

# Northern States Power Company

## Request For C-BED Wind Proposals

January 21, 2009

### Introduction

Northern States Power Company, a Minnesota Corporation (“NSP” or “Company”), is seeking proposals for 20-year Power Purchase Agreements (“C-BED REPA”) through issuance of this Request for Proposals (“RFP”) for Minnesota Community-Based Energy Development (C-BED) wind projects.

The Company is seeking proposals that satisfy all of the proposal requirements described in this RFP document. **Proposals are due on February 20, 2009.**

### Legislative/Regulatory Context

Pursuant to Minnesota Statute §216B.1612 (“C-BED Statute”), NSP is seeking proposals for new Minnesota wind generation resources to be in commercial operation by December 31, 2010. NSP will seek regulatory approvals for any resulting power purchase agreements from the Minnesota Public Utilities Commission (MPUC) according to the C-BED Statute provisions.

### Eligible Resources

For purposes of this RFP, a resource will be considered eligible for consideration if (i) the proposed project meets the Minnesota C-BED eligibility requirements described in the C-BED Statute, (ii) it is a wind-energy generation facility, (iii) is located in Minnesota, and (iv) satisfies the pricing and interconnection requirements of this RFP. Only C-BED eligible resources will be considered under this solicitation.

### Pricing

The C-BED Statute currently states that the tariff must provide for pricing for a C-BED project that is “higher in the first ten years of the C-BED REPA than in the last ten years”. For purposes of calculating the net present value of an equivalent levelized pricing stream, bidders should assume an NSP discount rate of 7.41%. For clarity, the determining criteria for C-BED qualification is the project ownership structure as outlined in the C-BED Statute Section 1, Subdivision 2 and therefore bidders can propose pricing structures that are not front-loaded.

Bidders must provide a breakdown of transmission costs associated with their

proposal, including detailed pricing assumptions for direct interconnection costs, network upgrades, system protection facilities, and contingent transmission costs.

**Bidders must provide pricing both with and without consideration of the Federal production tax credit (“PTC”). Proposals submitted without both pricing streams will be considered incomplete.**

Selected C-BED projects will sell renewable energy (including all associated attributes) to NSP under a 20-year Renewable Energy Purchase Agreement (“C-BED REPA”). NSP will develop C-BED REPAs with bidders selected through this solicitation. Two Model C-BED REPAs will be made available on the Xcel Energy website several days after the issuance of this RFP:

[xcelenergy.com/RFP](http://xcelenergy.com/RFP) to familiarize bidders with the terms and conditions under which NSP purchases wind power. Proposals for less than 20 MW nameplate wind capacity are directed to use the Small Wind Model and proposals that are 20 MW or larger are directed to use the Large Wind Model. Note the Security provisions are described in Article 7 of the Small Wind Model and Article 11 of the Large Wind Model. Due to certain provisions, bidders are strongly encouraged to review the Model C-BED REPA forms, including but not limited to the Security provisions, which could impact proposal pricing. In addition, NSP is interested to hear from bidders if there are specific provisions of the model contracts that are potential concerns relating to project development or project viability at this time.

#### Delivery and Interconnection

The proposed wind generating units must be physically located in the State of Minnesota and the Point of Delivery shall be at a location within the Midwest Independent System Operator's (Midwest ISO's) operational control.

Bidder shall be responsible for paying all Midwest ISO costs associated with an interconnection request. Bidder will also be responsible for the cost of all direct interconnection costs and those costs should be embedded in the cost of Renewable Energy in the bid. The cost of network upgrades for which Bidder is not entitled to reimbursement under their interconnection agreement should be included in the Renewable Energy price. Bidders shall identify and quantify (to the extent possible) any unknown or contingent network upgrade costs that they are aware of associated with interconnecting their project. Bidder shall provide the applicable Midwest ISO Generation queue number in their proposal as well as other interconnection information as described below under Tab 5, Interconnection.

**In order of preference, the Company will consider proposals for projects with the following:**

- (i) Signed Midwest ISO Generator interconnection agreement**
- (ii) Completed Midwest ISO facility study,**
- (iii) Assigned to the Midwest ISO Definitive Planning Phase**
- (iv) Midwest ISO System Planning and Analysis Phase study results indicating project will qualify for Definitive Planning Phase**
- (v) Interconnecting at distribution level voltage**

Bid evaluation will give priority to those proposals that have an existing interconnection agreement or approved plan to be interconnected at distribution voltage, followed by those projects that are the furthest advanced in Midwest ISO's Generation Interconnection Process.

A successful bidder will be required to provide a letter of Voluntary Consent authorizing communication between the NSP Wholesale Merchant Function and the transmission owner/provider in accordance with 18 CFR 358.5 (b)(4) (FERC Order No. 2004 et seq.).

The following is a link to a web page containing notices of Voluntary Consents previously provided to NSP.

{ [HYPERLINK "http://www.rmao.com/xfpp/nsp\\_sf\\_postings/FERC-TPSOC-NSP-WrittenConsents.pdf"](http://www.rmao.com/xfpp/nsp_sf_postings/FERC-TPSOC-NSP-WrittenConsents.pdf) }

Bidder shall arrange and be solely responsible for all costs associated with the delivery of energy to the point of interconnection with the Midwest ISO member system. Bidder shall also be responsible for all losses incurred in transmitting energy from Facility to the point of interconnection.

As a part of the bid evaluation, NSP will estimate the relative risk of compensated curtailment (on terms consistent with the Model C-BED REPAs) of projects both in expected frequency and level of curtailment and expected cost to NSP and its customers. These estimates will be done by employees who are familiar with these transmission systems but who are outside of the transmission organization and the estimates will be made without the benefit of Midwest ISO system impact studies, unless such studies have already be done. Proposed projects with high risks of curtailment are less desirable as they will increase potential cost.

When applicable, the Company is willing to consider accepting the vendor's risk of cost responsibility for future unknown transmission improvements resulting from their queue position as higher queued projects are interconnected to the Transmission System or withdraw from the interconnection queue "Contingent Obligations". In the November 10, 2008 Order under Docket E-002/M-08-516, the MPUC stated that they would evaluate this type of pass-through of Contingent Obligations on a case-by-case basis along with the remainder of any purchase power agreements submitted for MPUC approval. If the Bidder is requesting to include this type of provision for their proposed project, they should

indicate this request in their proposal along with any details of the type of possible transmission upgrades, range of cost estimates, etc.

The Company reserves the right to request additional information or clarification on or pertaining to issues related to queue position, including the cost of maintaining a queue position.

Schedule (Estimated and subject to change)

NSP's objective is to complete the evaluation, identification and negotiation of selected proposals as set forth below.

RFP Issued by NSP	January 21, 2009	
Proposals for New Projects Due to NSP	February 20, 2009	
Evaluation, Clarifications, Due Diligence, Negotiations	February – April, 2009	
C-BED REPA(s) submitted to MPUC for approval	May, 2009	
Latest Desired Commercial Operation by	December 31, 2010	

Pre-Bid Information

Prior to the submittal of proposals, prospective bidders may contact Rick Peterson with questions related to proposal submittal requirements:

Rick Peterson

Telephone: (612) 330-5831

\* E-mail address: { HYPERLINK "mailto:" }{ HYPERLINK "mailto:richard.d.peterson@xcelenergy.com" }

If Rick Peterson is unavailable, you may contact Alissa Oppenheimer at (612) 330-7543 ( { HYPERLINK "mailto:alissa.j.oppenheimer@xcelenergy.com" } )

\* *E-mailing is the preferred method of contact.*

Proposal Submittal

For each new proposal submitted, bidders must provide a complete, signed original proposal as well as three paper copies and one CD-ROM copy of all bid documents delivered to the following designated NSP contact person no later than 5:00 PM Central Standard Time on February 20, 2009,

Rick Peterson  
Resource Analyst  
414 Nicollet Mall (Marquette Plaza Suite 720)  
Minneapolis, Minnesota 55401

Attention: NSP 2009 C-BED RFP Proposal

Each proposal must be physically delivered to Rick Peterson or Alissa Oppenheimer by the bid deadline by hand, courier, registered mail or certified package delivery service. **Faxes and E-mails are not acceptable means of bid submittal.**

#### Proposal Clarification Questions

NSP may e-mail proposal clarification questions to bidders. Bidders will be expected to provide an e-mail response or other written response to such clarification questions within 5 business days.

#### Due Diligence Meetings

NSP may conduct due diligence meetings. The purpose of these meetings will be to review proposal details, including, without limitation, issues related to selected equipment, land/site, permits, transmission, development experience, financial background and capability and similar issues. Bidders may be asked at these meetings or via follow-up e-mails to provide additional information to NSP. Bidders will be expected to provide an e-mail response to such due diligence questions within 5 business days.

**Interconnection and turbine availability will get considerable attention during due diligence. Bidders should be prepared for that attention.**

#### C-BED REPA Negotiations

NSP will conduct C-BED REPA negotiations with bidders whose proposals the Company believes can provide the best value to our customers. At the Company's sole discretion, C-BED REPA negotiations may be terminated for lack of progress or timely conclusion.

#### List of Attachments

- Form R: Delivery Arrangements
- C-BED Affirmation

#### Representations

Prior to the execution of a C-BED REPA, NSP reserves the right at any time to:

- Accept or reject any proposals not received on or before the due date specified;
- Accept late or non-conforming proposals;
- Reject any or all proposals;
- Obtain clarification from bidders concerning proposals;
- Request from a bidder, information that is not explicitly stated in this document;
- Negotiate with other than the lowest nominal priced proposal(s);
- Consider, evaluate and weigh factors relative to bids in NSP's sole discretion; and
- Terminate the RFP.

### Confidentiality

Bidders should clearly identify each page and piece of information claimed by bidder to be confidential, trade secret or non-public. Submittal must include justification for a claim of information having non-public status.

### **Proposal Submittal Requirements**

A complete proposal will include one original and three additional copies, plus one electronic version on CD-ROM, assembled in the following format:

- *Tab 1 - Executive Summary:* Provide a project summary and overview.
- *Tab 2 – Project Description and Support Information:* Include specific project name, site location by Section(s), Township(s) and Range(s). Include project site maps illustrating the physical location as related to other area features. Also include any other pertinent support materials (i.e. – acknowledgement of local governmental support).
- *Tab 3 - Pricing:* Proposals must clearly specify all pricing terms and comply with Minn. Stat. §216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through 162). Any and all indexed prices and/or price escalations must be

fully explained. **Bidders must offer pricing valid through the September 1, 2009. Indicative pricing is not acceptable.**

**Bidders must provide pricing both with and without consideration of the Federal production tax credit.**

- **Tab 4 – Turbine Availability:** Proposals must include discussion of the status of wind turbine availability and a specific schedule of anticipated activities necessary to acquire said turbines. The schedule should identify decision and equipment deposit deadlines
  
- **Tab 5 – Interconnection:** Describe the planned interconnection site by Section(s), Township(s) and Range(s) and illustrate as related to other area features. In addition, provide the actual point of interconnection, including substation name, voltage level, or if tapping and existing line, the line voltage level and substations located on each end of the tap point. This tab should include a completed Form R, Delivery Requirements (see attached form). Bidder shall provide all of the following information with their proposal:
  - Copies of all interconnection requests filed with Midwest ISO or other regional transmission organizations relevant to the bid.
  - Copies of all documentation evidencing the status of the proposed projects: (i) feasibility study; (ii) system impact study; and / or (iii) facility study or links to the documents on the Midwest ISO website.
  - Copies of the executed interconnection agreement, or unexecuted interconnection agreement draft.
  - Financial analysis relating to any costs to be incurred with regard to the interconnection agreement, including cost of installing the direct (and unreimbursed) interconnection facilities, the unreimbursed portion of any network upgrades that have been identified, and a discussion of any unknown or contingent network upgrades for which the project may be responsible;
  - Detailed discussion of the issues surrounding expected curtailments pertaining to the project.
  
- **Tab 6 – Affirmation:** Complete the attached C-BED Affirmation acknowledging the proposed project meets the C-BED Statute ownership and project

qualifications contained in Minn. Stat. §216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through 162).

## **Attachments**

- C-BED Affirmation
- Notice of Customer Voluntary Written Consent

# **TAB 5**

## **Interconnection**

Describe the planned interconnection site by Section(s), Township(s) and Range(s) and illustrate as related to other area features. In addition, provide the actual point of interconnection, including substation name, voltage level, or if tapping and existing line, the line voltage level and substations located on each end of the tap point. This tab should include a completed Form R, Delivery Requirements (see attached form). Bidder shall provide all of the following information with their proposal:

- Copies of all interconnection requests filed with Midwest ISO or other regional transmission organizations relevant to the bid.
- Midwest ISO queue number and G number.
- Copies of all documentation evidencing the status of the proposed projects: (i) feasibility study; (ii) system impact study; and / or (iii) facility study or links to the documents on the Midwest ISO website.
- Copies of the executed interconnection agreement, or unexecuted interconnection agreement draft.
- Financial analysis relating to any costs to be incurred with regard to the interconnection agreement, including cost of installing the direct (and unreimbursed) interconnection facilities, the unreimbursed portion of any network upgrades that have been identified, and a discussion of any unknown or contingent network upgrades for which the project may be responsible;
- Detailed discussion of the issues surrounding expected curtailments pertaining to the project.

# TAB 6

## Community Based Energy Development (C-BED) Affirmation

As an authorized agent or representative for \_\_\_\_\_,  
I acknowledge and confirm that this C-BED wind project proposal as  
submitted to Northern States Power meets the C-BED Statute  
ownership and project qualifications contained in Minn. Stat.  
§216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through  
162).

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date: \_\_\_\_\_

# Northern States Power Company

## Notice of Customer Voluntary Written Consent

The FERC Standards of Conduct Regulations 18CFR Part 358.5(b)(4) states that a non-affiliated transmission customer may voluntarily consent, in writing, to allow the Transmission Owner and/or Transmission Provider (Midwest Independent System Operator, or Midwest ISO) to share the non-affiliated customer's information with a Marketing or Energy Affiliate which in this case is the Merchant Function of Northern States Power Company, a Minnesota Corporation. The Transmission Owner and/or Transmission Provider must post notice on the OASIS or a similar Internet website that consent has been given, along with a statement that the Transmission Owner and/or Transmission Provider did not provide any preferences, either operational or rate-related, in exchange for that voluntary consent.

Signature of this form by the project developer serves as voluntary written consent allowing the Northern States Power Company Wholesale Merchant Function to engage in non-public transmission/interconnection related discussions associated with the existing and a possible future power purchase agreement between Northern States Power Company and the project developer. Xcel Energy will maintain and protect the confidentiality of all information received from the Transmission Owner and/or Transmission Provider pertaining to the project developer's transmission/interconnection facilities.

**Project Developer:**

\_\_\_\_\_ {  
**FILLIN \\* MERGEFORMAT }**

**Project Description for which written consent is given:**

\_\_\_\_\_

**Signed:**

\_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Title:**

\_\_\_\_\_

**Date:** \_\_\_\_\_

Please send a signed written consent letter to the Transmission Owner and/or Transmission Provider and a copy to the Northern States Power Company Wholesale Merchant Function contact below:

**Transmission Owner**

To be identified by Project Developer

**Transmission Provider**

Website link: { HYPERLINK  
"http://www.midwestmarket.org/page/Generator+Interconnection" }

**Northern States Power Company Wholesale Merchant Function**

Tom McDonough  
Manager, Transmission Access  
414 Nicollet Mall (Marquette Plaza Suite 700)  
Minneapolis, Minnesota 55401  
(612) 337-2258