



REQUEST FOR PROPOSALS FOR  
PUBLIC-PRIVATE PARTNERSHIP DEVELOPMENT  
TEAM FOR IMPLEMENTATION OF ENERGY DELIVERY  
SYSTEM FOR MUNICIPAL ELECTRIC UTILITY

## QUESTIONS and ANSWERS

**Q. Will Coachella underwrite the bonding in their name?**

**A. No.**

**Q. There is mention of right of way and easement expansion and use of eminent domain in the RFP and feasibility study. Has there been an analysis of existing land ownership and potential costs for the substations, transmission and distribution corridors? Are City of Coachella legal resources envisioned to be used to secure right of ways for the utility distribution and transmission lines?**

**A. The City would assist successful bidder in obtaining the required properties and ROW. Distribution system is assumed to be in City ROW. The costs for the system are embedded as unit costs and not available as separate line items**

**Q. What level of involvement is expected from city staff during implementation and operation of the utility? Will there be any city staff dedicated to the utility. Who is the POC and/or reporting lead from the city? Can further clarification be provided on vision and role for City employees in the utility, if any?**

**A. The City Council will be the utility governing board with support from the City Manager. While there is currently no plan to staff a utilities director, the City may choose to add staff at any time.**

**Q. What does the city involvement over time look like, from a contractual and governance perspective? Is there a board or city organization that defines policy or approves strategic planning?**

**A. The City Council is the governing body for the Municipal Utility.**



**Q. Are there any tasks or services explicitly excluded from the scope of work?**

**A. No.**

**Q. Is there a budget range or cap for this project that we should consider while preparing our proposal?**

**A. Rates must be lower than IID rates.**

**Q. Are there penalties or incentives tied to performance metrics, such as meeting deadlines or achieving specific outcomes?**

**A. The City anticipates that these will be addressed during contract negotiations. Provide proposed metrics, as desired.**

**Q. Are there opportunities to propose alternative solutions or innovative approaches beyond what is outlined in the RFP?**

**A. Yes.**

**Q. We are assuming this will be a city owned system, constructed and operated under a contract with the utility provider who will have the ability to recoup investments through rates. Is this a correct assumption?**

**A. Yes.**

**Q. Municipal Financing: does City of Coachella intend to issue the \$61 million in bonds to support the development of a municipal utility? Section 1 indicates Project Partner to Finance. Section 3.J suggests municipal bonding if financially feasible. Please clarify level of project progression, definition of financially feasible, related to vision if applicable.**



A. No

**Q. Financing: RFP indicates in Section 1, Paragraph 3 the desire for the contractor to finance and RFP calls for Public-Private-Partnership. This type of approach might imply an IOU vision. However, the remainder of the document highlights vision for municipal utility aside from intent to avoid financial contribution or debt issuance. If municipalization is intended, more favorable debt rates could occur but at risk to City of Coachella even if assurances are made. What degree of involvement/risk sharing is City of Coachella envisioning?**

A. The City is requesting proposals such that the City does not share in risk.

**Q. Would the electric Co-Op with representation from the served be an ownership option City of Coachella would consider?**

A. No this will be a municipal utility.

**Q. EES has investigated the IID transmission system and believes there is capacity for at least 40 MW in this portion of IID transmission system. However, IID has not confirmed that it has sufficient capacity available. (Page 12) What level of coordination and inquiry has taken place to ensure that capacity will be available. The RFP itself states, "IID has publicly indicated that there is no available capacity on its existing transmission to serve new load in the Development Area. This suggests a contradiction. Required Action: The proposal MUST include concrete evidence/commitments from IID confirming the availability of 40 MW of wheeling capacity. Is there any written confirmation of the availability? What analysis of the ATC (Available Transmission Capacity) data publicly available from IID's OASIS (Open Access Same-time Information System) has been done. If 40 MW is unavailable, the short-term ESA strategy is invalidated, and the project is immediately more expensive (requiring accelerated construction of the SCE intertie).**

A. Coordination or approval has not been undertaken. For purposes of the response, assume 40 MW is available and will be replaced by power from the proposed 230 kV source in the future.



- Q. Wheeling through OATT with IID is discussed as a primary strategy for the initial years of development. For physical infrastructure, has IID provided approval for interconnection of new 92 kV lines at Coachella Valley Substation? The stated assumption is 40MW of capacity is /will be available from IID for the duration of the project, or is this to be replaced with 230KV at some point?**
- A. Coordination or approval has not been undertaken. For purposes of the response, assume 40 MW is available and will be replace by power from the proposed 230 kV source in the future.
- Q. Does City of Coachella presently own the land for proposed Harrison and Polk Substations?**
- A. No
- Q. Does City of Coachella presently own land that could be used for energy storage and generation efforts?**
- A. The City has not set aside any land for these purposes at this time.
- Q. Is a breakdown of assumptions for the \$48.6 million in construction costs available (Table 3.1). Text indicates some level of land acquisition but difficult to evaluate if costs include land purchase costs for substations, new utility laydown yard, onsite generation areas, and utility right of ways to allow above-ground systems to be installed?**
- A. A cost breakdown is not available. Nevertheless, the cost for office and laydown yard is not included.
- Q. Does City of Coachella have a strategy in mind for obtaining access to the utility corridors necessary for this project?**



A. The study assumed that the system in the EDZ will be underground. Outside of EDZs the system will be overhead lines.

**Q. Does City of Coachella envision using existing land or land owned by City for the offices and laydown yard of the new utility?**

A. Please see other answers addressing this question.

**Q. Appears there is only two miles from SCE transmission line to proposed Polk Substation. Was construction of a substation along the SCE transmission corridor considered instead of starting with IID and proceeding to SCE over time?**

A. No

**Q. Is pro forma data and underlying assumptions associated with the Figure 4.1 retail rate summary for a Public Municipal Utility available? The LAFCO study suggests that IID rates are less than IOUs and others in CA while suggesting that older, less expensive hydro and other power contracts are being diluted as a result of load growth, leading to the rate increases being experienced. Since the new Public Municipal Utility is required to obtain only new generation sources, storage, renewables, reserve capacity, etc, then the underlying assumptions in the Public Municipal Utility pro forma seem particularly important to the proposal and managing expectations for rates from the new utility. New energy and capacity will most likely not be equal or less cost than legacy resources.**

A. See Attachment A for an annual pro forma.

**Q. Has IID indicated that it intends to no longer provide service and/or no longer provide service as the same cost for Coachella Valley Water District as Imperial Water District area electric customers following 2033?**

A. Beyond the scope of the RFP. Information provided as background.



- Q. Multiple documents refer to the 1934 agreement between the Coachella and Imperial Water Districts. Imperial is to provide payments for energy produced. Only 2017 for Coachella Valley Water District financials indicates such a payment from IID. Is the 1934 agreement still in place/in force?**
- A.** Beyond the scope of the RFP. Information provided as background.
- Q. Regarding the 1934 agreement between Coachella and Imperial Water Districts, are there any power allocations that will revert back to Coachella Valley Water District following 2033? What role, if any, is it envisioned the CVWD will have in the municipal utility long-term?**
- A.** Beyond the scope of the RFP. Information provided as background.
- Q. Is the purchase agreement between IID and California Electric Power Company in 1943 available, including the list of assets included in that transfer? Has a review of implications of this agreement on this municipalization effort been considered?**
- A.** Beyond the scope of the RFP. Information provided as background.
- Q. To what degree does the vision rely on market purchases of power on the CAISO market? Are there areas of land owned by City of Coachella Valley that could be used for power generation, energy storage facilities, and renewable energy? Are there lands beyond the City boundary that could be annexed or are being considered for annexation that can be included in energy planning?**
- A.** The study assumed CAISO costs but don't have to use CAISO in response. CAISO costs are included in addition to Wheeling.
- Q. Does City of Coachella Valley have input regarding the addition of natural gas turbines to their City (aside from RPS requirements). Has a location been determined for municipal utility self-generation in support of IRP? Has generation been evaluated outside of the RPS requirements and can that evaluation be provided to bidders?**



A. The City has not evaluated these topics and does not have additional information to share.

**Q. Please describe the vision for IID OATT access. To what degree is CAISO trading anticipated to occur in parallel with OATT access?**

A. Study assumed CAISO costs, but not necessarily required to use CAISO.

**Q. What level of CAISO participation and trading compliance is anticipated? A scheduler resource is mentioned in the feasibility study.**

A. Costs in study assume use of a scheduling coordinator.

**Q. Attachment C indicates a base-case assumption of 149,000 MWh. The graph found in figure 1.4 of the April 2024 study is close to \$0.20 per kWh for a total revenue of nearly \$30 million. The text prior to Table 1.1 indicates a load forecast of 191,000 MWh but only \$21 million in revenue, which would suggest an anticipated retail cost of electricity of \$0.11/kWh. Figure 2.2 appears to show consumption in Year 3 / 2027 closer to the 150 million kWh value. Figure 3.2 appears to show supply costs of approximately \$15 million. Please provide the supporting tables and assumptions of the April 2024 study so we can address such apparent differences and better align our response align with the study.**

A. Power Costs in year 3 are estimated at \$14.6 million for 150,000 MWh, or averaging \$95/MWh. These are based on projections at the time of the study. An annual pro forma is including showing average retail rate projections for the municipal utility.

**Q. Wheeling Rate Assumptions: The study uses IID's OATT rate of \$1.69/kW-month. (Page 15.) Is this applicable for the specific type of service Coachella would need (point-to-point, long-term firm, etc.)? OATT rates can vary significantly based on the service type and contract terms. Is there a formal rate quote from IID for the anticipated transmission service?**

A. No formal rate quote has been provided by IID. The study utilized a published rated.



- Q. SCE Interconnection and Transmission Costs – Study Claim: Once the 230kV interconnection with the SCE system is complete with accompanying transmission lines, the Municipal Utility would pay SCE’s high-voltage wheeling rate. This rate is currently \$14.4157/MWh. (Page 15.) Is this high-voltage wheeling rate simply a wheeling charge, or does it also incorporate other CAISO-related charges? Are CAISO costs included separately? The cost of the 230kV interconnection itself is a significant CAPEX item (\$32.7M in Year 5). The study accounts for this CAPEX but doesn't fully detail all potential ongoing costs associated with the interconnection (e.g., CAISO grid management charges, ancillary services). Please provide clarification from SCE about the components of the \$14.4157/MWh rate. Does it include or exclude CAISO charges? Are the assumptions exclusively for 230 kV at the Coachella valley substations, or other possible substations or transmission lines near the Coachella area?**
- A.** SCE wheeling costs from OATT included, as well as some CAISO costs. The power supplier is able to use any power provider they deem appropriate.
- Q. Load Forecasts and Rate Projections – Study Claim: IID rates are forecast to increase by 5% which is a conservative assumption and Figure 1.4 shows that once there is sufficient load growth, the municipal utility can offer lower rates compared with forecast IID rates. (Page 5 and 19.) The 5% IID rate increase assumption, while stated as conservative, needs to be robustly justified. What is the basis for this projection? (IID IRP data? Historical trends?) If the rate increases are lower, the entire financial feasibility changes. The study hinges on achieving sufficient load growth to provide cost-competitive rates. The EDZ is largely undeveloped, and there's inherent risk in relying on cannabis-related loads. Has there been a sensitivity analysis conducted to determine the minimum load required to achieve rate competitiveness under different IID rate increase scenarios?**
- A.** IID recently approved new retail rates through 2028. The base rate increase averages 9.6% per year for large general service and 19.4% per year for residential. Rates may continue to be adjusted upward during this time through IID's Energy Cost Adjustment. The rates can be found: <https://www.iid.com/power/rates-regulations/rate-update>

Page 19 of the feasibility study provides the results of the sensitivity analysis and thresholds.



- Q. O&M Cost Estimates: Distribution O&M costs were estimated by looking at comparable preference utilities. (Page 15.) Are they truly comparable in terms of system size, customer density, geographic characteristics, etc.? How were the "comparable" utilities selected. Is there a more granular O&M cost analysis, breaking down costs by function (e.g., line maintenance, substation maintenance, vegetation management). Were these estimates based on city employees operating the system or contractor?**
- A.** Proprietary database for O&M costs for municipal utility systems. Relevant data included customer count ranging from 100 to 3,000 service accounts. Loads ranged from 6,000 MWh to 55,000 MWh.