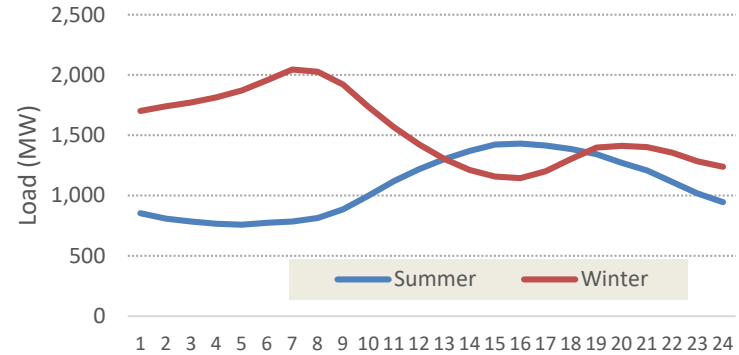
## Energy Sales



## Residential Use per Customer



## Peak Demand



# ETEC Financials

	2013	2014	2015	2016	2017	2018	2019
Assets (\$ million)	\$929.0	\$947.6	\$987.5	\$987.7	\$963.9	\$1,051.0	\$1,031.0
Debt (\$ million)	\$805.3	\$838.1	\$814.1	\$800.6	\$773.3	\$793.2	\$786.5
Equity (\$ million)	\$76.1	\$85.3	\$93.7	\$107.5	\$118.8	\$179.1	\$190.1
Op. Margins (\$ million)	\$8.0	\$6.3	\$4.0	\$5.7	\$4.7	\$3.1	\$6.1
Total Margins (\$ million)	\$10.8	\$10.3	\$8.2	\$10.4	\$10.2	\$9.2	\$11.0
TIER	1.34	1.31	1.26	1.30	1.34	1.32	1.39
DSC	1.17	1.26	1.17	1.24	1.14	1.13	1.13
Equity/Assets	8.2%	9.0%	9.5%	10.8%	12.3%	17.0%	18.4%

Note: 2013 - 2017 audited financials  
2018 unaudited financials  
2019 operating budget