Xcel Energy

Renewable Development Fund
Request For Proposals

4th Funding Cycle

Issued February 15, 2013

Proposals Due
April 1, 2013
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>II. RDF Background</td>
<td>1</td>
</tr>
<tr>
<td>III. Submission of Proposals</td>
<td>2</td>
</tr>
<tr>
<td>Schedule</td>
<td>2</td>
</tr>
<tr>
<td>Correspondence</td>
<td>2</td>
</tr>
<tr>
<td>Proposal Submittal</td>
<td>3</td>
</tr>
<tr>
<td>IV. Eligibility Requirements</td>
<td>3</td>
</tr>
<tr>
<td>Overview</td>
<td>3</td>
</tr>
<tr>
<td>Approval of Selected Projects</td>
<td>4</td>
</tr>
<tr>
<td>Contract Modifications and Contracting Parties</td>
<td>5</td>
</tr>
<tr>
<td>Eligibility Screening Criteria</td>
<td>6</td>
</tr>
<tr>
<td>Project Types</td>
<td>7</td>
</tr>
<tr>
<td>Ineligible Proposals</td>
<td>9</td>
</tr>
<tr>
<td>V. RDF Funding Levels</td>
<td>10</td>
</tr>
<tr>
<td>VI. Electricity Sales to Xcel Energy</td>
<td>11</td>
</tr>
<tr>
<td>VII. Intellectual Property Matters</td>
<td>13</td>
</tr>
<tr>
<td>VII. Xcel Energy’s Rights and Obligations</td>
<td>13</td>
</tr>
<tr>
<td>IX. Proposal Selection</td>
<td>13</td>
</tr>
<tr>
<td>X. Proposal Format</td>
<td>14</td>
</tr>
<tr>
<td>Section 1 - Scope of Work</td>
<td>15</td>
</tr>
<tr>
<td>Section 2 - Technical Aspects</td>
<td>17</td>
</tr>
<tr>
<td>Section 3 - Project Benefits</td>
<td>23</td>
</tr>
<tr>
<td>Section 4 – Use of Project Funds</td>
<td>24</td>
</tr>
<tr>
<td>XI. Eligibility Evaluation and Technical Scoring Process</td>
<td>26</td>
</tr>
<tr>
<td>Eligibility Screening Criteria</td>
<td>26</td>
</tr>
<tr>
<td>Technical Evaluation Criteria</td>
<td>26</td>
</tr>
<tr>
<td>Project Ranking and Selection</td>
<td>32</td>
</tr>
</tbody>
</table>

**Appendix A**
- Grant Application Form - Research and Development
- Grant Application Form - Energy Production

**Appendix B** – Budget Form

**Appendix C** – Grant Contract Terms and Conditions

**Appendix D** – Proposed Contract Modification Form
Request for Proposals  
Xcel Energy Renewable Development Fund  
February 15, 2013

I. Introduction

Northern States Power Company, doing business as Xcel Energy (the “Company” or “Xcel Energy”), is seeking proposals for projects to be funded from Xcel Energy’s Renewable Development Fund (“RDF”). This Request for Proposal (“RFP”) provides guidelines for preparing requests, describes how proposals will be evaluated, and explains how the Fund will be administered. Proposals are due April 1, 2013.

II. RDF Background

The RDF was established in 1994 by the Minnesota legislature. Project funding is provided solely by Minnesota and Wisconsin electric customers of Xcel Energy. Expenditure of RDF funds is authorized by the Minnesota Public Utility Commission (“MPUC”) and administered by Xcel Energy. An RDF advisory group, formerly known as the Advisory Board, is consulted with respect to the general scope of expenditures in designing this RFP and in evaluating projects submitted in response to this RFP.

Minnesota Statute, Section 116C.779 prescribes the types of expenditures for which RDF funds may be used: (1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs; (2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state; (3) to stimulate research and development within the state into renewable electric energy technologies; and (4) to develop near-commercial and demonstration scale renewable electric projects or near-commercial and demonstration scale electric infrastructure delivery projects if those delivery projects enhance the delivery of renewable electric energy. Results of RDF projects must be made available to the public.

Consistent with this legislative mandate, and upon approval of the MPUC, Xcel Energy is providing this RFP to solicit projects in these categories as more specifically identified herein.
III. Submission of Proposals

**Schedule**

The following schedule shows estimated timelines for implementing the 4th round of RDF funding. This schedule may be subject to extension as required.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xcel Energy issues RFP</td>
<td>February 15, 2013</td>
</tr>
<tr>
<td>Pre-bid Conference</td>
<td>March 11, 2013</td>
</tr>
<tr>
<td>Proposals Due</td>
<td>April 1, 2013</td>
</tr>
<tr>
<td>Xcel Energy submits to the MPUC proposals selected for funding</td>
<td>July 1, 2013</td>
</tr>
<tr>
<td>MPUC issues decisions selection report</td>
<td>October 1, 2013</td>
</tr>
<tr>
<td>Grant Contract Negotiation Complete</td>
<td>January 1, 2014</td>
</tr>
</tbody>
</table>

**Correspondence**

Proposals should be mailed to:

Xcel Energy – Renewable Development Fund  
414 Nicollet Mall – GO 7  
Minneapolis, MN  55401-1993  
Attention: Mark Ritter

Walk-in proposals can be hand-delivered to the lobby attendant on duty at:

414 Nicollet Mall, Main Lobby Desk

Questions about this RFP should be submitted in writing to Mark Ritter via fax at (612) 330-7601, or email at mark.g.ritter@xcelenergy.com.
A pre-bid conference will be held to answer questions about the 4th cycle. The conference will be at:

- **Time:** 10:00 A.M
- **Date:** March 11, 2013
- **Place:** Xcel Energy General Office
  414 Nicollet Mall
  Lower Level, Bay 1
  Minneapolis, MN  55401

**Proposal Submittal**

- Proposals will be accepted until 4:00 P.M. CDT on April 1, 2013.
- Applicants must submit twelve (12) copies of their proposal. If possible, please include an electronic pdf version of the proposal.
- All proposals must include a completed Grant Application Form (included in Appendix A of this RFP) signed by the person who is authorized to sign contracts for the organization.
- Applicants must follow the proposal format and requirements described in Section X of this RFP.
- All proposals should bear the following marking on the outside of each transmittal package: “Xcel Energy RDF Proposal”

**IV. Eligibility Requirements**

There are no restrictions on who may apply for an RDF grant, except other electric utilities, including investor-owned utilities, rural electric cooperatives and municipal electric utilities are not eligible entities.

**Overview**

The overall goal of this RFP will be to fund:
- Near commercial-scale demonstration projects that produce and/or deliver renewable electric energy;
• Renewable energy projects that will increase the market penetration of renewable electric energy in the state at reasonable cost; and
• Projects to stimulate research and development into renewable energy technologies within the state.

➢ A preference will be provided to eligible projects supported by the Prairie Island Indian Community. For further information about partnership opportunity with the Community, please contact:
  Phil Mahowald, General Counsel
  Prairie Island Indian Community
  5636 Sturgeon Lake Road
  Welch, MN  55089
  pmahowald@piic.org

➢ A preference will be provided to eligible projects located within the Energy Innovation Corridor (“EIC”). The EIC area extends approximately one-quarter mile on either side of the 11-mile Central Corridor light rail transit route, from downtown Saint Paul to Target Field in downtown Minneapolis.

➢ A preference will be given to projects structured to receive RDF grant disbursements as a lump-sum payment at the conclusion of the project.

➢ A preference will be given to development of renewable electric energy production (EP) projects located within Xcel Energy’s service territories in Minnesota and Wisconsin; however, EP projects can be located anywhere within the state of Minnesota and Wisconsin.

➢ A preference will be provided to research and development (RD) projects that demonstrate a high likelihood of royalty returns and propose a larger royalty ratio.

➢ A preference will be provided for projects sponsored by a K-12 school or local unit of government to construct a solar photovoltaic facility.

➢ For anaerobic digester systems, a preference will be given to projects that propose to use non-agricultural residues for a feedstock.

Approval of Selected Projects

The Minnesota Public Utilities Commission must approve grant awards for projects recommended for funding by Xcel Energy, with the advice of the advisory group. At the discretion of the MPUC, prior to formal MPUC consideration of Xcel Energy’s final project selection, Xcel Energy shall organize a question-an-answer session for the MPUC with stakeholders, potential grantees selected by Xcel Energy, and members of the RDF advisory group. The MPUC may approve, disapprove or, with the concurrence of Xcel Energy, modify a
proposal. If the MPUC disapproves or seeks to modify a particular project, Xcel Energy reserves the right to, in its sole discretion:

- Request the MPUC reconsider its decision;
- Replace the disapproved proposal with an alternate proposal; or
- Work with the project sponsor to appropriately modify the proposed project.

**Contract Modifications and Contracting Parties**

Xcel Energy has requested the attached Standard Grant Contract Terms and Conditions be approved by the MPUC (See Appendix C). Xcel Energy prefers that all sponsors of selected project enter into the attached Standard Grant Contract Terms and Conditions (except for the contract attachments which are project specific). Projects whose sponsors are prepared to enter into the Standard Grant Contract Terms and Conditions will have an expedited contract approval process to allow project activity to begin quicker. Please review the attached contracts carefully.

Proposed modifications to the Grant Contract Terms and Conditions must be identified in Appendix D – “Proposed Modifications to Grant Contract Terms and Conditions.” Only contract modifications identified in the original grant application submitted in response to this RFP will be considered. The submission of a contract modification does not imply acceptance of the proposed modification. The proposed modification will be reviewed by Xcel Energy to determine its acceptability. Contract modifications may make a proposal ineligible to receive a grand award. Any proposal that includes a contract modification that is unacceptable, for whatever reason, may result in the removal of the proposal for further review and consideration.

We are imposing this restriction on contract modifications as a result of lessons learned from previous RDF funding cycles. Xcel Energy is making efforts to minimize grant negotiation time and simplify contract administration. Adherence to the standard 4th Cycle RDF Grant Contract Terms and Conditions and the previously stated contract modification process reduces administrative costs; allows the due diligence review process to be expedited, speeds the disbursement of RDF funds and reduces administration costs. Xcel Energy anticipates that upon MPUC approval of the standard contract language, the grant contract will be in effect upon the execution of both parties to the contract, if no modifications are requested. RDF grant contracts for which modifications
have been requested and accepted by the Company will require submission, review and approval by the MPUC before taking affect.

Applicants should be aware that grant recipients will not be allowed to substitute other contracts in place of the standard RDF grant contract. Nor will any contract modifications be allowed if they significantly alter risk allocations between Xcel Energy and the contractor.

Except for certain Energy Production projects, as described below, Xcel Energy will only contract with the applicant for a grant. In other words, the applicant as it appears on the grant application must be the party to the grant contract if that project is selected. Xcel Energy will only accept grants submitted by a single applicant; no applications identifying more than one applicant will be accepted. For those projects where several entities will be providing services or participating, please give due consideration to which entity should apply for the RDF grant. Xcel Energy reserves the right to require third parties that are providing integral services or funding for any proposed project to execute appropriate guarantees of performance.

For Energy Production projects, Xcel Energy, subject to Commission approval as appropriate, may contract with a special purpose project entity provided that such project entity is (1) wholly owned by the applicant and (2) the applicant (and other corporate parents and affiliates as deemed reasonably necessary by Xcel Energy) execute a guarantee agreement guaranteeing the project entity’s performance of the Grant Contract.

Please review the grant contracts attached to this RFP carefully and please be fully aware of all provisions regarding change of ownership and control as well as assignment of the grant contract prior to submitting an application.

**Eligibility Screening Criteria**

In the screening process, the evaluation team may eliminate any proposals that do not provide adequate information to allow a more quantitative review. Responses to this RFP should address the following questions:

- Does the proposal include all of the submittal information listed in Section X Proposal Format?
- Does the proposal describe the focus of the project, the goals and objectives to be achieved, and the products that will result from successful completion?
- Does the proposal contain a budget that identifies (1) the total amount of funding being requested from the Renewable Development Fund for each
year of the contract, (2) the overall project cost (including any matching funds), and (3) a narrative describing how the RDF funds will be expended in relation to the stated objectives, milestones, and products to be developed?

- Does the proposal describe how the proposed project will advance the market penetration of renewable electric energy technology?
- Does the proposal identify the institution sponsoring the project, if any, and its capabilities, as well as the people making up the project team, their individual responsibilities in conducting the work, and their skills and experience in the technical areas being addressed?
- Does the proposal describe the communication, project tracking and budget management techniques that will be used to manage project work efforts?
- Is the proposal consistent with Minnesota Statute, Section 116C.779, as amended?

Only one project per Xcel Energy customer location may receive an RDF grant award. Any applicant that received a grant award through prior RDF funding cycles will not be eligible for additional funding to support activities for scope of work yet to be completed for the prior selected projects. However, applicants that received funding through prior RDF funding cycles may submit requests for funding in this solicitation provided that the proposal is for a new and distinctly different project, or to advance a previously developed project which has been completed under a prior RDF grant contract.

Xcel Energy reserves the right to withdraw this RFP or adjust amounts available for grants during this funding cycle. There is no maximum grant amount but proposals that include cost-sharing are preferred.

**Project Types**

The RDF will be funding two categories of projects – Energy Production (“EP”) and Research & Development (“RD”).

**Energy Production (EP)**

Energy Production projects are those projects whose main objective is to produce or more efficiently and innovatively deliver renewable electric energy. The objective of the EP category is to facilitate the development of new near-commercial and demonstration scale renewable electric projects in Minnesota that produce and/or deliver renewable electric energy, as well as renewable energy projects that will increase the market penetration of electric energy resources within the state.
In supporting Energy Production projects, Xcel Energy hopes to provide sufficient funding to lower the cost to produce energy so that it any electric output of the project may be cost competitive when measured against the benchmark of Xcel Energy’s avoided costs. It is expected that selected projects will facilitate the movement of renewables into the energy marketplace and eventually result in installations of renewable technologies that are not currently commercially viable. These RDF-sponsored projects are not meant to subsidize commercial renewable installations, but to narrow the competitive gap for emerging technologies. A new renewable project is considered to be either a newly constructed renewable energy facility or a refurbishment of an existing generation facility that results in an increase in the production of renewable energy.

It should be noted that power purchase agreements (PPAs) and interconnection agreements (when required) are separate agreements to be negotiated with Xcel Energy and are not negotiated with Xcel Energy’s RDF staff. The receipt of an RDF Grant does not relieve a grantee from complying with all interconnection rules and payment of costs nor does it impose upon Xcel Energy an affirmative duty to purchase the output of any facility. Xcel Energy will consider signing power purchase agreements for a term of up to 15 years only upon the successful negotiation of mutually agreeable, commercially reasonable, and prudent terms.

- Eligible renewable electric energy production technologies can be biomass-based generation, small wind technology (less than 1,000 kW per site), performance testing of innovative wind technology, solar PV systems (between 100 – 1,000 kW per site), solar electric systems, hydroelectric power, and anaerobic digester systems.
- Deployment of solar PV technology may feature a performance-based incentive offering and Xcel Energy-owned systems.
- Biomass projects must meet the Minnesota statutory definition for a renewable energy fuel in Minn. Stat. 216B.1691, subd. 1.
- Projects developed for self-generation may be located anywhere within Minnesota and Wisconsin. A preference will be given to self-generation projects that are located in Xcel Energy’s Minnesota and Wisconsin service territory.
- Projects proposing to sell energy must also be able to deliver that energy to Xcel Energy.
- Self-generation projects should be sized as closely as possible to produce no more electricity than can be consumed on-site. Any excess electrical output may be sold to Xcel Energy under any applicable and available tariff.
All renewable energy credits generated by a Cycle 4 project will be owned by Xcel Energy.

Research and Development (RD)

Research and Development projects are those projects that research innovative renewable energy technologies, including more efficient renewable electric energy delivery technologies. The objective of the RD category is to assist in moving technologies along the path towards commercial introduction and production. The primary objective of research projects is to test a hypothesis or the marketability and application of an electric energy-related technology. Electric generation may be a by-product of the research. Emphasis will be given to technologies in the later stages of development and testing.

- Eligible renewable electric energy technologies for which research may be performed include wind, hydro, biomass, biofuel, solar photovoltaics, and innovative energy delivery project research.
- Research and development of technologies intended to efficiently deliver renewable electric energy may include, but is not limited to, advanced energy storage technologies, technologies that facilitate the use of demand response from “intermittent” to “firm,” and the testing of enhanced forecasting technologies.
- Income from intellectual property and inventions developed through the RD project will be subject to royalty sharing.
- RD projects can be proposed by organizations located outside of Minnesota but the projects themselves must be located within the state.

Ineligible Proposals

The following types of projects are not eligible for funding:

- Projects that primarily involve public or private education programs to promote benefits or awareness of renewable energy technologies.
- Projects involving hydrogen applications unless such applications use a qualifying renewable biomass fuel stock, or derived from a solar source, or involve research that would enable the more efficient use of renewable fuels in fuel cells.
- Projects that apply to or emphasize energy use or conversion applications other than for electricity production (e.g., biofuels, thermal).
- Projects that receive Renewable Energy Production Incentive payments from any RDF-funded program sponsored by the Minnesota Department of
Commerce under Minnesota Statutes Section 216C.41 or have received a rebate through the 1st cycle RDF sponsored Department of Commerce Solar Rebate Program.

- Projects that propose to displace electricity use through energy conservation or demand-side management projects.
- Projects that propose to use existing Xcel Energy facilities or resources unless Xcel Energy has approved such use, in writing, prior to proposal submittal. Written approval should accompany submitted proposal.
- Solar thermal projects, whose primary purpose is producing heat, for example solar thermal water heating.
- Project proposals that have received funds from the Solar Rewards or the Minnesota Bonus Rebate Program.
- Projects sponsored by other electric utilities.

V. RDF Funding Levels

Xcel Energy anticipates providing direct grants that could, altogether, total up to $30 million depending on the availability of funds and the viability of proposals submitted for the 4th funding cycle. We expect to allocate more funding toward energy production projects than research and development projects.

Xcel Energy may choose increase or decrease the funding level for Energy Production projects or Research and Development projects if added value could be realized by supporting a different mix of projects or RDF funds can be better utilized supporting other activities. If there are an insufficient number of qualified projects to meet the target allocation, funds may be deferred to future years. Further, Xcel Energy may revise these targets after the evaluation stage of this the funding cycle. Xcel Energy reserves the right to deviate from its planned funding amounts in its sole discretion, subject to oversight by the MPUC. Xcel Energy also reserves the right to select no projects for funding.

Grant Amounts

Xcel Energy is interested in funding a diverse mix of as many projects as possible. There is no cap on the grant amount an applicant may request and large grant awards may be recommended to the MPUC. In past RDF funding cycles, most grant awards were about $2,000,000 or less for Energy Production projects, and the largest grant award was about $5 million. Also, in the past, most grant awards were about $1,000,000 or less for Research and Development projects. Grant requests for larger than average amounts should include specific information that support why a larger grant award is justified, including if such
additional grant funds will be used to help lower the PPA price to make the project financially viable.

**Grant Disbursements**

Except for solar PV projects that contain a production incentive component, grant awards will be disbursed on an “actual cost” reimbursement basis. All proposals should back-load payments toward the end of the project as much as possible. All grant awards will be disbursed based on the schedule of deliverables in the proposal, and agreed to in contract negotiations.

Xcel Energy encourages all applicants for grant funding to use every effort to structure the proposed project so that it may be economically viable utilizing a lump sum payment upon project completion. To the extent a project sponsor proposes to utilize grant funds for production incentives, proposed disbursement schedules should ensure that all construction and operating risk is shifted to the project sponsor and not to the RDF.

Xcel Energy recognizes that not all projects can be structured to accommodate a single lump sum payment. Xcel Energy will entertain proposals containing alternate payment schedules but will only select the most compelling such projects, if any. Any proposals requesting fund disbursement prior to completion must contain a detailed rationale as to why such payment structure is required and the ways in which the project will shift risks of completion from the RDF to the project sponsor. Such discussion should include information as to what, if any, co-funding or financing the project sponsor has sought or is available to support the project prior to RDF funds being disbursed.

Grants in this funding cycle can be disbursed over a term of up to five years with funding to be disbursed in increments to be established in the grant contract for each selected proposal. As described in Section X – Proposal Format, bidders should submit a schedule and budget for the entire length of the proposed project, which may be shorter than, or up to, the maximum five-year grant contract term.

**VI. Electricity Sales to Xcel Energy**

Projects in the Energy Production category can either consume the electricity on-site or offer to sell the electricity to Xcel Energy. For those projects that propose to offer to sell the electricity they produce, Xcel Energy desires to provide capital-funding amounts that are sufficient to bring the price of energy
down to reasonable levels as measured against a benchmark of Xcel Energy’s avoided costs.

Depending on the type, size and location of the generation facility, the sale of electricity to Xcel Energy may occur through an existing Xcel Energy tariff or through a negotiated power purchase agreement (PPA). **As a condition of accepting any grant award, Xcel Energy will receive all “green attributes” of the energy such as renewable energy credits, green-tags or certificates.** Regardless of whether energy is purchased by Xcel Energy through a tariff or negotiated PPA, the facility owner must have either a distribution or transmission interconnection agreement with Xcel Energy or other transmission service provider. For more details about tariffs, negotiated PPAs, or interconnection agreements with Xcel Energy, visit the Xcel Energy website at www.xcelenergy.com.

**Except as may be required by law, receipt of an RDF grant does not impose any requirement on Xcel Energy to purchase the output of the project.** Except as may be provided for in any applicable tariff, Xcel Energy retains all rights to use its commercial judgment as to pricing and terms of any power purchase it may choose to make from a project.

**Energy Pricing**

Energy Production projects intending to sell their entire output to Xcel Energy must include a pricing proposal. To the extent a proposed project intends to utilize an existing Xcel Energy tariff for the sale of its output, the application must identify the tariff to be used and justify the project’s eligibility under such tariff. RDF bidders should be aware that the lower their price, the greater benefit to their overall evaluated score. Pricing proposals will be measured against a benchmark of Xcel Energy’s avoided cost. **Bidders should be aware that the proposed price will be binding on the bidder once negotiations begin with Xcel Energy for a power purchase agreement, and bidders should also be aware that a power purchase agreement with Xcel Energy depends not only on price, but the terms and conditions of the power purchase agreement as well.**

An Energy Production project that proposes to sell energy to Xcel Energy must have an executed and approved agreement for the purchase of the project output before RDF funds can be released. Any such agreement with Xcel Energy will be subject to the generator receiving an approved interconnection agreement and Xcel Energy receiving appropriate network services to allow the energy to be
delivered to Xcel Energy’s control area is applicable. All agreements for the purchase of project output will also be subject to all receipt of all applicable and prudent regulatory approvals.

VII. Intellectual Property Matters

The Grant Contract Terms and Conditions impose significant requirements on any intellectual property produced with RDF funds. Project sponsors should carefully review these requirements before submitting a proposal. Such requirements include Xcel Energy taking a no cost, non-exclusive, perpetual license in any inventions produced by an RD project, as well as requirements for patenting technologies.

Xcel Energy also expects that any royalties and other income produced by technology developed through funding by the RDF to be reasonably shared with the RDF. Applicants should review the terms of the grant contracts attached to this RFP carefully. Applications for RD Projects must include a proposed percentage of royalty sharing and provide a brief explanation as to why this percentage was proposed. Applicants must support expectations for the proposed research to result in royalty income and describe reasonable income levels which could be generated.

VIII. Xcel Energy’s Rights and Obligations

Xcel Energy or its affiliates may propose projects for funding under any of the Funding Priority categories described herein.

IX. Proposal Selection

Xcel Energy is required to utilize an independent third-party expert to evaluate proposals submitted in response to this RFP. In making final selections, Xcel Energy will consider the independent expert’s evaluation as well as the recommendations of the RDF advisory group.

All selections must be submitted to the MPUC for final approval. To the extent possible, the final portfolio of selected projects will contain a mix of technologies and market penetration time frames, consistent with overall funding availability and requirements for sufficient return on RD investments. This RFP imposes no obligation on Xcel Energy to fund projects within every targeted area proposed. A number of projects may be selected as alternates in the event a bidder decides to withdraw from an approved project or does not sign a grant contract within
the allotted time. In such an event, an alternate project may receive funding in order to proceed. Xcel Energy also reserves the right to select no projects bid into this RFP.

X. Proposal Format

Bidders should carefully follow the requirements of this section to ensure a complete proposal. Failure to comply with the following format and content requirements may disqualify a proposal from further consideration.

All proposals should be typed and bound, and should be formatted to include the following four sections:

Section 1 – Scope of Work
   Table of Contents
   Grant Application Form
   Statement of Work
   1.1 Executive Summary
   1.2 Project Goals
   1.3 Project Objectives
   1.4 Performance Measurements
   1.5 Project Schedule

Section 2 – Technical Aspects
   2.1 Project Description
   2.2 Project Team
   2.3 Final Project Reporting

Section 3 – Project Benefits
   3.1 Economics
   3.2 Environmental
   3.3 Xcel Energy Electric Ratepayers
   3.4 Other

Section 4- Use of Project Funds
   4.1 Project Budget
   4.2 Project Cost Narrative
   4.3 Energy Pricing Narrative (Energy Production Projects Only)

Following is a description of the items that must be submitted in each proposal.
Section 1 – Scope of Work

The Scope of work needs to capture and define the work activities, deliverables, and timeline to complete the project goals and objectives. The Scope of Work should be sufficiently detailed so as to provide the basis for any scope of work described in a final Grant Contract. The Scope of Work must include the following:

Table of Contents
Each proposal should include a Table of Contents with page numbers for each section.

Grant Application Form
Each proposal should include a completed Grant Application Form (included in Appendix A) signed by the person who is authorized to sign contracts for your organization. Please note that there is a separate application form for RD proposals and EP proposals. In addition to completing the appropriate application form, applicants should provide a narrative description of the information provided on the forms, as appropriate.

The Grant Applicant must be submitted by the entity that will receive the RDF grant award and subsequently grant funds if the project is selected. Grants are not transferable and it is the identified applicant with which grant contracts will be negotiated. Notwithstanding the foregoing, for Energy Production Projects, Xcel Energy, may choose to contract with the a special purpose project entity provided that such project entity is (1) wholly owned by the applicant and (2) the applicant (and other corporate parents and affiliates as deemed reasonably necessary by Xcel Energy) execute a guarantee.

Xcel Energy will only accept grants submitted by a single applicant; no applications identifying more than one applicant will be accepted. Xcel Energy also reserves the right to require third parties that are providing integral services or funding for any proposed project to execute appropriate guarantees of performance. Applicants must identify any such integral third-parties in their application.

Statement of Work

1.1 Executive Summary
Applicants must provide an overall summary of the proposed project, not to exceed one page. Include a brief but clear summary of the key
aspects of your proposal, such as technology, goals, approach, costs, schedule, any unique features and amount of RDF funding requested.

1.2 Project Goals
Applicants must clearly describe each goal and why that goal is of value and how it is compliant with the terms of Minn. Stat. § 116C.779. The goals are to be high level statements that provide overall context for what the project is trying to achieve. Explain how the project goals are aligned to the RDF mission.

1.3 Project Objectives
Applicants must clearly describe each objective necessary to achieve the corresponding goal and how the proposed work will achieve the project objective. Generally, objectives are more detailed statements that describe the specific, tangible products and deliverables that the project will deliver. Objective should be specific, measurable, and achievable within the timeframe of the project period.

1.4 Performance Measurements
Applicants must describe processes and procedures that will be implemented to assure that project activities are conducted in a timely and effective manner in order to reach the project objectives and reasonably protect Xcel Energy’s ratepayers.

Applicants must describe how the project's objectives will be evaluated to demonstrate whether they were achieved or not. Applicants must describe tangible and measurable outcomes that can be evaluated to assess project success. Parameters for acceptable project performance must be described. Applicants must describe in detail definitive and tangible project performance measurements that support the satisfactory completion of a task. As appropriate to your proposal, describe the performance metrics that will be used to assess project progress and success (i.e. % efficiency, kWs installed, number workshops presented, reliability factor, etc.).

1.5 Project Schedule
Applicants should provide a detailed schedule for the proposed project; including major tasks, milestones associated with each task, and deliverables that will be produced upon the completion of the milestone associated with each task. This information will be used to assess the credibility of the proposed project and its likelihood of success.
Milestones must be definitive project aspects that demonstrate a project accomplishment (i.e. completion of performance tests, system operational, assembly complete, etc.). Deliverables are tangible results or products obtained from the project activity (i.e. engineer’s certificate, permits, sample of product produced, designs, workshop presentations, etc.)

Regular monthly progress reports are to be submitted throughout the entire project period. Milestone reports are to be submitted at the completion of each project milestones. Reporting project activity is not a milestone event. Please refer to Section 8 of the attached RDF grant contracts for project reporting requirements.

Section 2 – Technical Aspects

2.1 Project Description
Proposers should provide a detailed description of their proposed work in the following outline. Note that the instructions for Research and Development projects differ from those for Energy Production projects.

(Instructions for Research and Development Proposals)

2.1.1 RD Project Overview - Proposers should provide a brief description of the research and development being proposed, and should answer the following questions:
- What technical issue is the proposed project trying to solve?
- What technical, cost, or other market barriers is it trying to overcome?
- Why is the work important; how will it advance science or technology?
- What is the current status of the technology and of relevant R&D?
- What is the proposed effort’s relationship to R&D being conducted by other organizations?
- What is the expected contribution to bringing the technology to market readiness?

2.1.2 RD Applications - Applicants should describe the applications and markets for products resulting from this RD project. Specifically, the proposer should identify its primary target technology and all targeted applications of that technology.
Describe an expected date for commercial introduction of the products resulting from this RD project.

For proposals that have a combustion component (non-zero emissions), proposers should provide expected emissions rates (in pounds per kWh) for PM-2.5, PM-10, CO, NOx, lead, CO2, SO2, mercury and VOCs in the event their project were to become commercial.

If applicable, provide types and volumes (pounds per kWh and tons annually) of solid waste generated from the project. Indicate if any solid waste is hazardous, and if so, provide volumes. Briefly describe how you intend to manage each type of solid waste generated from the project.

If applicable, provide levels of water (gallons per day and gallons per year) required for the project. Indicate the purpose of the water use, the source of that water, and if there will be any impacts on the source of water after drawing on that source. Describe any methods that would be employed to minimize water usage such as re-use of water.

If applicable, provide levels of wastewater (gallons per day and gallons per year) generated by the project. Identify the types of pollutants or contaminants that will be in the wastewater, and how will it be treated or disposed of. Describe any methods that would be employed to minimize wastewater generation such as re-use of water.

(Instructions for Energy Production proposals)

2.1.1 EP Project Description - Proposers should provide a detailed description of their proposed project and/or generation facility. Describe the generation facility’s configuration, its energy production capability, and its operational characteristics. Proposers should provide a narrative that describe if the funding is for a new facility, or an expanded or refurbished energy facility.

2.1.2 EP Detailed Project Overview - Proposers should provide a complete description of the proposed renewable generating facility, including major equipment, technology and other relevant specifications, and should answer the following questions:

- Does the project face any market barriers to its acceptance or implementation?
➢ What is the level of commercial use of, and operational experience with the proposed technology (i.e., number of projects installed, hours of operation, and technical difficulties incurred and addressed for applicable applications)?

➢ Are there any technical aspects of the project that are not commercially proven? If so, what are they and what is the evidence of technical performance and reliability when used in the proposed application?

➢ What is the project’s geographic location? Provide a map indicating the proposed project location.

### 2.1.3 EP Project Development Details

Proposers should describe, in as much detail as possible, the following aspects of the proposed project development:

➢ Ownership of the proposed facility.

➢ Discussion of how the applicant controls the proposed development site, whether through fee ownership, leasehold interest, or purchase option.

➢ Discussion of any key 3rd-Party agreements critical to project success.

➢ A list of all local, state, and federal permits, licenses, or regulatory approvals required for the proposed project; a description of any permitting activities that have been completed to date; and a plan for completing the permitting process.

➢ Any resource assessments that indicate the amount and source of fuel or feedstock resources to be utilized, and demonstration of availability of that resource to the project. Examples of resource assessments are meteorological, hydrological, or solar resource data, or biomass fuel supply and transportation plans.

➢ Proposers should provide information on their plan for financing the project, and describe the current status of this plan's implementation. Enough detail should be provided to assess the likelihood of the project being built.

➢ For projects that propose to sell energy to Xcel Energy, provide a description of the proposed point of delivery/interconnection with Xcel Energy’s transmission or distribution system, if applicable. Describe the status of any progress to date in obtaining an interconnection agreement.
with Xcel Energy, or third-party transmission service from any utility other than Xcel Energy.

2.2.3 **Electrical Generation** – Projects that self-generate or produce electricity to be delivered to Xcel Energy should provide all capacity and energy estimates in Alternating Current (AC) numbers and should provide a narrative that includes the following information:

- Quantify the amount of energy (kWh) to be generated and delivered to the Xcel Energy grid, or consumed on site, by the proposed facilities.
- Estimated total kWh to be generated and delivered annually over the 15 years that follow the initial commercial operation of the proposed facility.
- Estimated amount of kWh to be generated each month of the year. The monthly estimate should sum to the annual totals provided above.
- Estimated percentage of total years’ energy to be generated during on-peak and off-peak hours.
- Any limitations on the operation of the proposed facility.

Proposals for facilities with installed capacity of 100 kW (AC) or greater need to identify five power production characteristics for the electricity generated.

1. Estimated Annual Energy Production ___________kWh
2. Expected Accredited Capacity\(^1\) ___________kW
3. Installed Cost/kW $____________
4. Energy Production On Peak\(^2\) ___________%
5. Energy Production Off Peak\(^2\) ___________%

---

\(^{1}\) Capacity will be accredited following the MISO guidelines; see *MISO Generation Reserve Sharing Pool Handbook*. In general dispatchable resources are accredited at their total nameplate capacity while variable resources are accredited at the median generation level for July weekday hours 3:00PM to 7:00PM.

\(^{2}\) The on peak period is defined as those hours between 9:00 a.m. and 9:00 p.m. Monday through Friday, except the following holidays: New Year’s Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. When a designated holiday occurs on Saturday, the preceding Friday will be designated a holiday. When a designated holiday occurs on Sunday, the following Monday will be designated a holiday. Off Peak is defined as all other hours.
Proposals for facilities with installed capacity less than 100 kW (AC) need to identify three power production characteristics for the electricity generated.

1. Estimated Annual Energy Production ___________kWh
2. Expected Accredited Capacity ___________kW
3. Installed Cost/kW $____________

For expansion or refurbishment projects, the proposer should indicate the existing capacity (kW or MW) (AC) and amount of energy (kWh or MWh) (AC) currently produced by the facility, and the amount of incremental capacity and energy that will result from the project. The project evaluation will be based on the increment above the existing facility.

For projects that may contain a combustion element, the proposer should also indicate, in addition to the total capacity and energy to be produced, the percent of the total energy that will be generated by the renewable portion of the fuel.

For projects that may contain a combustion element, the proposer should also provide emissions rates (in pounds per kWh) for PM-2.5, PM-10, CO, NOx, lead, CO₂, SO₂, mercury and VOCs.

If applicable, provide types and volumes (pounds per kWh and tons annually) of solid waste generated from the project. Indicate if any solid waste is hazardous, and if so, provide volumes. Briefly describe how you intend to manage each type of solid waste generated from the project.

If applicable, provide levels of water (gallons per day and gallons per year) required for the project. Indicate the purpose of the water use, the source of that water, and if there will be any impacts on the source of water after drawing on that source. Describe any methods that would be employed to minimize water usage such as re-use of water.

If applicable, provide levels of wastewater (gallons per day and gallons per year) generated by the project. Identify the types of pollutants or contaminants that will be in the wastewater, and how will it be treated or disposed of. Describe any methods that
would be employed to minimize wastewater generation such as re-use of water.

2.2 Project Team and Organizational Capabilities
Provide a list (and organizational chart, if appropriate) of all members of your project team including project manager, technical staff, administrative staff and any subcontractor team members. Describe the roles, capabilities and experience of the project manager, key personnel of the contractor and subcontractor(s), including a description of any experience in managing renewable technology development and deployment.

Also provide a description of the organization to which the team belongs, if any, and its demonstrated capabilities to implement the proposed project, including any history conducting similar research and the outcome of such research or other generation projects that the organization has successfully implemented.

2.3 Final Project Reporting
All projects are to present the final project findings and conclusions to the RDF advisory group. Typically this can be done via teleconference. RDF projects are also required to provide public access to information and findings from project activity. Final project reports are to explain:

- What was the project intended to do?
- What did the project discover?
- How is this discovery useful to the public or private sector?
- What are the lessons learned from the project?

The written final report must include sufficient detail for technical readers and a clearly written summary for non-technical readers approximately one-and-a-half to two pages in length that provides an executive summary of the project, the methodology used for the project, the project benefits and any lessons learned. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. All reports must acknowledge that the project was made possible in whole or part by the Minnesota Renewable Development Fund, noting that the fund is financed by the public utility's ratepayers.
Section 3 – Project Benefits When possible, benefits should include quantifiably attributes and outputs that provide to objectively measure the project performance.

3.1 Economics - All proposals will be evaluated for their economic development benefits to Minnesota, including job creation, tax and fiscal benefits. Both RD and EP projects will also be evaluated based on the efficient use of project funds. Only Energy Production projects which generate electricity will be evaluated on their Total Resource Cost per kWh. Proposers should provide information that will help reviewers assess the economic development benefits likely to result from their proposed project.

Proposers of RD Projects should address the following three topics:

- Likely cost effectiveness relative to existing alternatives
- Potential size of market (ideally in MW of capacity, but units of renewable energy resource are acceptable) for each technology application pair. Rationale and supporting quantitative data will enable reviewers to compare proposal claims against the data in the evaluation methodology.
- Any benefits other than job creation and tax or other fiscal or economic benefits. For example, a farm-based biomass digester technology might also reduce water pollution by eliminating run-off of nutrients from the site into near-by waterways. Proposers are encouraged to provide quantitative estimates of such benefits whenever possible. Using the digester example, a possible estimate could come from the cost of treating or disposing of the amount of waste used as fuel by the digester.
- Applications for RD Projects must include a proposed percentage of royalty sharing and provide a brief explanation as to why this percentage was proposed.

Proposers of Energy Production Projects should:

- Estimate the number and type of short and long-term jobs that will be created from the proposed development.
- Estimate the level of state and local sales, property and income taxes, as appropriate.
- Address energy pricing, as applicable, and how such proposed pricing will accrue to the benefit of ratepayers in Minnesota (See Section 4.3).
➢ Address any innovative pricing or incentive structures such as production based incentives and how demonstration of these structures will provide broader based benefits by being demonstrated by the project

3.2 **Environmental** – All proposals will be evaluated for their environmental benefits. Documentation to support proposed environmental benefits need to be provided. Projects should address the following:
➢ Installation of renewable electric energy capacity
➢ Renewable electrical energy generated
➢ Reduction in pollutants (i.e. air, water, solid waste, etc.)
➢ Other tangible environmental outputs

3.3 **Xcel Energy Electric Ratepayers** – The RDF is funded by Minnesota and Wisconsin Xcel Energy electric ratepayers. All proposals will be evaluated for the benefits that directly, and to a lesser extent indirectly, impact and benefit Xcel Energy electric ratepayers. Describe how project results, outcomes, or findings are beneficial to the electrical ratepayers who provide the funding for this project. Explain the project relevancy to the ratepayer.

3.4 **Other** – Describe any other benefits that will be associated with the project results, outcomes, or findings (i.e. social, educational, etc.). You must demonstrate how the benefits are directly related to the project versus a broad generalization pertaining to the specific technology.

**Section 4 – Use of Project Funds**

4.1 **Project Budget** – Proposals must include a detailed project budget including the amount of RDF funding requested by year as well as all matching funds must be included. Indirect project administrative costs are limited to 25% of the project budget. Indirect administrative rates can not be applied to the purchase of construction materials and equipment. Please use the form provided in Appendix B.

4.2 **Project Cost Narrative** – Proposals should include a thorough discussion of the following:
➢ The appropriateness of the amount of RDF funding requested for the project relative to the work proposed. Clearly articulate the benefits expected to result from the proposed project.
- The type, amount and source of match funding (if any) that will be brought to the project, and describe how these funds fit into the overall funding strategy.
- The entire financing requirements/needs of the project, and how these needs will be met. Include an interim financing plan if one is needed.
- An itemization of total project costs including contractor and subcontractor costs by activity, and hourly billing rates. Capital and operating expenses for the proposed project, including any material or equipment that is proposed for purchase using RDF funds.
- Any travel expenses for the project for which reimbursement will be sought as well as the intended purpose for such travel and any other miscellaneous expenses that are not included in any other category.

4.3 Energy Pricing Narrative (Energy Production Projects Only) - The information provided here in narrative form should also be provided on the Grant Application Form for Energy Production projects. The applicant should provide an itemization of project development costs including the capital cost of the electric generation components of the project, such as turbines, engines, generators, and digesters. The proposer should also include costs of any ancillary equipment such as transmission or distribution interconnection facilities, and fuel handling equipment. Project development costs should also include any civil improvements associated with the generation facility, as well as any engineering, procurement and construction costs. Any other costs, such as architectural or civil improvements that are not directly connected with the electric generation portion of the project, should be itemized separately.

4.3.1 Energy Pricing - All Energy Production projects that propose to sell energy to Xcel Energy must provide an annual price schedule in $/kWh or $/MWh. Pricing proposals should include an explanation as to why that price was proposed, and the impact of the request grant amount on energy pricing. Xcel Energy prefers that project sponsors request grant amounts sufficient to offer pricing at or below the Company’s avoided cost of energy. Proposed pricing will be binding on any selected project.

4.3.1 Innovative Structures – EP projects proposing innovative pricing structures such as productive incentives should include a
narrative explaining the innovative structure, how the RDF grant will be used for such innovative structure and the benefits of such structure as compared to a more traditional grant award arrangement.

XI. Eligibility Evaluation and Technical Scoring Process

Proposals will be evaluated in a two-stage process – a preliminary eligibility screening process and a quantitative technical scoring process. The screening will be based on whether or not the proposal contains a sufficient amount and quality of information in response to the RFP. Proposals that fail the initial screening will not be evaluated further.

Eligibility Screening Criteria

In the screening process, any proposals that do not provide meet the eligibility criteria in Section IV (Eligibility Requirements) will be eliminated. Only projects that have been assessed as meeting the eligibility criteria will be further evaluated and scored.

Projects that have been assessed as meeting the eligibility criteria will be further evaluated and scored. The third-party expert will perform a technical evaluation of all eligible proposals. Project proposals will be reviewed and selected by Xcel Energy in consultation with the advisory group.

Technical Evaluation Criteria

To assist the Xcel Energy with the evaluation of 4th Cycle RDF proposals, an independent evaluator will review all eligible proposals. Projects will be reviewed and evaluated based on how well a proposal fulfills several weighted criteria and how they comport to the preferences discussed in this RFP. These criteria will be used to guide the independent evaluator’s review of proposed projects. After completing the evaluation, findings and recommendations for funding will be presented to Xcel Energy, including all rationale, scoring forms and written comments for each proposal. In making its funding decisions, Xcel Energy will utilize these results, together with its own judgment and input from the advisory group concerning the mix of projects within the 4th Cycle funding portfolio.

The criteria and preferences according to which proposals will be evaluated are below:
1. **Project Method, Scope, and Deliverables (10% weight):** All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category will evaluate the proposed scope of work in relation to the funding request, considering the following:

- **Quality of Work** – The degree to which the scope of work demonstrates a clear, appropriate and complete plan for achieving program goals and objectives.
- **Well-defined Product or Project** – The degree to which RD work products or EP development projects are well defined and the applicant has explained or demonstrated the anticipated use of such products or projects.
- **Realistic Schedule** – The extent to which a realistic schedule is presented through the use of charts, tables, and/or lists, and includes all dates, deliverables, and milestones.
- **Performance Metrics** – The extent to which the management plan incorporates an appropriate set of measurable, realistic performance metrics for assessing project progress and success.

2. **Technical Requirements (35% weight):** All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category will evaluate the feasibility of and preparation for the proposed project, considering the following:

- **Technical Risk Level** (*RD projects only*) – The probability that the proposed research activity will achieve its stated goal, based on the scientific/engineering or socioeconomic complexity, and stage of the technology or process. This criterion does **not** consider market barriers or market adoption issues, or characteristics of the project team or technical approach.
- **Technical Leverage** – The degree to which the proposed activity builds off of, combines with, or adds to other completed, current, or planned activities leading to commercial viability.
- **Soundness of Technical Basis, Assumptions, and Approach** – The extent to which the applicant demonstrates sound technical ideas in its description of the EP project or RD project it is proposing, and in its assumptions and approach for applying the technology or conducting the development and research activity, respectively. For the RD category, this criterion also addresses how logical and necessary a step the activity is in the path to technical success and commercial use.
- Technical Duplication (*RD projects only*) – The extent to which the proposed research and development activity avoids duplicating other past or ongoing work, or is not being adequately provided by competitive or regulated markets. Prospective applicants are encouraged to visit the RDF website at [www.xcelenergy.com/rdf](http://www.xcelenergy.com/rdf) and view 1st, 2nd, and 3rd Cycle RDF project reports and summaries.

- Documentation of fuel source and supply at project site (i.e. sufficient solar irradiance, adequate biomass feedstocks, wind estimates, river volume and flow rates, etc.).

- Identification and plan to overcome barriers for successful project performance including access to project critical facilities and complete site control.

- Demonstrated understanding of interconnection costs and requirements pertaining to delivery of power, metering, and other features to maintain a safety and reliability (*EP projects only*).

3. **Management Team, Schedule, and Cost (15% weight):** All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category seeks to weigh the feasibility of the project from a management, cost and timing perspective, considering the following:

- Team Structure – The extent to which the management plan provides clear roles and responsibilities, and ensures the project can stay on schedule and within budget.

- Team Member Skills, Experience and Knowledge – The level of skills, experience and knowledge available to execute the work plan.

- Organizational ability, history of successful past projects and reputation of organization in the relevant community.

- Project Oversight and Evaluation – The extent to which project activity is monitored and evaluated.

- Efficient Use of Project Funds

- Appropriate Budget Level – The extent to which the budget size and allocation is sufficient to achieve the goals, objectives, and scope of the project, but not in excess of what is needed. Budget detail is sufficient and appropriate.

- Cost Sharing Level – Percentage of budget cost shared.

- Project contractors have been engaged or at least identified.

- Financing Plan: Sources of co-funding have been identified and engaged or identified and rejected as unavailable or inappropriate. Includes extent
to which the proposal seeks to structure project financing to accept lump-sum payment at end of project.

4. Potential Benefits to Minnesota and Ratepayers (40% weight for RD and 10% weight for EP): All of the following criterion will be treated equally with no bias or preference for scoring differences of any criterion within this category. This category seeks to identify the cost-effectiveness of the project and benefits to Minnesota and Xcel Energy’s ratepayers in accordance with the RDF’s mission, considering the following:

- Increase in Market Competitiveness – The level of increase of cost effectiveness or any other measure of value in the market through any combination of increased energy production, decreased capital costs or annual operating expenses, increased durability or reliability, or any other characteristic that makes the technology targeted more competitive in the market.
- Barriers to Market Deployment – The extent to which key barriers are identified and shown to be overcome by the project activity. Barriers that may be considered include (but may not be limited to) the following:
  - Environmental: air pollution, thermal discharge, waste disposal, noise, water pollution, habitat disturbance, scenic impacts;
  - Fuel and Resource: availability, competing demands for resource, variations in quality;
  - Governmental: agency coordination, local codes, planning, permitting, regulatory requirements (state or federal);
  - Utility Integration: lack of demonstrated performance, complexity of operation, interconnection requirements, lack of utility incentives or regulatory bias;
  - Location Constraints: fuel delivery constraints, availability of transmission capacity, availability of water;
  - Building/Installation Constraints: adverse structural impacts, adverse appearance;
  - Public Safety Constraints: catastrophic failure risk, fire hazard, toxic gas hazard, health risks;
  - Socioeconomic Constraints: poor public opinion, low public awareness.
- The level of novelty of the proposal
- Job Creation – Potential level of jobs created within the Xcel Energy service territory in Minnesota and parts of Wisconsin. For EP proposals, reviewers will use standard estimates of gross jobs per unit of market penetration (jobs per MW of installed capacity) and a standard proscribed
method to estimate potential market penetration. The impact of the proposed project on commercialization of the associated technology(s) is also considered in this criterion.

➢ Tax and Other Fiscal or Economic Benefits – Potential level of gross tax revenues generated within the Xcel Energy service territory in Minnesota, including sales, property, and income taxes.

➢ Benefits to Minnesota ratepayers – How the project will benefit Xcel Energy’s ratepayers, other than the project sponsor, on a short-term and long-term basis. This includes the shifting of risks of project completion from Xcel Energy to the project sponsor and includes the ability of the proposed project to accept a lump sum grant payment upon completion of the project.

➢ Emissions Level – The level of air and water emissions, and solid waste generated by the project or reduced by the project compared to fossil fuel power generation.

5. **Total Resource Cost (30% weight for EP only):** For projects in the Energy Production category, a Total Resource Cost will be calculated from information provided about initial capital costs, the proposed bid price, projected energy production, and, for biomass projects, emissions rates.

   The Total Resource Cost is calculated as the net present value of the annual costs of the project, divided by the sum of the energy produced over a 15-year period. Total costs include the requested grant amount, the applicant’s cost of developing the energy production portion of the project and the energy price proposed net of Xcel Energy’s avoided energy costs.

   For biomass projects, the total cost will also include costs associated with emissions from the project including \( \text{SO}_2, \text{PM-10}, \text{CO}, \text{NO}_x, \) lead, and \( \text{CO}_2 \). These costs will be based on externality values that are updated regularly by the MPUC for three areas in the state – the urban area, the Metropolitan Fringe, and rural areas. The most recent maximum values, updated in June 2011 are shown in Table A.
### Table A - Cost in Dollars per Ton (2010 $)

<table>
<thead>
<tr>
<th></th>
<th>Urban</th>
<th>Metro Fringe</th>
<th>Rural</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO$_2$</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PM-10</td>
<td>8,735</td>
<td>3,925</td>
<td>1,163</td>
</tr>
<tr>
<td>CO</td>
<td>3.09</td>
<td>1.82</td>
<td>.56</td>
</tr>
<tr>
<td>NO$_x$</td>
<td>1,331</td>
<td>362</td>
<td>139</td>
</tr>
<tr>
<td>Pb (lead)</td>
<td>5,270</td>
<td>2,713</td>
<td>609</td>
</tr>
<tr>
<td>CO$_2$</td>
<td>4.22</td>
<td>4.22</td>
<td>4.22</td>
</tr>
</tbody>
</table>

Note: In a January 3, 1997 Order Establishing Environmental Cost Values the Minnesota Public Utilities Commission found that SO$_2$ damages would be internalized after 2000 and applying externality costs would be unwarranted.

6. **Preferences:** As described in this RFP, projects that can accommodate certain preferred project structures and other project aspects are favored and will receive a preference in the selection process. Project evaluation will take into consideration projects that can include these preferences to ensure that they will be favored over those that do not. Preferences include:

- Support of the Prairie Island Indian Community for the project.
- Projects located within the Energy Innovation Corridor.
- Projects that are structured to receive a lump-sum payment grant payment upon project completion.
- EP projects proposing to use electricity on-site located within Xcel Energy’s service territories in Minnesota and Wisconsin.
- RD projects that demonstrate a high likelihood of royalty returns and propose a larger royalty sharing with the RDF.
- A preference for projects sponsored by a K-12 school or local unit of government to construct solar photovoltaic facility.
- For proposed anaerobic digester systems, proposals that use non-agricultural residue as feedstock.

Projects that qualify for a preference will receive bonus points which will be added to the combined core criteria score. Each individual preference is equivalent to 10% of the maximum possible core criteria score. Preference points are limited to a maximum allowable limit of 15% of the maximum core criteria score. The maximum possible score for a proposal is 115% of the maximum core criteria points.
Project Ranking and Selection

Table B shows maximum scores for R&D projects and Energy Production projects.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting Factor</th>
<th>Score Range</th>
<th>Maximum Possible Points</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RD</td>
<td>Energy</td>
<td>RD</td>
</tr>
<tr>
<td>Core Criteria</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Method, Scope, and Deliverables</td>
<td>10</td>
<td>10</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Technical Requirements</td>
<td>35</td>
<td>35</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Management Team, Schedule, and Cost</td>
<td>15</td>
<td>15</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Potential Benefits to Minnesota and Ratepayers</td>
<td>40</td>
<td>10</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Total Resource Cost per kWh (EP only)</td>
<td>N/A</td>
<td>30</td>
<td>0 - 4</td>
</tr>
<tr>
<td>Combined Core Criteria Score</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Bonus Preferences (Maximum Allowable 15% of Core Criteria Score)

<table>
<thead>
<tr>
<th>Bonus Preference</th>
<th>RD</th>
<th>Energy</th>
<th>RD</th>
<th>Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prairie Island Indian Community sponsorship</td>
<td>1</td>
<td>1</td>
<td>0 - 20</td>
<td>20  20</td>
</tr>
<tr>
<td>Project located within the Central Corridor</td>
<td>1</td>
<td>1</td>
<td>0 - 20</td>
<td>20  20</td>
</tr>
<tr>
<td>Grant award disbursed as single, lump sum payment.</td>
<td>1</td>
<td>1</td>
<td>0 - 20</td>
<td>20  20</td>
</tr>
<tr>
<td>Located MN and WI service territories of Xcel Energy (EP only)</td>
<td>N/A</td>
<td>1</td>
<td>0 - 20</td>
<td>N/A 20</td>
</tr>
<tr>
<td>High likelihood of royalty returns and large royalty ratio (RD only)</td>
<td>1</td>
<td>N/A</td>
<td>0 - 20</td>
<td>20  N/A</td>
</tr>
<tr>
<td>Sponsored by k-12 school/local government (PV only)</td>
<td>N/A</td>
<td>1</td>
<td>0 - 20</td>
<td>N/A 20</td>
</tr>
<tr>
<td>Utilizes non-agricultural residues for a feedstock</td>
<td>1</td>
<td>1</td>
<td>0 - 20</td>
<td>20  20</td>
</tr>
<tr>
<td>Total Bonus Preferences</td>
<td>100</td>
<td></td>
<td></td>
<td>120</td>
</tr>
<tr>
<td>Maximum Bonus Points Allowed</td>
<td>30</td>
<td>30</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Metric Ratings | Evaluation Definitions                                                                 | Score |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Superior</td>
<td>Demonstrates exceptional level of performance and provides something extra or innovative</td>
<td>4</td>
</tr>
<tr>
<td>Excellent</td>
<td>Effective response that can achieve all requirements. No obvious risks or issues.</td>
<td>3</td>
</tr>
<tr>
<td>Good</td>
<td>Response minimally supports the requirement, some issues exist that may impact results.</td>
<td>2</td>
</tr>
<tr>
<td>Fair</td>
<td>Contains weakness that will limit achievement of requirement or poor plan to mitigate risk.</td>
<td>1</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>Cannot be achieved due to a critical issue or no response.</td>
<td>0</td>
</tr>
</tbody>
</table>

RD and EP proposals will be scored through a two-step process. Proposals that have met the eligibility screening criteria described in Section IV will first receive a Core Criteria Score. Each of the sub-criterion will be evaluated according to how well that criterion met the evaluation definition. A Core Criteria Score will be calculated as a sum of the weighted individual core criterion scores. A
Combined Core Criteria Score will be calculated by the summation of the five Core Criteria Scores.

Next, Bonus Preferences will be applied to those projects that meet certain preference criteria as described in Section IV. Each preference has the same preference multiplier of 10% the maximum Combined Core Criteria Score. Bonus Preference Scores are limited to 15% of the maximum Combined Core Criteria Score. The Total Bonus Preference Score will be calculated by combining all Bonus Preference Scores with a limit not to exceed 15% of the maximum Combined Core Criteria Score.

The total Project Score will be calculated by summing the Combined Core Criteria Score and the Total Bonus Preference Score.

Evaluations will take into consideration project preferences described in this RFP. While these evaluations will inform the proposal selection process, final selection will be based on both these evaluations, and subjective recommendations from the advisory group. This process will ensure that the final portfolio of projects contains a mix of technologies, risk levels, and market penetration time frames, consistent with overall funding availability and requirements for sufficient return on RD investments.

To facilitate development of a balanced portfolio of projects, Xcel Energy will request that the independent evaluator rank proposals in descending order against all proposals as a single group, and then again within each resource type. For instance, after ranking all projects in a single list, biomass projects will be grouped and then ranked against other biomass projects; solar projects will be grouped and then ranked against other solar projects, and so forth. The advisory group will recommend how far down the ranked list of proposals it proposes to make awards. While Xcel Energy has a desire to fund a diverse mix of resource types, it is not obligated to select projects solely on the basis of project rankings and it is not obligated to fund projects within every technology proposed. When selecting proposals, Xcel Energy will choose a number of alternate proposals to have available as an alternative selection list. In the event a bidder decides to withdraw a proposal, has proposed modifications that were not identified on the Proposed Contract Modification Form, does not timely complete its due diligence and execute a grant contract, or is unable to timely agree to terms for a power purchase agreement with Xcel Energy, Xcel Energy reserves the right to rescind that RDF award, subject to MPUC approval as necessary, and quickly begin work with an alternate proposal, if needed.
Grant Application Form  
Xcel Energy Renewable Development Fund  

Research & Development Project  

(All sections of this form must be completed and attached to all Research & Development proposals)

**Applicant Information**

Name and Title of Applicant ____________________________________________________________

Mailing Address ____________________________________________________________  
(Street number and name)  (Suite number)  
(City, state, zip code)

Contact Person ___________________________ Phone ____________________________

Email ___________________________ FAX ____________________________

---

**Project Information**

Project Title ____________________________

Project Site Location ____________________________

---

Technology Type: *check one(s) that apply*

Biomass □  Hydro □  Solar PV □  Solar Electric □  Wind □

Other □ *(please describe)* ____________________________

---

**Funding Request and Project Cost**

Total RDF funding requested: $ __________ Other funding $ __________

Total Project Cost $ __________

RDF Funds requested by year:

1st Year: $ __________ 2nd Year: $ __________ 3rd Year: $ __________ 4th Year: $ __________ 5th Year: $ __________
### Project Duration

Estimated Start Date ________________  Estimated End Date ________________

### Business Type

Number of Employees ________________  Year Established ________________

Legal Form or Ownership (check one)

- [ ] Sole Proprietorship
- [ ] Limited Partnership
- [ ] General Partnership
- [ ] Corporation
- [ ] Sub-Chapter S Corporation
- [ ] Other (identify) ________________

### Project Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Years with Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Name of Principal Investigator)</td>
<td>(Title)</td>
<td>(Years with Company)</td>
</tr>
<tr>
<td>(Name of Project Manager – if other then PI)</td>
<td>(Title)</td>
<td>(Years with Company)</td>
</tr>
<tr>
<td>(Name of Secondary Investigator)</td>
<td>(Title)</td>
<td>(Years with Company)</td>
</tr>
<tr>
<td>(Name of Secondary Investigator)</td>
<td>(Title)</td>
<td>(Years with Company)</td>
</tr>
<tr>
<td>(Name Subcontractor – if relevant)</td>
<td>(Title)</td>
<td>(Company)</td>
</tr>
<tr>
<td>(Name Subcontractor – if relevant)</td>
<td>(Title)</td>
<td>(Company)</td>
</tr>
</tbody>
</table>

### Standard Grant Contract Terms and Conditions Acceptance

I am authorized to act on behalf of the applicant in this matter, and I have received, reviewed and do hereby accept the Standard Terms and Conditions of the Grant Contract included as Appendix C of the Xcel Energy Renewable Development Fund RFP except as shown on the Contract Modification Form enclosed herewith.

---

Signature of Authorized Representative  
Date
I hereby authorize Xcel Energy to make any inquiries and obtain any financial information necessary to evaluate my organization’s capability to implement the proposed project. I also authorize Xcel Energy to make any necessary inquiries to verify the information I have presented. I also release all necessary information to Xcel Energy.

____________________________________  Date
Signature of Authorized Representative

I hereby certify that I have read and understand the terms and conditions contained in the Xcel Energy RFP and that the information contained in this proposal is true, correct and complete to the best of my knowledge.

____________________________________  Date
Signature of Authorized Representative

____________________________________  Title
Typed Name
Grant Application Form
Xcel Energy Renewable Development Fund

Energy Production Project

(All sections of this form must be completed and attached to all Energy Production proposals.)

Applicant Information

Name and Title of Applicant ________________________________

Mailing Address __________________________________________

(Street number and name) (Suite number)

(City, state, zip code)

Nature of Business _________________________________________

Contact Person ___________________________ Phone _____________

Email ___________________________ FAX ___________________

Project Information

Project Title _______________________________________________

Project Site Location _______________________________________

Technology Type: check one(s) that apply

Biomass ☐ Hydro ☐ Solar PV ☐ Solar Thermal-Electric ☐ Wind ☐

Funding Request and Project Cost

Total RDF funding requested: $_________ Other funding $_________

Total Project Cost $______________

RDF Funds requested by year:

1st Year: $______ 2nd Year: $______ 3rd Year: $______ 4th Year: $______ 5th Year: $______
Project Capacity

New Projects - Nameplate Capacity (kW or MW) ______________

Refurbishment - Existing Capacity (kW or MW) __________

Incremental Capacity____________

Projected Project Duration

Construction Start Date ____________ Commissioning Date ____________

Energy Production

Estimated amount of AC energy (kWh or MWh) to be produced annually for each year of operation for up to a 15-year power purchase contract length. For biomass or biofuel projects that use a portion of renewable fuel (i.e., blended fuel), show the total amount of energy generated in the first column and the amount generated by the renewable fuel in the second column.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Energy (kWh)</th>
<th>Renewable Energy (kWh) (fuel blend projects)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014:</td>
<td>________________</td>
<td>2014: ________________</td>
</tr>
<tr>
<td>2015:</td>
<td>________________</td>
<td>2015: ________________</td>
</tr>
<tr>
<td>2016:</td>
<td>________________</td>
<td>2016: ________________</td>
</tr>
<tr>
<td>2017:</td>
<td>________________</td>
<td>2017: ________________</td>
</tr>
<tr>
<td>2018:</td>
<td>________________</td>
<td>2018: ________________</td>
</tr>
<tr>
<td>2019:</td>
<td>________________</td>
<td>2019: ________________</td>
</tr>
<tr>
<td>2020:</td>
<td>________________</td>
<td>2020: ________________</td>
</tr>
<tr>
<td>2021:</td>
<td>________________</td>
<td>2021: ________________</td>
</tr>
<tr>
<td>2022:</td>
<td>________________</td>
<td>2022: ________________</td>
</tr>
<tr>
<td>2023:</td>
<td>________________</td>
<td>2023: ________________</td>
</tr>
<tr>
<td>2024:</td>
<td>________________</td>
<td>2024: ________________</td>
</tr>
<tr>
<td>2025:</td>
<td>________________</td>
<td>2025: ________________</td>
</tr>
<tr>
<td>2026:</td>
<td>________________</td>
<td>2026: ________________</td>
</tr>
<tr>
<td>2027:</td>
<td>________________</td>
<td>2027: ________________</td>
</tr>
</tbody>
</table>
Please estimate the amount of energy in kWh that will be produced in each month of a typical year. The sum of the monthly estimates should total the annual estimates above.

Jan _______ Feb _______ Mar _______ Apr _______ May _______ June _______
July _______ Aug _______ Sept _______ Oct _______ Nov _______ Dec _______

Please estimate the percent of energy that will be produced on-peak and off-peak on a typical year. The on peak period is defined as those hours between 9:00 a.m. and 9:00 p.m. Monday through Friday, except the following holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. When a designated holiday occurs on Saturday, the preceding Friday will be designated a holiday. When a designated holiday occurs on Sunday, the following Monday will be designated a holiday. Off Peak is defined as all other hours.

Percent (%) Generated On-Peak _______
Percent (%) Generated Off-Peak _______

---

Energy Pricing Narrative (please use additional pages as necessary)

---

Energy Pricing

Annual price schedule ($/kWh or $/MWh in 2013 dollars) for each year of operation for up to a 15-year period.

2014 $______________
2015 $______________
2016 $______________
2017 $______________
2018 $______________
2019 $______________
2020 $______________
2021 $______________
Please indicate the percent of total energy produced that you plan to sell Xcel Energy, and the percent you plan to consume on-site:

Estimated % total energy to be sold to Xcel Energy: 
Estimated % to be consumed on-site: 

Emission Rates

If the proposed project produces any of the following emissions, please provide emission rates in pounds per kWh at full load.

PM-10 
NOx 
CO 
CO2 
Pb (lead) 

Business Type

Number of Employees Year Established 

How Long Under Current Ownership 

Legal Form or Ownership (check one)

☐ Sole Proprietorship ☐ Limited Partnership
☐ General Partnership ☐ Corporation
☐ Sub-Chapter S Corporation ☐ Other (identify) 

Standard Grant Contract Terms and Conditions Acceptance

I am authorized to act on behalf of the applicant in this matter, and I have received, reviewed and do hereby accept the Standard Terms and Conditions of the Grant Contract included as Appendix C of the Xcel Energy Renewable Development Fund RFP except as shown on the Contract Modification Form enclosed herewith.

Signature of Authorized Representative     Date

I hereby authorize Xcel Energy to make any inquiries and obtain any financial information necessary to evaluate my organization’s capability to implement the proposed project. I also authorize Xcel Energy to make any necessary inquiries to verify the information I have presented. I also release all necessary information to Xcel Energy.

Signature of Authorized Representative     Date

I hereby certify that I have read and understand the terms and conditions contained in the Xcel Energy RFP and that the information contained in this proposal is true, correct and complete to the best of my knowledge.

Signature of Authorized Representative     Date

Typed Name        Title
## Appendix B

### PROPOSED BUDGET SUMMARY

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Year One</th>
<th></th>
<th></th>
<th>Year Two</th>
<th></th>
<th></th>
<th>Year Three</th>
<th></th>
<th></th>
<th>Year Four</th>
<th></th>
<th></th>
<th>Year Five</th>
<th></th>
<th></th>
<th>TOTAL PROJECT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RDF Share</td>
<td>Cost Sharing</td>
<td>Total Cost</td>
<td>RDF Share</td>
<td>Cost Sharing</td>
<td>Total Cost</td>
<td>RDF Share</td>
<td>Cost Sharing</td>
<td>Total Cost</td>
<td>RDF Share</td>
<td>Cost Sharing</td>
<td>Total Cost</td>
<td>RDF Share</td>
<td>Cost Sharing</td>
<td>Total Cost</td>
<td></td>
</tr>
<tr>
<td>Direct Costs</td>
<td>Salaries and Wages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fringe Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consultants/Subcontracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Construction Materials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Publicity/Printing/Duplicating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Workshops</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Direct Costs (explain in narrative)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL DIRECT COSTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Costs (Not to Exceed 25%)</td>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Facilities (if not a direct cost)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL INDIRECT COSTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TOTAL COSTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Budget Year** - Indicate annual project costs, itemized by source of funding. Indicate in budget narrative the source of cost sharing.

**Salaries and Wages** - Includes compensation for the time and effort dedicated to the grant. Indicate in budget narrative billing rate and FTE's proportionate to the effort.

**Fringe Benefits** - Includes additional labor costs (i.e. insurance, withholdings, retirement plans, etc.) Summarize benefits in budget narrative.

**Consultant Services** - Indicate costs for professional services (Engineering, Design, Fabrication, etc.) and sub-contracts with vendors.

**Publicity/Communications** - Include promotional costs associated with dissemination of project findings (i.e. conferences)

**Administration** - Include administrative costs that are not included in Salary and Wages

**Indirect Rate** - Explain basis for calculation of the indirect rate in budget narrative. NOT TO EXCEED 25%.
THIS GRANT CONTRACT is made this ___ day of ____, 20___, by and between Northern States Power Company, a Minnesota corporation (“NSP”), with its principal place of business at 414 Nicollet Mall, Minneapolis, Minnesota 55401 and_________________________ ("Contractor") ____________, a [State] ______________ [corporation, LLC, etc.], with its principal place of business at ________________. NSP and Contractor are sometimes individually referred to as a “Party” or collectively as the “Parties”.

WHEREAS, NSP desires to fund Contractor’s research, development and demonstration project work from the Renewable Development Fund (“RDF”), pursuant to Minnesota Statutes, section 116C.779 in accordance with the terms and conditions of this Grant Contract and Exhibits hereto. A description of the Project, which is the subject of this Grant Contract, is provided in this Grant Contract and Exhibits hereto; and

WHEREAS, Contractor intends to conduct the Project and to utilize such RDF grant funding in accordance with the terms and conditions of this Grant Contract.

NOW, THEREFORE, in consideration of the premises and mutual obligations set forth herein, the Parties agree as follows:

1. DEFINITIONS

   A. **Contractor** has the meaning set forth in the opening paragraph of this Grant Contract.

   B. **Date**.

      1) **Grant Contract Start Date** shall be the date first listed above.

      2) **Grant Contract End Date** is the last date reimbursable expenses can be incurred, and shall be the earliest of 1) completion of the Project; 2) the Scheduled Completion Date indicated on Exhibit C; or 3) the date on which the Grant Contract has been terminated in accordance with this Grant Contract.

   C. **Project** refers to the scope of work arising from the selected proposal as described in Exhibit A. The scope of work to be included in Exhibit A is derived from the scope of work described in the proposal. Exhibit A may be modified only by mutual agreement between authorized representatives of both parties.

   D. **Products and Rights** means any and all energy inventions, discoveries, machines, designs, computer software, products, devices, mechanisms, methods, protocols, processes, algorithms, flowcharts, diagrams, trade secrets, data, copyrights, patents, patent applications, trademarks, proprietary rights, and the like created or made or discovered or first reduced to practice by the Contractor or other third party as a result, in whole or in part, of the Grant Contract award(s) and any and all updates,
revisions, modification, enhancements, derivations, variations, additions, continuations, renewals, and extensions thereto and all proceeds and products therefrom.

E. **Royalty Agreement** means a Royalty Agreement to be entered into between NSP and Contractor pursuant to, and in accordance with, the requirements of Section 12.G hereof.

F. **Subject Invention** means any and all energy inventions or discoveries conceived, or first actually reduced to practice in the course of or under this Grant Contract and includes all Products and Rights and any patentable matter of whatsoever kind or nature, including without limitation any art, method, process, machine, manufacture, design or composition of matter, or any new and useful improvement hereof, whether patented or unpatented under the patent laws of the United States of America or any foreign country.

G. **Technology Area** refers to the general subject area where the Products and Rights or Subject Invention will be used. For example, solar thermal electric generation is a Technology Area; direct steam generation is an innovation in this Technology Area.

H. **Technology Development** means a Subject Invention and/or Products and Rights used in the Technology Area.

I. **Terms Relating to Data**

1) **Technical Data** or **Data** as used in this Grant Contract means recorded information regardless of form or characteristic, of a scientific or technical nature. It may, for example, document research; document experimental, developmental, demonstration, or engineering work; or be usable or used to define a design or process; or to procure, produce, support, maintain, or operate material. The Data may be graphic or pictorial delineation in media such as drawings or photographs, test specifications or related performance or design type documents or computer software (including computer programs, computer software databases, and computer software documentation). Examples of Technical Data include manufacturing techniques and methods, machinery, devices such as tools, products, or components, research and engineering, engineering drawings and associated lists, specifications, engineering calculations, standards, process sheets, manuals, technical reports, catalog item identification, and related information. Technical Data as used herein does not include financial reports, cost analyses and other information incidental to Grant Contract administration.

2) **Business Information** is information about the operation of a specific business. It includes information concerning the cost and pricing of goods, supply sources, cost analyses, characteristics of customers, books and records of the business, sales information including mailing lists, customer lists, business opportunities, information regarding the effectiveness and
performance of personnel, and information incidental to Grant Contract administration.

3) **Public Information** is information previously published, generally available from more than one source, or information in the public domain. All air monitoring and emission Data included in a proposal or requested through a Grant Contract are public information.

4) **Confidential Information** is Technical Data or Business Information Contractor has satisfactorily identified, which is not otherwise public and which the Parties agree is appropriately treated as confidential.

5) **Proprietary Data** is such Data Contractor has identified in a satisfactory manner as being under Contractor’s control prior to commencement of performance of this Grant Contract or produced by Contractor or its subcontractors at its own expense, and which Contractor has reasonably demonstrated as being of a proprietary nature either by reason of copyright, patent or trade secret doctrines in full force and effect at the time when performance of this Grant Contract is commenced.

6) **Trade Secret** is any formula, plan, pattern, process, tool, mechanism, compound, procedure, source code, software, database, production Data, or compilation of information which is not patented and which is generally known only to certain individuals with a commercial concern who may be using it to fabricate, produce or compound an article of trade or a service having commercial value and which gives its owner or user an opportunity to obtain a business advantage over competitors who do not know or use it.

7) **Generated Data** is that Data that Contractor collects, collates records, deduces, reads out or postulates for use in the performance of this Grant Contract. In addition, any electronic Data processing program, model or software system developed or substantially modified by Contractor in the performance of this Grant Contract using RDF funds, together with complete documentation thereof, shall be treated as Generated Data.

8) **Deliverable Data** is that Data which, under the terms of this Grant Contract, is required to be delivered to NSP.

J. **Project Manager** shall be designated by the Contractor as the administrator of the Project, and who will be responsible, on behalf of Contractor, for managing the completion of task deliverables and milestones as set forth in Exhibit C. Project Manager is also the designate to be noticed as provided in Exhibit D.

K. **Proposal** shall mean Contractor’s proposal as approved by the Commission and attached hereto as Exhibit J.

L. **Renewable Development Fund Advisory Group** or **Advisory Group** shall mean the current advisory group to the Renewable Development Fund as constituted from time to time.
Certain other terms are defined elsewhere in this Grant Contract.

2. CONTRACT TERM

The term of this Grant Contract shall be from the Contract Start Date to the Contract End Date. This Grant Contract is of no force or effect until it has been signed by both Parties. In the event that the Project has not been completed within three (3) years of the originally scheduled Contract End Date, this Grant Contract shall automatically be terminated, subject to the provisions of Section 16 hereof, and further subject to the rights of NSP hereunder to exercise all rights and remedies hereunder for any Event of Default by Contractor that may have occurred prior thereto at any time as permitted by this Grant Contract. Contractor and NSP acknowledge that this Grant Contract shall be effective as of the Contract Start Date but that any obligation to disburse grant funds remains subject to NSP’s receipt of all jurisdictional regulatory approvals.

3. PAYMENTS TO CONTRACTOR

Subject to the conditions in this Grant Contract and Exhibits hereto, NSP agrees to reimburse Contractor for actual and allowable expenses incurred in accordance with Exhibit C subject to the limitations herein and therein, and the milestone progress or final payment limitations in Exhibit C. The total amount of this Grant Contract shall not exceed the maximum grant amount stated in Exhibit C or Contractor’s total actual and allowable costs, whichever is less.

A. A request for payment shall consist of:

1) An invoice that lists actual and allowable expenses incurred up to the milestone payment amounts indicated in Exhibit C; and

2) Substantiation of such expenses in a form reasonably acceptable to NSP; and

3) Documentation of the deliverables as detailed in Exhibit C satisfactory to NSP.

4) Each request for payment shall constitute a representation and warranty by Contractor that: (a) all representations and warranties set forth in this Grant Contract remain true and correct in all material respects, (b) Contractor has complied with all obligations contained in this Agreement through the date of the request for payment and (c) Contractor has fully disclosed to NSP all facts and other information known to Contractor which reasonably may affect Contractor’s ability to complete the Project on schedule.

B. Contractor shall submit all invoices to the NSP Contract Manager.

C. Payments shall be made to Contractor only for undisputed invoices. An undisputed invoice is an invoice for amounts that appear to the NSP Contract Manager to be consistent with and allowed under this Grant Contract. In the event the invoice contains expenses that the NSP Contract Manager believes have not been incurred, are inconsistent, or inappropriate, the NSP Contractor shall attempt to provide
notice of identified issues to the Project Manager within fifteen (15) working days after receipt the invoice. Invoices paid remain subject to audit and verification.

D. Payment shall be made to Contractor no later than 30 calendar days from the date a correct, undisputed invoice is received by the NSP Contract Manager.

E. Contractor shall retain all records relating to all expenses reimbursed to Contractor, and to hours of employment on this Grant Contract by all employees of Contractor for which NSP is billed. Such records shall be maintained for a period of three (3) years after final payment of this Grant Contract, or until audited by the State, whichever occurs first, and shall be available for inspection or audit at any reasonable time by NSP or its designee.

4. PROJECT SCHEDULE AND BUDGET REVISIONS

A. Contractor shall meet the critical path schedule set forth on Exhibit B and meet the Project budget set forth on Exhibit C. Contractor shall provide reasonable advance notification to NSP of any anticipated schedule deviations or budget reallocations. Contractor may reallocate an element, or task in the budget of up to fifteen (15) percent of the total budget without prior written notice to NSP. Reallocations of more than fifteen (15) percent of the total budget require prior written approval of NSP.

B. Contractor shall provide sixty (60) days advance written notification to NSP for any request to make a reallocation as contemplated by Section 4.A of more than fifteen (15) percent. Along with any such request, Contractor shall submit any supporting documentation as NSP may request.

C. Contractor must report (i) changes in the scope, timing, use of equipment, use of suppliers, vendors, budgets, Project Managers and Project key assistants, location, Milestones or changes or potential changes that could affect the Milestones of the Project, and similar changes, events or conditions that could affect the Project and (ii) the occurrence of any event which could, with the giving of notice or the passage of time or both, constitute an Event of Default by Contractor under this Agreement, as soon as possible, but in no event later than five (5) business days after their occurrence or the knowledge of their potential occurrence. Such information shall be provided on the Notice of Change or Potential Change Form in Exhibit I to this Grant Contract. The NSP Contract Manager shall review such Change forms. Administrative changes may be allowed by the NSP Contract Manager by written approval. Minor changes may be agreed to by the Project Manager and the NSP Contract Manager and shall be memorialized in a written amendment to this Grant Contract. Material changes must be approved by NSP in the form of a written amendment to this Grant Contract, which the Parties acknowledge may be subject to approval of the Minnesota Public Utilities Commission ("Commission") as deemed appropriate by NSP, in NSP’s sole discretion. A change is material if it results in changes in deliverables, moves due dates beyond the term of the Contract or modifies the scope of work reasonably beyond that approved by the Commission (any of such changes being a “Change”), and may require regulatory approval. If
NSP determines appropriate, it may approve, modify, reject or refer the Change to the Advisory Group and/or the Commission for consideration. NSP anticipates providing to the Commission any Changes that are deemed to represent significant Project scope changes. All information relating to any Change may be provided to the Commission or otherwise publicly disclosed.

5. CONTRACT MANAGEMENT

A. Project Manager

The Project Manager on behalf of Contractor is designated in Exhibit D. Such Project Manager may not be replaced without NSP’s prior written approval, such approval not to be unreasonably withheld. The Project Manager is responsible for the day-to-day Project status, decisions and communications with the NSP Contract Manager.

B. NSP Contract Manager

The NSP Contract Manager is designated in Exhibit D. The NSP Contract Manager is responsible for the day-to-day contract status, decisions and communications with the Project Manager. The NSP Contract Manager will review all deliverables, reports and invoices as provided for in Section 8, and notify Project Manager of any reporting deficiencies.

6. ANNUAL EVALUATION

NSP may annually evaluate all reporting, as required in Section 8, as well as any other information collected in accordance with this Grant Contract, to determine whether the Contractor is in compliance with the Standards of Performance as stated in Section 7. Contractor shall fully cooperate with NSP in any such evaluations. Any such annual evaluation may be presented to the Advisory Group and/or the Commission.

7. STANDARD OF PERFORMANCE

A. Standard of Performance shall mean Contractor, its subcontractors and their employees and agents in the performance of Contractor’s work shall exercise the degree of skill and care required by customarily accepted good professional practices and procedures used in scientific and engineering research fields and (i) shall comply with all applicable federal, state and local laws, regulations and Project permit conditions, (ii) shall not infringe upon any intellectual property rights of any third parties and (iii) shall meet or exceed all performance standards and matrices set forth in the Proposal.

B. In the event that Contractor or its subcontractor(s) fail to perform in accordance with the Standard of Performance as defined in Section 7.A above, and in the event that the NSP Contract Manager becomes aware of any such failure, the NSP Contract Manager may notify the Project Manager who shall identify and propose an appropriate remedy for the failure. No failure of the NSP Project Manager to notify the Project Manager of any such failure shall relieve Contractor from any of its duties.
or obligations under this Grant Contract. In the event NSP determines the
proposed remedy is not satisfactory, the NSP Contract Manager and the Project
Manager shall seek to negotiate an appropriate resolution given the circumstances. If
NSP determines such a resolution cannot be reached, it may refer the matter to the
Advisory Group, who may choose to recommend an appropriate resolution. NSP
shall retain all its rights under this contract should no mutual resolution be reached.

C. Nothing contained in this section is intended to limit any of the rights or remedies,
which NSP may have under law or under other sections of this Grant Contract.

8. REPORTING

A. Once a month, beginning after the Contract Start Date, Project Manager shall
prepare and provide to the NSP Contract Manager a progress report in form and
detail acceptable to NSP that documents evidence of progress and deliverables as
detailed in Exhibit C. Summary reports are to include a general overview of how the
Project is progressing; summary of the work activity for the past period;
identification of active milestone(s) and estimate percent or Project work completed;
specific/unforeseen problems encountered that need to be overcome that may be
expected to affect the milestones, timeline of deliverables, or costs and Contractor’s
efforts to comply with the Project critical path schedule; and significant Project
accomplishments. All such reports will be posted by Xcel Energy on a public
website approved by the Commission.

B. At the conclusion of the Contractor’s work, Contractor shall prepare a
comprehensive written Final Report in form and detail acceptable to NSP, including
an executive summary. The Final Report is to include a summary of what the project
was intended to do and what was discovered or accomplished, the usefulness and
benefits of the project’s discovery or accomplishments, and a summary of lessons
learned or project outcomes. Such Final Report must contain sufficient detail for
technical readers and a clearly written summary for non-technical readers. The non-
technical summary should be one-and-a-half to two pages in length including an
executive summary of the project, the methodology used for the project, ratepayer
benefits from the project and any lessons learned. The Final Report must include an
evaluation of the Project’s financial, environmental, and other benefits to the State of
Minnesota and to NSP’s ratepayers.

The NSP Contract Manager will review and approve the Final Report, or in the
event the Final Report is not satisfactory to NSP, shall identify deficiencies, which
Contractor shall resolve within 30 days. Contractor shall also meet with the
Advisory Group to present the findings, conclusions, and recommendations. The
Contractor shall present the Final Report to the Advisory Group on or before the
Contract End Date. All Final Reports will be posted by Xcel Energy on a public
website approved by the Commission.

C. All reports, including reprints, shall include the following legend:

LEGAL NOTICE
9. RECORDKEEPING, COST ACCOUNTING AND AUDITING

A. Cost Accounting

Contractor agrees to keep separate, complete, and correct accounting of the costs involved in researching, developing and testing of, the work on the Project or rights under this Grant Contract.

B. Accounting Procedures

The Contractor’s costs shall be determined on the basis of the Contractor’s accounting system procedures and practices employed as of the effective date of this Grant Contract. The Contractor’s cost accounting practices used in accumulating and reporting costs during the performance of this Grant Contract shall be consistent with the practices used in estimating costs for any proposal to which this Grant Contract relates; provided that such practices are consistent with the other terms of this Grant Contract and provided, further, that such costs may be accumulated and reported in greater detail during performance of this Grant Contract. The Contractor’s accounting system shall distinguish between direct costs and indirect costs. All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to costs incurred under this Grant Contract.

C. Allowability of Costs

1) Allowable Costs

The costs for which the Contractor shall be reimbursed under this Grant Contract include all direct costs incurred in the performance of the work that is identified in Exhibit C, subject to the limitations and cap of the Grant Amount in this Grant Contract and Exhibit C. Costs must be incurred within the term of the Contract.
2) Unallowable Costs

Contingency costs, imputed costs, fines and penalties, losses on contracts, liabilities from failure to comply with applicable laws, rules and regulations, costs, settlements and judgments under any litigation or arbitration, expenses not incurred, and excess profit taxes are unallowable, as well as costs determined inappropriate or inconsistent with Exhibit C, by the NSP Contract Manager.

D. Audit Rights

Contractor shall maintain books, records, documents, and other evidence, based on the procedures set forth above, sufficient to reflect properly all costs claimed to have been incurred in performing this Grant Contract. NSP, or at NSP’s option, a public accounting firm designated by NSP, may audit such accounting records at all reasonable times with prior notice by NSP. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of NSP to audit records and interview staff in any subcontract related to performance of this Grant Contract.

10. CONFIDENTIALITY

A. NSP agrees to work with Contractor to make reasonable efforts to keep confidential the items listed in Exhibit E. Designation of trade secrets and justification for trade secret information before the Commission and other agencies shall be the responsibility of the Contractor.

B. Public and Confidential Deliverables

Deliverables including, but not limited to, progress reports, task deliverables and the Final Report shall not contain confidential information except when the NSP Contract Manager and the Contractor deem it necessary to include confidential information in a deliverable. In such event, the Contractor shall prepare the deliverable in two separate volumes, one for public distribution and one to be maintained in NSP’s confidential records. Only those items specifically listed in Exhibit E or in a subsequent determination of confidentiality qualify as confidential deliverables.

C. Identifying and Submitting Confidential Information

All confidential information submitted by the Contractor shall be marked “Confidential” on each document containing the confidential information.

D. Future Confidential Information

During the term of this Grant Contract, Contractor may develop additional Data or information that the Contractor considers to be nonpublic confidential information not listed on Exhibit E. Contractor must list all items and information along with
justification for confidentiality and submit a proposed revision of Exhibit E to the NSP Contract Manager. Exhibit E may be amended by mutual agreement, however any amendment to Exhibit E shall not affect NSP’s rights under section 12 as to the additional Data and information by amending Exhibit E. In the event there is a disagreement over the items to be delivered under the Contract, the Parties shall use the “Disputes” clause found at section 14.A. Such subsequent determinations will be added to Exhibit E.

E. General Right to Use Information

Except for Confidential Information identified on, or added by amendment to, Exhibit E, NSP shall have the right to use all information and data delivered by Contractor or derived from the Project or this Grant Contract: (i) in the course of providing goods or services to customers of NSP whether or not affected by the Project, and (ii) for purposes of research, development, marketing and producing energy and energy systems and processes. Contractor hereby also consents to release of its customer information with regard to the foregoing.

11. REPRESENTATIONS OF CONTRACTOR

Contractor represents, warrants and covenants that, except as set forth on Schedule 11 hereto:

A. It is duly authorized to conduct business in all jurisdictions necessary to perform this Grant Contract, and it has the power and authority to enter into and perform this Grant Contract; and

B. The execution and performance of this Grant Contract and the implementation of the Project hereunder will not conflict with or constitute a breach of or a default under any contract, license or other agreement applicable to Contractor or its property; and

C. The execution and performance of this Grant Contract and the implementation of the Project hereunder will not require any consent, license, permit or approval that has not been obtained from the appropriate governmental authority; and

D. It has taken all actions necessary and advisable to authorize this Grant Contract, and this Grant Contract is the legal, valid and binding obligation of Contractor, fully enforceable in accordance with its terms; and

E. It has all expertise, personnel, facilities, equipment, internal financing and co-funding resources, and all other necessary resources available for the Project as required to complete the Project to be funded under this Grant Contract; and

F. It has entered into all contracts, in a form satisfactory to NSP, necessary for the services, intellectual property rights and other products necessary for performance of the Project and will promptly pay and discharge all such obligations upon receipt of conforming rights and services provided for the Project; and all such contracts may be assigned to NSP if NSP exercises its right, in its sole discretion, under this Grant Contract.
Contract to complete the performance of the Grant Contract, and contractor hereby authorizes any monies paid by NSP on such order or contracts to be offset and deducted from the Grant Amount of this Grant Contract; and

G. It has all the necessary permits, orders, authorizations, intellectual property rights and any other necessary permissions in place for the performance of this Grant Contract; and

H. It will provide true and correct copies of all contracts and agreements related to the performance of this Grant Contract to NSP upon execution; and

I. It will not terminate any contract with any Minnesota-based institution, supplier or service provider involved in the performance of this Project without consultation with NSP; and

J. It and/or its contractors will maintain the liability insurance coverage required by Exhibit F hereof and any other insurance required for the Project and name Xcel Energy, NSP and the Advisory Group as additional insureds. Contractor agrees to promptly notify NSP of any notice of cancellation received from Contractor's current insurer and who the replacements insurer will be without allowing any gap in such insurance.

12. RIGHTS OF PARTIES REGARDING INTELLECTUAL PROPERTY

A. NSP’s Rights in Deliverables

Subject to Section 12.B of this Grant Contract, Deliverables, reports and Deliverable Data specified for delivery to NSP under this Grant Contract shall become the property of NSP. NSP may use, publish, and reproduce the deliverables and reports subject to the provisions of subparagraph C in accordance with the goals and policies of NSP and jurisdictional regulatory authorities for public information and renewable energy development educational purposes.

B. Rights in Technical Data, Generated Data, and Deliverable Data

1) Contractor’s Rights

All Data, including Technical Data, Generated Data and Deliverable Data, produced under this Grant Contract shall be the property of the Contractor, limited by the license retained by the NSP in paragraph 12.B.2 below, and the rights NSP has in deliverables specified above in section 12.A.

2) NSP’s Rights

For Technical Data, Generated Data and Deliverable Data produced under this Grant Contract, NSP retains a no-cost, non-exclusive, non-transferable, irrevocable, royalty-free, worldwide, perpetual license to use, publish, translate, produce and to authorize others to produce, translate, publish and use all such Data, subject to the provisions of subparagraph C.
C. Limitations on NSP Disclosure of Contractor’s Confidential Records

1) Data provided to NSP by Contractor, which Data the Parties have agreed to keep confidential and which Contractor seeks to have designated as confidential, or is the subject of a pending application for confidential designation, shall not be disclosed by NSP, unless disclosure is required such as by order of a court of competent jurisdiction or determination by regulatory agency.

2) NSP agrees not to disclose Confidential Data or the contents of reports containing information considered by Contractor as confidential, without first providing a copy of the disclosure document for review and comment by Contractor. Contractor may make an application for confidential designation on some or all of the Data, and shall be responsible for all costs and expenses thereof.

D. Exclusive Remedy

In the event NSP intends to publish or has disclosed Data the Contractor considers confidential, the Contractor’s sole and exclusive remedy shall be a civil court action for injunctive relief, which shall be filed in Hennepin County, Minnesota. This provision shall not prevent Contractor from attempting to prevent disclosure by any government agencies under the Minnesota Government Data Practices Act provisions of Minnesota Statutes, Chapter 13 or otherwise.

E. Limitations on Contractor Disclosure of Contract Data, Information, Reports and Records

1) Contractor will not disclose the contents of the final or any preliminary deliverable or report without first providing a copy of the disclosure document for review and comment to the NSP Contract Manager. The Contractor shall incorporate the comments of the NSP Contract Manager, unless, based upon professional judgment, Contractor and NSP agree otherwise.

2) Notwithstanding the foregoing, in the event any public statement is made by NSP as to the role of Contractor or the content of any preliminary or Final Report of Contractor hereunder, Contractor may, if it believes such statement to be incorrect, state publicly what it believes is correct.

3) No record that is provided by NSP to Contractor for Contractor’s use in executing this Grant Contract and which has been designated as confidential shall be disclosed, unless a court of competent jurisdiction orders disclosure, and Contractor has timely provided NSP with a copy thereof. At the election of the NSP Contract Manager, the Contractor, its employees and any subcontractor shall execute a “Confidentiality Agreement,” supplied by the NSP Contract Manager.
4) Contractor acknowledges that each of its officers, employees, and subcontractors who are involved in the performance of this Grant Contract will be informed about the restrictions contained herein and will be required to abide by the above terms; and that Contractor will be responsible for any violations by any such individuals.

F. Patent Rights

Patent rights for Subject Inventions will be the property of Contractor, subject to NSP retaining a no-cost, nonexclusive, irrevocable, royalty-free, worldwide, perpetual license to make, use, have made for its own use, or have practiced for or on behalf of NSP the Subject Invention(s). Contractor must obtain agreements to effectuate this clause with all persons or entities obtaining any ownership or license interest in the patented Subject Invention(s). Contractor acknowledges that NSP shall have the right to use its license rights in the Subject Inventions to create derivative or additional inventions or intellectual property; and Contractor expressly disclaims any and all rights in any and all such inventions or intellectual property.

G. Royalty Rights

In consideration of the grant of funds made to Contractor by NSP, Contractor hereby agrees to pay NSP a royalty of ____% of all revenues of any type or kind received by Contractor from the sale, lease, license or other commercialization of any or all of the Subject Inventions for the life of each applicable Subject Invention. Such royalty shall be paid and reported quarterly; and NSP shall have an annual right to audit all books and records of Contractor related to its royalty for purposes of determining that Contractor has properly calculated, reported and paid the required royalty. The Parties may enter into an additional agreement related to their respective rights and obligations under this Section 12.G provided, however, that in the event of any inconsistency or conflict between the terms of such additional agreement and the terms of this Agreement, the terms of this Agreement shall control.

H. NSP’s Rights to Invention.

Contractor and all persons and/or entities obtaining an ownership interest in Subject Invention(s) shall include within the specification of any United States patent application, and any patent issuing thereon covering a Subject Invention, the following statement:

“THIS INVENTION WAS MADE WITH NSP SUPPORT UNDER CONTRACT NUMBER XXXX. NSP HAS CERTAIN RIGHTS TO THIS INVENTION.”

I. Copyrights

1) Any copyrightable material first produced under this Grant Contract shall be owned by the Contractor, limited by the license granted to NSP in 2) below.
2) Contractor agrees to grant NSP a royalty-free, no-cost nonexclusive, irrevocable, worldwide, perpetual license to produce, translate, publish and use and to authorize others to produce, translate, publish and use all copyrightable material first produced or composed in the performance of this Grant Contract.

3) Contractor will apply copyright notices to all deliverables using the following form or such other form as may be reasonably specified by NSP.

“©[Year of first publication of deliverable], [the Copyright Holder’s name].
ALL RIGHTS Reserved.”

4) Software.

In the event software is developed that is not a deliverable under this Grant Contract, Contractor shall have the right to copyright and/or patent such software and grants NSP a royalty-free, no-cost, non-exclusive, irrevocable, worldwide, perpetual license to produce and use the software, its derivatives and upgrades for research and development purposes.

J. Intellectual Property Indemnity

Contractor warrants that Contractor will not, in the course of its work under this Grant Contract or otherwise, infringe or misappropriate any intellectual property right of a third party, and further warrants and agrees that it will conduct a reasonable investigation of the intellectual property rights of third parties to avoid such infringement. Contractor will defend and indemnify NSP from and against any claim, lawsuit or other proceeding, loss, cost, liability or expense (including court costs and reasonable fees of attorneys and other professionals) to the extent arising out of: (i) any third party claim that a Subject Invention or any deliverable infringes any patent, copyright, trade secret or other intellectual property right of any third party, or (ii) any third party claim arising out of the negligent or other tortious act(s) or omission(s) by the Contractor, its employees, subcontractors or agents, in connection with or related to the deliverables or the Contractor’s performance thereof under this Grant Contract. This indemnity shall survive the expiration or termination of this Grant Contract and for as long as NSP is receiving any payment or other consideration under the royalty payment provisions of Section 12.G hereof.

13. NOTICES TO PARTIES

Notice to either party may be given by certified mail properly addressed, postage fully prepaid, or by overnight carrier providing record of receipt, to the address designated in Exhibit D for each respective party or to such other address as either party shall notify the other in accordance with this section.

14. DISPUTES

A. Dispute Resolution
If NSP and the Contractor cannot resolve a dispute or grievance, Project Manager and NSP Contract Manager shall each prepare a written statement of the issues in dispute, the legal authority or other basis for their respective positions and the remedy sought. The packages must be submitted to the Renewable Development Fund Advisory Group. The Advisory Group shall make a determination within ten working days after receipt of the package. Should Contractor disagree with the Advisory Group’s decision, Contractor may appeal to the Commission. Contractor shall continue to perform its responsibilities under this Grant Contract during any dispute.

B. Legal Remedy

The interpretation and performance of this Grant Contract and each of its provisions shall be governed and construed in accordance with the laws of the State of Minnesota. The Parties hereby submit to the exclusive jurisdiction and enforcement authority of the Commission or, in the event the Commission declines jurisdiction, or in the event that NSP is exercising its rights under Sections 12.D or 15.5 hereof, to the exclusive jurisdiction of the courts of the State of Minnesota, and venue is hereby stipulated as Minneapolis, Minnesota.

15. DEFAULT AND TERMINATION

15.1 Events of Default of Contractor.

(A) Any of the following shall automatically constitute an Event of Default of Contractor upon its occurrence and no notice or cure period shall be applicable:

1) Contractor’s dissolution or liquidation;

2) Contractor’s assignment of this Grant Contract or any of its rights hereunder;

3) Contractor’s sale or other transfer of the Project or any part thereof or interest therein during the Term of this Grant Contract;

4) Contractor’s filing of a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or Contractor voluntarily taking advantage of any such law or act by answer or otherwise;

5) Contractor’s actual or apparent fraud with any funding under this Grant Contract, waste, tampering with any NSP-owned facilities or material, intentional misrepresentation or willful misconduct in connection with this Grant Contract and/or the work on the Project; or

6) Contractor’s abandonment of the Project;
Any of the following shall constitute an Event of Default of Contractor upon its occurrence but shall be subject to cure within ninety (90) days after the date of written notice from NSP to Contractor:

1) Contractor’s failure to meet the Critical Path Schedule;
2) Contractor’s failure to maintain in effect any agreements required to deliver the final product; or
3) Contractor’s failure to comply with the Standard of Performance under Section 7 or with any other material obligation under this Grant Contract.
4) Contractor’s failure to make any payment required under this Grant Contract;
5) Any direct or indirect change of control of Contractor by sale of majority equity interest, transfer of majority voting rights, merger, consolidation, additional issuance of equity or otherwise);
6) Any representation or warranty made by Contractor in this Grant Contract shall prove to have been false or misleading in any material respect when made or ceases to remain true during the Term if such cessation would reasonably be expected to result in a material adverse impact on the Project or NSP; or
7) The filing of a case in bankruptcy or any proceeding under any other insolvency law against the parent or any other affiliate of Contractor that could materially impact Contractor’s ability to perform its obligations hereunder; provided, however, that Contractor does not obtain a stay or dismissal of the filing within the cure period.

15.2 Events of Default of NSP.

(A) Any of the following shall automatically constitute an Event of Default of NSP upon its occurrence and no notice or cure period shall be applicable:

1) NSP’s dissolution or liquidation provided that division of NSP into multiple entities or any other corporate reorganization or business restructuring shall not constitute dissolution or liquidation; or
2) NSP’s filing of a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any State, or NSP voluntarily taking advantage of any such law or act by answer or otherwise.

(B) NSP’s failure to comply with any other material obligation under this Grant Contract, which would result in a material adverse impact on Contractor,
shall constitute an Event of Default of NSP upon its occurrence but shall be subject to cure within ninety (90) days after the date of written notice from Contractor to NSP; or

(C) NSP’s failure to make any undisputed payment shall constitute an Event of Default of NSP upon its occurrence but shall be subject to cure within sixty (60) Days after the date of written notice from Contractor to NSP.

15.3 **Termination.** Upon the occurrence of an Event of Default, which has not been cured within the applicable cure period, if any, the non-defaulting Party shall have the right to immediately terminate this Grant Contract without further notice. Neither Party shall have the right to terminate this Grant Contract except as provided for upon the occurrence of an Event of Default as described above or as otherwise may be explicitly provided for in this Grant Contract. In addition, the Parties may mutually agree in writing to terminate this Grant Contract.

15.4 **Termination by NSP Due to Event of Default of Contractor.** In the event NSP terminates this Grant Contract due to an Event of Default by Contractor, Contractor shall pay to NSP all monies disbursed under this Grant Contract by NSP to Contractor as of the termination of this Grant Contract due to an Event of Default by Contractor. Such payment shall be made by cashier’s check or wire transfer no later than ninety (90) days following such termination of this Grant Contract.

15.5 **Effect of Termination.** The Parties acknowledge and agree that NSP and Contractor have entered into this Grant Contract to implement the order of the Commission approving the RDF grant to Contractor for its work on the Project. The Parties further acknowledge and agree that this Grant Contract, by implementing such order, provides the terms and conditions for Contractor’s conduct and obligations so that it may receive such grant and the terms and conditions for NSP’s administration of the grant. To that end, in the event that this Grant Contract is terminated pursuant to its terms, Contractor agrees that such termination shall also terminate any and all of Contractor’s rights to the RDF grant award that may exist separate and apart of this Grant Contract by virtue of the Commission order approving the Project and Contractor hereby explicitly waives and any all of its rights to seek to implement any and all of such rights that may exist through such Commission order and outside of this Grant Contract. Furthermore, termination of this Grant Contract pursuant to its terms shall act as a withdrawal of Contractor’s grant request.

15.6 **Specific Performance.** In addition to the other remedies specified in this Grant Contract, in the event that any Event of Default of Contractor is not cured within the applicable cure period set forth herein, NSP may elect to treat this Grant Contract as being in full force and effect and NSP shall have the right to specific performance.

16. **GENERAL TERMS & CONDITIONS**

A. The following contract provisions, rights and obligations shall survive the completion or termination date of this Grant Contract:
• “Standard of Performance” Section 7
• “Recordkeeping, Cost Accounting and Auditing” Section 9
• “Confidentiality” Section 10
• “Rights of Parties Regarding Intellectual Property” Section 12
• “Disputes” Section 14
• “Default and Termination” Section 15
• “General Terms and Conditions” Section 16

B. Headings have been inserted for the purpose of convenience and ready reference. They do not purport, and shall not be deemed, to define, limit, or extend the scope or intent of this Grant Contract.

C. Contractor shall make representatives available to testify in the event the Commission or State Legislature hold hearings or conduct an investigation with regard to this Grant Contract.

D. Contractor shall provide the NSP Contract Manager reasonable access to Contractor’s premises and all Project records.

E. No amendment, alteration or variation of the terms of this Grant Contract shall be valid unless made in writing and signed by the Parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the Parties hereto. Other than as specified herein, no document or communication passing between the Parties hereto shall be deemed as part of this Grant Contract.

F. Contractor shall not assign this Grant Contract, either in whole or in part, without the prior written consent of NSP, such consent may be withheld by NSP for any reason. Consent includes a formal written contract amendment approved by the Commission.

G. Minnesota law shall govern interpretation of this Grant Contract.

H. Time is of the essence in this Grant Contract.

I. Contractor shall indemnify, defend and save harmless NSP, its affiliates, officers, agents and employees and members of the Renewable Development Fund Advisory Group from any and all claims and losses arising out of: (i) Contractor’s performance under this Grant Contract regardless of whether such performance is an Event of Default or not and (ii) Contractor’s negligence of willful misconduct.

J. Contractor, its agents and employees shall act in an independent capacity and not as officers or employees or agents of NSP or the Advisory Group.

K. No waiver of any breach of this Grant Contract shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Grant Contract shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law, except to the extent limited or excluded by the express terms of this Grant Contract. The failure of NSP to enforce at any time any of the
provisions of this Grant Contract, or to require at any time performance by Contractor of any of the provisions therefore, shall in no way be construed to be a waiver of such provisions, nor in any way affect the validity of this Grant Contract or any part thereof or the right of NSP to thereafter enforce each and every such provision.

L. If any provision of this Grant Contract is held invalid, that invalidity shall not affect other provisions of the Contract. In the event that any provision of this Grant Contract is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Grant Contract have force and effect and shall not be effected thereby.

M. All Exhibits and Addendums are incorporated into this Grant Contract by this reference and made a part hereof. Contractor represents and warrants that all material statements of fact made in its Grant Application and due diligence responses are true and correct statements as of the Contract Start Date and that such statements do not omit any material facts necessary to make Contractor’s Grant Application materially misleading. This Grant Contract contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior negotiations between the Parties. In the event of any inconsistency between any of the terms and conditions of this Grant Contract and the terms and conditions of any or all Exhibits, the terms and conditions of this Grant Contract shall control. In the event of any inconsistency between the terms and conditions of any or all of Exhibits A, B and C and the terms and conditions of the Proposal, the terms and conditions of Exhibits A, B and C shall control.

N. IN NO EVENT WILL NSP BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY TYPE OR KIND BASED ON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR ANY OTHER LEGAL THEORY, INCLUDING, BUT ARE NOT LIMITED TO, LOSS OF PROFIT; LOSS OF SAVINGS OR REVENUE; LOSS OF GOODWILL; LOSS OF USE OF THE PROJECT OR ANY ASSOCIATED PROJECT EQUIPMENT; COST OF CAPITAL; COST OF ANY SUBSTITUTE PROJECT EQUIPMENT, FACILITIES, OR SERVICES; DOWNTIME; THE CLAIMS OF ANY THIRD PARTIES INCLUDING CUSTOMERS; AND INJURY TO PROPERTY REGARDLESS OF THE NUMBER OF CLAIMS OR THE THEORIES OF RELIEF.

In Witness Whereof, the Parties have agreed to this Grant Contract.
Northern States Power Company,
a Minnesota corporation

By: ______________________________ Date: ______________________________

Its: ______________________________

(Name of Contractor)

By: ______________________________ Date: ______________________________

Its: ______________________________
## EXHIBIT AND SCHEDULE LIST

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>Description</th>
</tr>
</thead>
</table>
| Exhibit A | Work Statement  
The work statement in this Exhibit provides the objective of the grant application, the value of performing the Project, anticipated results and the tasks required to complete the Project. |
| Exhibit B | Critical Path Schedule  
Exhibit B includes the critical path schedule for the Project. |
| Exhibit C | Budget, Project Payment Milestones and Deliverables  
This Exhibit includes the approved budget for the Project, the Project payment Milestones and deliverables. The Project payment schedule and limits are intended to reflect anticipated value added by Contractor as a result of the progress on the Project, rather than expenses incurred to the date of a grant partial payment request. |
| Exhibit D | Project Manager and Contract Manager - Contractor and NSP  
This Exhibit includes the names of the Project Manager and Contract Manager along with the necessary information required for continued communication. |
| Exhibit E | Confidential and Intellectual Property List  
This Exhibit includes the description of any non-public confidential information and proprietary property involved in performance of the Project or to be derived from the Project required to be listed under Article 11. |
| Exhibit F | Insurance Certificates  
This Exhibit includes the coverages, limits and requirements for Certificates of Insurance to be obtained and maintained by the Contractor. |
| Exhibit G | Special Conditions  
This Exhibit includes the special conditions to be included as a part of this Grant Contract. |
| Exhibit H | Contractor’s Balance Sheet  
This Exhibit includes the Contractor’s balance sheet. |
| Exhibit I | Notice of Change or Potential Change in RDF Grant Contract Project.  
This Exhibit includes the form to be used by the Contractor for a notice of change or potential change to this Grant Contract or the Project. |
| Exhibit J | Contractor’s approved Proposal |
Schedule 11: Exceptions to Contractor’s Representations
THIS GRANT CONTRACT is made this ____ day of ____, 20__, by and between Northern States Power Company, a Minnesota corporation (“NSP”), with its principal place of business at 414 Nicollet Mall, Minneapolis, Minnesota 55401 and_________________________ (“Contractor”) ____________, a [State] ______________ [corporation, LLC, etc.], with its principal place of business at ________________. NSP and Contractor are sometimes individually referred to as a “Party” or collectively as the “Parties”.

WHEREAS, Contractor intends to design, build, own and operate an electric generating facility project to be located in the vicinity of _____, consisting of __ number of generators with a total nameplate capacity of not more than ___megawatts (“MWs”), which will be interconnected with NSP’s electric system and will produce renewable energy which may be sold to NSP. A description of the Project, which is the subject of this Grant Contract, is provided in this Grant Contract and Exhibits hereto;

WHEREAS, NSP and Contractor intend to fund the Contractor’s electric generating Project utilizing Renewable Development Fund (“RDF”) grant funds pursuant to Minnesota Statutes Section 116C.779 in accordance with the terms and conditions of this Grant Contract and Exhibits hereto; and

WHEREAS, Contractor may choose to enter into a power purchase agreement with NSP for the sale of the output of such facility or choose to otherwise utilize the output from the generating facility all as more fully described in the applicable Renewable Development Fund Request for Proposals.

NOW, THEREFORE, in consideration of the premises and mutual obligations set forth herein, the Parties agree as follows:

1. DEFINITIONS

   A. **Contractor** has the meaning set forth in the opening paragraph of this Grant Contract.

   B. **Date**.

      1) **Grant Contract Start Date** shall be the date first listed above.

      2) **Grant Contract End Date** is the last date reimbursable expenses can be incurred, and shall be the earliest of 1) completion of the Project; 2) the Scheduled Completion Date indicated on Exhibit C; or 3) the date on which the Grant Contract has been terminated in accordance with this Grant Contract.

   C. **Facility** is the physical generator and all appurtenant equipment and facilities necessary for the production of energy and capacity and delivery of such energy and
capacity that is being developed, constructed and placed into service as part of the Project.

D. **Project** refers to the scope of work arising from the selected proposal as described in Exhibit A. The scope of work to be included in Exhibit A is derived from the scope of work described in the proposal. Exhibit A may be modified only by mutual agreement between authorized representatives of both Parties.

E. **Terms Relating to Data**

1) **Technical Data** or **Data** as used in this Grant Contract means recorded information regardless of form or characteristic, of a scientific or technical nature. It may, for example, document research; document experimental, developmental, demonstration, or engineering work; or be usable or used to define a design or process; or to procure, produce, support, maintain, or operate material. The Data may be graphic or pictorial delineation in media such as drawings or photographs, test specifications or related performance or design type documents or computer software (including computer programs, computer software databases, and computer software documentation). Examples of Technical Data include manufacturing techniques and methods, machinery, devices such as tools, products, or components, research and engineering, engineering drawings and associated lists, specifications, engineering calculations, standards, process sheets, manuals, technical reports, catalog item identification, and related information. Technical Data as used herein does not include financial reports, cost analyses and other information incidental to Grant Contract administration.

2) **Business Information** is information about the operation of a specific business. It includes information concerning the cost and pricing of goods, supply sources, cost analyses, characteristics of customers, books and records of the business, sales information including mailing lists, customer lists, business opportunities, information regarding the effectiveness and performance of personnel, and information incidental to Grant Contract administration.

3) **Public Information** is information previously published, generally available from more than one source, or information in the public domain. All air monitoring and emission Data included in a proposal or requested through a Grant Contract are public information.

4) **Confidential Information** is Technical Data or Business Information Contractor has satisfactorily identified, which is not otherwise public and which the Parties agree is appropriately treated as confidential.

5) **Proprietary Data** is such Data Contractor has identified in a satisfactory manner as being under Contractor’s control prior to commencement of performance of this Grant Contract or produced by Contractor or its...
subcontractors at its own expense, and which Contractor has reasonably
demonstrated as being of a proprietary nature either by reason of copyright,
patent or trade secret doctrines in full force and effect at the time when
performance of this Grant Contract is commenced.

6) **Trade Secret** is any formula, plan, pattern, process, tool, mechanism,
compound, procedure, source code, software, database, production Data, or
compilation of information which is not patented and which is generally
known only to certain individuals with a commercial concern who may be
using it to fabricate, produce or compound an article of trade or a service
having commercial value and which gives its owner or user an opportunity to
obtain a business advantage over competitors who do not know or use it.

7) **Generated Data** is that Data that Contractor collects, collates records,
deduces, reads out or postulates for use in the performance of this Grant
Contract. In addition, any electronic Data processing program, model or
software system developed or substantially modified by Contractor in the
performance of this Grant Contract using RDF funds, together with
complete documentation thereof, shall be treated as Generated Data.

8) **Deliverable Data** is that Data which, under the terms of this Grant
Contract, is required to be delivered to NSP.

F. **Project Manager** shall be designated by the Contractor as the administrator of the
Project, and who will be responsible, on behalf of Contractor, for managing the
completion of task deliverables and milestones as set forth in Exhibit C. Project
Manager is also the designate to be noticed as provided in Exhibit D.

G. **Proposal** shall mean Contractor’s proposal as approved by the Commission and
attached hereto as Exhibit J.

H. **Renewable Development Fund Advisory Group** or **Advisory Group** shall mean
the current advisory group to the Renewable Development Fund as constituted from
time to time.

Certain other terms are defined elsewhere in this Grant Contract.

2. **CONTRACT TERM**

The term of this Grant Contract shall be from the Contract Start Date to the Contract End
Date. This Grant Contract is of no force or effect until it has been signed by both Parties.
In the event that the Project has not been completed within three (3) years of the originally
scheduled Contract End Date, this Grant Contract shall automatically be terminated, subject
to the provisions of Section 16 hereof, and further subject to the rights of NSP hereunder to
exercise all rights and remedies hereunder for any Event of Default by Contractor that may
have occurred prior thereto at any time as permitted by this Grant Contract. Contractor and
NSP acknowledge that this Grant Contract shall be effective as of the Contract Start Date
but that any obligation to disburse grant funds remains subject to NSP’s receipt of all
jurisdictional regulatory approvals.
3. PAYMENTS TO CONTRACTOR

Subject to the conditions in this Grant Contract and Exhibits hereto, NSP agrees to reimburse Contractor for actual and allowable expenses incurred in accordance with Exhibit C subject to the limitations herein and therein, and the milestone progress or final payment limitations in Exhibit C. The total amount of this Grant Contract shall not exceed the maximum grant amount stated in Exhibit C or Contractor’s total actual and allowable costs, whichever is less.

A. A request for payment shall consist of:

1) An invoice that lists actual and allowable expenses incurred up to the milestone payment amounts indicated in Exhibit C; and

2) Substantiation of such expenses in a form reasonably acceptable to NSP; and

3) Documentation of the deliverables as detailed in Exhibit C satisfactory to NSP.

4) Each request for payment shall constitute a representation and warranty by Contractor that: (a) all representations and warranties set forth in this Grant Contract remain true and correct in all material respects, (b) Contractor has complied with all obligations contained in this Agreement through the date of the request for payment and (c) Contractor has fully disclosed to NSP all facts and other information known to Contractor which reasonably may affect Contractor’s ability to complete the Project on schedule.

B. Contractor shall submit all invoices to the NSP Contract Manager.

C. Payments shall be made to Contractor only for undisputed invoices. An undisputed invoice is an invoice for amounts that appear to the NSP Contract Manager to be consistent with and allowed under this Grant Contract. In the event the invoice contains expenses that the NSP Contract Manager believes have not been incurred, are inconsistent, or inappropriate, the NSP Contractor shall attempt to provide notice of identified issues to the Project Manager within fifteen (15) working days after receipt the invoice. Invoices paid remain subject to audit and verification.

D. Payment shall be made to Contractor no later than 30 calendar days from the date a correct, undisputed invoice is received by the NSP Contract Manager.

E. Contractor shall retain all records relating to all expenses reimbursed to Contractor, and to hours of employment on this Grant Contract by all employees of Contractor for which NSP is billed. Such records shall be maintained for a period of three (3) years after final payment of this Grant Contract, or until audited by the State, whichever occurs first, and shall be available for inspection or audit at any reasonable time by NSP or its designee.

4. PROJECT SCHEDULE AND BUDGET REVISIONS
A. Contractor shall meet the critical path schedule set forth on Exhibit B and meet the Project budget set forth on Exhibit C. Contractor shall provide reasonable advance notification to NSP of any anticipated schedule deviations or budget reallocations. Contractor may reallocate an element, or task in the budget of up to fifteen (15) percent of the total budget without prior written notice to NSP. Reallocations of more than fifteen (15) percent of the total budget require prior written approval of NSP.

B. Contractor shall provide sixty (60) days advance written notification to NSP for any request to make a reallocation as contemplated by Section 4.A of more than fifteen (15) percent. Along with any such request, Contractor shall submit any supporting documentation as NSP may request.

C. Contractor must report (i) changes in the scope, timing, use of equipment, use of suppliers, vendors, budgets, Project Managers and Project key assistants, location, Milestones or changes or potential changes that could affect the Milestones of the Project, and similar changes, events or conditions that could affect the Project and (ii) the occurrence of any event which could, with the giving of notice or the passage of time or both, constitute an Event of Default by Contractor under this Agreement, as soon as possible, but in no event later than five (5) business days after their occurrence or the knowledge of their potential occurrence. Such information shall be provided on the Notice of Change or Potential Change Form in Exhibit I to this Grant Contract. The NSP Contract Manager shall review such Change forms. Administrative changes may be allowed by the NSP Contract Manager by written approval. Minor changes may be agreed to by the Project Manager and the NSP Contract Manager and shall be memorialized in a written amendment to this Grant Contract. Material changes must be approved by NSP in the form of a written amendment to this Grant Contract, which the Parties acknowledge may be subject to approval of the Minnesota Public Utilities Commission (“Commission”) as deemed appropriate by NSP, in NSP’s sole discretion. A change is material if it results in changes in deliverables, moves due dates beyond the term of the Contract or modifies the scope of work reasonably beyond that approved by the Commission (any of such changes being a “Change”), and may require regulatory approval. If NSP determines appropriate, it may approve, modify, reject or refer the Change to the Advisory Group and/or the Commission for consideration. NSP anticipates providing to the Commission any Changes that are deemed to represent significant Project scope changes. All information relating to any Change may be provided to the Commission or otherwise publicly disclosed.

5. CONTRACT MANAGEMENT

A. Project Manager

The Project Manager on behalf of Contractor is designated in Exhibit D. Such Project Manager may not be replaced without NSP’s prior written approval, such approval not to be unreasonably withheld. The Project Manager is responsible for the day-to-day Project status, decisions and communications with the NSP Contract Manager.
B. NSP Contract Manager

The NSP Contract Manager is designated in Exhibit D. The NSP Contract Manager is responsible for the day-to-day contract status, decisions and communications with the Project Manager. The NSP Contract Manager will review all deliverables, reports and invoices as provided for in Section 8, and notify Project Manager of any reporting deficiencies.

6. ANNUAL EVALUATION

NSP may annually evaluate all reporting, as required in Section 8, as well as any other information collected in accordance with this Grant Contract, to determine whether the Contractor is in compliance with the Standards of Performance as stated in Section 7. Contractor shall fully cooperate with NSP in any such evaluations. Any such annual evaluation may be presented to the Advisory Group and/or the Commission.

7. STANDARD OF PERFORMANCE

A. Standard of Performance shall mean Contractor, its subcontractors and their employees and agents in the performance of Contractor’s work shall exercise the degree of skill and care required by customarily accepted good professional practices and procedures used in designing and building energy production facilities and (i) shall comply with all applicable federal, state and local laws, regulations and Project permit conditions, (ii) shall not infringe upon any intellectual property rights of any third parties and (iii) shall meet or exceed all performance standards and matrices set forth in the Proposal.

B. In the event that Contractor or its subcontractor(s) fail to perform in accordance with the Standard of Performance as defined in Section 7.A above, and in the event that the NSP Contract Manager becomes aware of any such failure, the NSP Contract Manager may notify the Project Manager who shall identify and propose an appropriate remedy for the failure. No failure of the NSP Project Manager to notify the Project Manager of any such failure shall relieve Contractor from any of its duties or obligations under this Grant Contract. In the event NSP determines the proposed remedy is not satisfactory, the NSP Contract Manager and the Project Manager shall seek to negotiate an appropriate resolution given the circumstances. If NSP determines such a resolution cannot be reached, it may refer the matter to the Advisory Group, who may choose to recommend an appropriate resolution. NSP shall retain all its rights under this contract should no mutual resolution be reached.

C. Nothing contained in this section is intended to limit any of the rights or remedies, which NSP may have under law or under other sections of this Grant Contract.

8. REPORTING

A. Once a month, beginning after the Contract Start Date, Project Manager shall prepare and provide to the NSP Contract Manager a progress report in form and detail acceptable to NSP that documents evidence of progress and deliverables as detailed in Exhibit C. Summary reports are to include a general overview of how the
Project is progressing; summary of the work activity for the past period; identification of active milestone(s) and estimate percent or Project work completed; specific/unforeseen problems encountered that need to be overcome that may be expected to affect the milestones, timeline of deliverables, or costs and Contractor’s efforts to comply with the Project critical path schedule; and significant Project accomplishments. All such reports will be posted by Xcel Energy on a public website approved by the Commission.

B. At the conclusion of the Contractor’s work, Contractor shall prepare a comprehensive written Final Report in form and detail acceptable to NSP, including an executive summary. The Final Report is to include a summary of what the project was intended to do and what was discovered or accomplished, the usefulness and benefits of the project’s discovery or accomplishments, and a summary of lessons learned or project outcomes. Such Final Report must contain sufficient detail for technical readers and a clearly written summary for non-technical readers. The non-technical summary should be one-and-a-half to two pages in length including an executive summary of the project, the methodology used for the project, ratepayer benefits from the project and any lessons learned. The Final Report must include an evaluation of the Project’s financial, environmental, and other benefits to the State of Minnesota and to NSP’s ratepayers.

The NSP Contract Manager will review and approve the Final Report, or in the event the Final Report is not satisfactory to NSP, shall identify deficiencies, which Contractor shall resolve within 30 days. Contractor shall also meet with the Advisory Group to present the findings, conclusions, and recommendations. The Contractor shall present the Final Report to the Advisory Group on or before the Contract End Date. All Final Reports will be posted by Xcel Energy on a public website approved by the Commission.

C. All reports, including reprints, shall include the following legend:

LEGAL NOTICE

THIS REPORT WAS PREPARED AS A RESULT OF WORK SPONSORED BY THE RENEWABLE DEVELOPMENT FUND AS MANAGED BY XCEL ENERGY. IT DOES NOT NECESSARILY REPRESENT THE VIEWS OF XCEL ENERGY, ITS EMPLOYEES, OR THE RENEWABLE DEVELOPMENT FUND ADVISORY GROUP. XCEL ENERGY, ITS EMPLOYEES, CONTRACTORS, AND SUBCONTRACTORS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AND ASSUME NO LEGAL LIABILITY FOR THE INFORMATION IN THIS REPORT; NOR DOES XCEL ENERGY, ITS EMPLOYEES OR THE RENEWABLE DEVELOPMENT FUND ADVISORY GROUP REPRESENT THAT THE USE OF THIS INFORMATION WILL NOT INFRINGE UPON PRIVATELY OWNED RIGHTS. THIS REPORT HAS NOT BEEN APPROVED OR DISAPPROVED BY NSP NOR HAS NSP PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION IN THIS REPORT.
D. Contractor shall provide annual, public electric generation reports to document RDF benefits for the ten (10) years subsequent to Project completion. Reports are to include power generated, net sales, and economic indicators and shall be provided to the RDF Advisory Group. NSP may require adequate assurance or withhold final payment of funds until this reporting covenant has been completed.

9. RECORDKEEPING, COST ACCOUNTING AND AUDITING

A. Cost Accounting

Contractor agrees to keep separate, complete, and correct accounting of the costs involved in developing, installing, constructing, and testing of the Facility, the work on the Project or rights under this Grant Contract.

B. Accounting Procedures

The Contractor’s costs shall be determined on the basis of the Contractor’s accounting system procedures and practices employed as of the effective date of this Grant Contract. The Contractor’s cost accounting practices used in accumulating and reporting costs during the performance of this Grant Contract shall be consistent with the practices used in estimating costs for any proposal to which this Grant Contract relates; provided that such practices are consistent with the other terms of this Grant Contract and provided, further, that such costs may be accumulated and reported in greater detail during performance of this Grant Contract. The Contractor’s accounting system shall distinguish between direct costs and indirect costs. All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to costs incurred under this Grant Contract.

C. Allowability of Costs

1) Allowable Costs

The costs for which the Contractor shall be reimbursed under this Grant Contract include all direct costs incurred in the performance of the work that is identified in Exhibit C, subject to the limitations and cap of the Grant Amount in this Grant Contract and Exhibit C. Costs must be incurred within the term of the Contract.

2) Unallowable Costs

Contingency costs, imputed costs, fines and penalties, losses on contracts, liabilities from failure to comply with applicable laws, rules and regulations, costs, settlements and judgments under any litigation or arbitration, expenses not incurred, and excess profit taxes are unallowable, as well as costs determined inappropriate or inconsistent with Exhibit C, by the NSP Contract Manager.

D. Audit Rights
Contractor shall maintain books, records, documents, and other evidence, based on the procedures set forth above, sufficient to reflect properly all costs claimed to have been incurred in performing this Grant Contract. NSP, or at NSP’s option, a public accounting firm designated by NSP, may audit such accounting records at all reasonable times with prior notice by NSP. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of NSP to audit records and interview staff in any subcontract related to performance of this Grant Contract.

10. CONFIDENTIALITY

A. NSP agrees to work with Contractor to make reasonable efforts to keep confidential the items listed in Exhibit E. Designation of trade secrets and justification for trade secret information before the Commission and other agencies shall be the responsibility of the Contractor.

B. Public and Confidential Deliverables

Deliverables including, but not limited to, progress reports, task deliverables and the Final Report shall not contain confidential information except when the NSP Contract Manager and the Contractor deem it necessary to include confidential information in a deliverable. In such event, the Contractor shall prepare the deliverable in two separate volumes, one for public distribution and one to be maintained in NSP’s confidential records. Only those items specifically listed in Exhibit E or in a subsequent determination of confidentiality qualify as confidential deliverables.

C. Identifying and Submitting Confidential Information

All confidential information submitted by the Contractor shall be marked “Confidential” on each document containing the confidential information.

D. Future Confidential Information

During the term of this Grant Contract, Contractor may develop additional Data or information that the Contractor considers to be nonpublic confidential information not listed on Exhibit E. Contractor must list all items and information along with justification for confidentiality and submit a proposed revision of Exhibit E to the NSP Contract Manager. Exhibit E may be amended by mutual agreement, however any amendment to Exhibit E shall not affect NSP’s rights under section 12 as to the additional Data and information by amending Exhibit E. In the event there is a disagreement over the items to be delivered under the Contract, the Parties shall use the “Disputes” clause found at section 14.A. Such subsequent determinations will be added to Exhibit E.

E. General Right to Use Information
Except for Confidential Information identified on, or added by amendment to, Exhibit E, NSP shall have the right to use all information and data delivered by Contractor or derived from the Project or this Grant Contract: (i) in the course of providing goods or services to customers of NSP whether or not affected by the Project, and (ii) for purposes of research, development, marketing and producing energy and energy systems and processes. Contractor hereby also consents to release of its customer information with regard to the foregoing.

11. REPRESENTATIONS OF CONTRACTOR

Contractor represents, warrants and covenants that, except as set forth on Schedule 11 hereto:

A. It is duly authorized to conduct business in all jurisdictions necessary to perform this Grant Contract, and it has the power and authority to enter into and perform this Grant Contract; and

B. The execution and performance of this Grant Contract and the construction and operation of the Facility and implementation of the Project hereunder will not conflict with or constitute a breach of or a default under any contract, license or other agreement applicable to Contractor or its property; and

C. The execution and performance of this Grant Contract and the construction and operation of the Facility and the implementation of the Project hereunder will not require any consent, license, permit or approval that has not been obtained from the appropriate governmental authority; and

D. It has taken all actions necessary and advisable to authorize this Grant Contract and the construction and operation of the Project hereunder, and this Grant Contract is the legal, valid and binding obligation of Contractor, fully enforceable in accordance with its terms; and

E. It has all internal financing and co-funding resources available for the Project as required to complete the Project to be funded under this Grant Contract; and

F. It has entered into all contracts, in a form satisfactory to NSP, necessary for the services, supplies, materials, equipment and other products necessary for performance of the Project with qualified suppliers and will promptly pay and discharge all such obligations upon receipt of conforming goods and services provided for the Project; and all such orders and contracts may be assigned to NSP if NSP exercises its right, in its sole discretion, under this Grant Contract to complete the performance of the Grant Contract, and contractor hereby authorizes any monies paid by NSP on such order or contracts to be offset and deducted from the Grant Amount of this Grant Contract; and

G. It has all the necessary permits, orders, authorization or any other necessary permission in place for the performance of this Grant Contract, including, but not limited to, emissions permits, transportation permits, conditional use permits and waste permits; and
H. It will provide true and correct copies of all contracts and agreements related to the performance of this Grant Contract to NSP upon execution; and

I. It will not terminate any contract with any Minnesota-based institution, supplier or service provider involved in the performance of this Project without consultation with NSP; and

J. It and/or its contractors will maintain the liability insurance coverage required by Exhibit F hereof and any other insurance required for the Project and name Xcel Energy, NSP and the Advisory Group as additional insureds. Contractor agrees to promptly notify NSP of any notice of cancellation received from Contractor’s current insurer and who the replacements insurer will be without allowing any gap in such insurance.

12. RIGHTS OF PARTIES REGARDING INTELLECTUAL PROPERTY

A. NSP's Rights in Deliverables

Subject to Section 12.B of this Grant contract, Deliverables, reports and Deliverable Data specified for delivery to NSP under this Grant Contract shall become the property of NSP. NSP may use, publish, and reproduce the deliverables and reports subject to the provisions of subparagraph C in accordance with the goals and policies of NSP and jurisdictional regulatory authorities for public information and renewable energy development educational purposes.

B. Rights in Technical Data, Generated Data, and Deliverable Data

1) Contractor’s Rights

All Data, including Technical Data, Generated Data and Deliverable Data, produced under this Grant Contract shall be the property of the Contractor, limited by the license retained by the NSP in paragraph 12.B.2 below, and the rights NSP has in deliverables specified above in section 12.A.

2) NSP’s Rights

For Technical Data, Generated Data and Deliverable Data produced under this Grant Contract, NSP retains a no-cost, non-exclusive, non-transferable, irrevocable, royalty-free, worldwide, perpetual license to use, publish, translate, produce and to authorize others to produce, translate, publish and use all such Data, subject to the provisions of subparagraph C.

C. Limitations on NSP Disclosure of Contractor’s Confidential Records

1) Data provided to NSP by Contractor, which Data the Parties have agreed to keep confidential and which Contractor seeks to have designated as confidential, or is the subject of a pending application for confidential designation, shall not be disclosed by NSP, unless disclosure is required such
as by order of a court of competent jurisdiction or determination by regulatory agency.

2) NSP agrees not to disclose Confidential Data or the contents of reports containing information considered by Contractor as confidential, without first providing a copy of the disclosure document for review and comment by Contractor. Contractor may make an application for confidential designation on some or all of the Data, and shall be responsible for all costs and expenses thereof.

D. Exclusive Remedy

In the event NSP intends to publish or has disclosed Data the Contractor considers confidential, the Contractor’s sole and exclusive remedy shall be a civil court action for injunctive relief, which shall be filed in Hennepin County, Minnesota. This provision shall not prevent Contractor from attempting to prevent disclosure by any government agencies under the Minnesota Government Data Practices Act provisions of Minnesota Statutes, Chapter 13 or otherwise.

E. Limitations on Contractor Disclosure of Contract Data, Information, Reports and Records

1) Contractor will not disclose the contents of the final or any preliminary deliverable or report without first providing a copy of the disclosure document for review and comment to the NSP Contract Manager. The Contractor shall incorporate the comments of the NSP Contract Manager, unless, based upon professional judgment, Contractor and NSP agree otherwise.

2) Notwithstanding the foregoing, in the event any public statement is made by NSP as to the role of Contractor or the content of any preliminary or Final Report of Contractor hereunder, Contractor may, if it believes such statement to be incorrect, state publicly what it believes is correct.

3) No record that is provided by NSP to Contractor for Contractor’s use in executing this Grant Contract and which has been designated as confidential shall be disclosed, unless a court of competent jurisdiction orders disclosure, and Contractor has timely provided NSP with a copy thereof. At the election of the NSP Contract Manager, the Contractor, its employees and any subcontractor shall execute a “Confidentiality Agreement,” supplied by the NSP Contract Manager.

4) Contractor acknowledges that each of its officers, employees, and subcontractors who are involved in the performance of this Grant Contract will be informed about the restrictions contained herein and will be required to abide by the above terms; and that Contractor will be responsible for any violations by any such individuals.

F. Copyrights
1) Any copyrightable material first produced under this Grant Contract shall be owned by the Contractor, limited by the license granted to NSP in 2) below.

2) Contractor agrees to grant NSP a royalty-free, no-cost nonexclusive, irrevocable, nontransferable worldwide, perpetual license to produce, translate, publish and use and to authorize others to produce, translate, publish and use all copyrightable material first produced or composed in the performance of this Grant Contract.

3) Contractor will apply copyright notices to all deliverables using the following form or such other form as may be reasonably specified by NSP.

“©[Year of first publication of deliverable], [the Copyright Holder’s name]. ALL RIGHTS Reserved.”

G. Intellectual Property Indemnity

Contractor warrants that Contractor will not, in the course of its work under this Grant Contract or otherwise, infringe or misappropriate any intellectual property right of a third party, and further warrants and agrees that it will conduct a reasonable investigation of the intellectual property rights of third parties to avoid such infringement. Contractor will defend and indemnify NSP from and against any claim, lawsuit or other proceeding, loss, cost, liability or expense (including court costs and reasonable fees of attorneys and other professionals) to the extent arising out of: (i) any third party claim that a deliverable infringes any patent, copyright, trade secret or other intellectual property right of any third party, or (ii) any third party claim arising out of the negligent or other tortious act(s) or omission(s) by the Contractor, its employees, subcontractors or agents, in connection with or related to the deliverables or the Contractor’s performance thereof under this Grant Contract.

H. Green Tags or Environmental Renewable Energy Credits

Excluding any federal or state tax credits to which Contractor is entitled, such as that granted under Minnesota Statutes, section 216C.41 for the Facility, Contractor hereby grants, assigns, and transfers to NSP any and all rights to and ownership of attributes of an environmental or other nature that are created or otherwise arise from the Facility’s generation of energy using renewable fuel (in contrast to the generation of electricity using nuclear or fossil fuels or resources), including, but not limited to all Renewable Energy Credits. For the purposes of this Grant Contract, “Renewable Energy Credits” shall mean all attributes of an environmental or other nature that are created or otherwise arise from the Facility’s generation of electrical energy using any renewable fuel in contrast to the generation of electricity using nuclear or fossil fuels or resources, including without limitation, tags, certificates or similar products or rights associated with renewable fuels as a “green” or “renewable” electric generation resource, including any and all environmental air quality credits, emissions reductions, off-sets, allowances or other benefits related to the generation of energy by the Facility that reduces, displaces or offsets emissions from fuel combustion at another location pursuant to any existing or future
international, federal, state or local legislation or regulation or voluntary agreement, and the aggregate amount of credits, offsets or other benefits including any rights, attributes or credits arising from or eligible for consideration in the Midwest Renewable Energy Tracking System (“M-RETS”) or any similar program pursuant to any international, federal, state or local legislation or regulation or voluntary agreement and any renewable energy certificates issued pursuant to any program, information system or tracking system associated with the renewable electrical energy generated from the Facility.

The provisions of this Section 12.H of this Grant Contract shall: (i) be applicable to all energy produced by the Facility for the life of the Facility, (ii) survive the termination or expiration of this Grant Contract, as provided therein, and (iii) survive the termination or expiration of any agreement between Contractor and NSP or its affiliates for the purchase of the capacity and/or energy produced by the Facility, if any. To the extent Contractor transfers ownership of or other rights in the Facility to a third party, Contractor shall (i) promptly notify NSP of such transfer and (ii) ensure that the provisions of this Section 12.H of this Grant Contract shall be applicable to and enforceable against such third party or any subsequent owner of the Facility. Transfer of ownership of or other rights in the Facility by Contractor shall not relieve Contractor of its obligations under this Section 12.H of this Grant Contract.

The Parties acknowledge and agree that attributes of an environmental or other nature that are created or otherwise arise from the Facility’s generation of energy using renewable fuel are unique to the Facility and cannot be replaced by the purchase of replacement Renewable Energy Credits; and NSP shall have the rights to specific performance provided in Section 15.7 hereof.

13. NOTICES TO PARTIES

Notice to either party may be given by certified mail properly addressed, postage fully prepaid, or by overnight carrier providing record of receipt, to the address designated in Exhibit D for each respective party or to such other address as either party shall notify the other in accordance with this section.

14. DISPUTES

A. Dispute Resolution

If NSP and the Contractor cannot resolve a dispute or grievance, Project Manager and NSP Contract Manager shall each prepare a written statement of the issues in dispute, the legal authority or other basis for their respective positions and the remedy sought. The packages must be submitted to the Renewable Development Fund Advisory Group. The Advisory Group shall make a determination within ten working days after receipt of the package. Should Contractor disagree with the Advisory Group’s decision, Contractor may appeal to the Commission. Contractor shall continue to perform its responsibilities under this Grant Contract during any dispute.
B. Legal Remedy

The interpretation and performance of this Grant Contract and each of its provisions shall be governed and construed in accordance with the laws of the State of Minnesota. The Parties hereby submit to the exclusive jurisdiction and enforcement authority of the Commission or, in the event the Commission declines jurisdiction, or in the event that NSP is exercising its rights under Sections 12.D or 15.5 hereof, to the exclusive jurisdiction of the courts of the State of Minnesota, and venue is hereby stipulated as Minneapolis, Minnesota.

15. DEFAULT AND TERMINATION

15.1 Events of Default of Contractor

(A) Any of the following shall automatically constitute an Event of Default of Contractor upon its occurrence and no notice or cure period shall be applicable:

1) Contractor’s dissolution or liquidation;

2) Contractor’s assignment of this Grant Contract or any of its rights hereunder;

3) Contractor’s sale or other transfer of the Project or any part thereof or interest therein during the Term of this Grant Contract;

4) Contractor’s filing of a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or Contractor voluntarily taking advantage of any such law or act by answer or otherwise;

5) Contractor’s actual or apparent fraud with any funding under this Grant Contract, waste, tampering with any NSP-owned facilities or material, intentional misrepresentation or willful misconduct in connection with this Grant Contract and/or the work on the Project; or

6) Contractor’s abandonment of the Project;

(B) Any of the following shall constitute an Event of Default of Contractor upon its occurrence but shall be subject to cure within ninety (90) days after the date of written notice from NSP to Contractor:

1) Contractor’s failure to meet the Critical Path Schedule;

2) Contractor’s failure to maintain in effect any agreements required to deliver the final product; or
3) Contractor’s failure to comply with the Standard of Performance under Section 7 or with any other material obligation under this Grant Contract.

4) Contractor’s failure to make any payment required under this Grant Contract;

5) Any direct or indirect change of control of Contractor by sale of majority equity interest, transfer of majority voting rights, merger, consolidation, additional issuance of equity or otherwise);

6) Any representation or warranty made by Contractor in this Grant Contract shall prove to have been false or misleading in any material respect when made or ceases to remain true during the Term if such cessation would reasonably be expected to result in a material adverse impact on the Project or NSP; or

7) The filing of a case in bankruptcy or any proceeding under any other insolvency law against the parent or any other affiliate of Contractor that could materially impact Contractor’s ability to perform its obligations hereunder; provided, however, that Contractor does not obtain a stay or dismissal of the filing within the cure period.

15.2 Events of Default of NSP

(A) Any of the following shall automatically constitute an Event of Default of NSP upon its occurrence and no notice or cure period shall be applicable:

1) NSP’s dissolution or liquidation provided that division of NSP into multiple entities or any other corporate reorganization or business restructuring shall not constitute dissolution or liquidation; or

2) NSP’s filing of a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any State, or NSP voluntarily taking advantage of any such law or act by answer or otherwise.

(B) NSP’s failure to comply with any other material obligation under this Grant Contract, which would result in a material adverse impact on Contractor, shall constitute an Event of Default of NSP upon its occurrence but shall be subject to cure within ninety (90) days after the date of written notice from Contractor to NSP; or

(C) NSP’s failure to make any undisputed payment shall constitute an Event of Default of NSP upon its occurrence but shall be subject to cure within sixty (60) Days after the date of written notice from Contractor to NSP.
15.3 **Termination.** Upon the occurrence of an Event of Default, which has not been cured within the applicable cure period, if any, the non-defaulting Party shall have the right to immediately terminate this Grant Contract without further notice. Neither Party shall have the right to terminate this Grant Contract except as provided for upon the occurrence of an Event of Default as described above or as otherwise may be explicitly provided for in this Grant Contract. In addition, the Parties may mutually agree in writing to terminate this Grant Contract.

15.4 **Termination by NSP Due to Event of Default of Contractor.** In the event NSP terminates this Grant Contract due to an Event of Default by Contractor, Contractor shall pay to NSP all monies disbursed under this Grant Contract by NSP to Contractor as of the termination of this Grant Contract due to an Event of Default by Contractor. Such payment shall be made by cashier's check or wire transfer no later than ninety (90) days following such termination of this Grant Contract.

15.5 **Effect of Termination.** The Parties acknowledge and agree that NSP and Contractor have entered into this Grant Contract to implement the order of the Commission approving the RDF grant to Contractor for its work on the Project. The Parties further acknowledge and agree that this Grant Contract, by implementing such order, provides the terms and conditions for Contractor’s conduct and obligations so that it may receive such grant and the terms and conditions for NSP’s administration of the grant. To that end, in the event that this Grant Contract is terminated pursuant to its terms, Contractor agrees that such termination shall also terminate any and all of Contractor’s rights to the RDF grant award that may exist separate and apart of this Grant Contract by virtue of the Commission order approving the Project and Contractor hereby explicitly waives and all of its rights to seek to implement any and all of such rights that may exist through such Commission order and outside of this Grant Contract. Furthermore, termination of this Grant Contract pursuant to its terms shall act as a withdrawal of Contractor’s grant request.

15.6 **Construction by NSP Following Event of Default of Contractor.**

(A) Prior to any termination of this Grant Contract due to an Event of Default of Contractor, NSP or its designated representative shall have the right, but not the obligation, to possess, assume control of, and operate the Project facility as agent for Contractor (in accordance with Contractor’s rights, obligations, and interest under this Agreement) during the period provided for herein. Contractor shall not grant any person, other than the facility lender, a right to possess, assume control of, and operate the facility that is equal to or superior to NSP’s right under this Section.

(B) NSP shall give Contractor thirty (30) days notice in advance of the contemplated exercise of NSP’s rights under this Section. Upon such notice, Contractor shall collect and have available at a convenient, central location at the Project facility all documents, contracts, books, manuals, reports, and records required to construct, operate, and maintain the facility in accordance with industry engineering practices and procedures. Upon such notice, NSP, its employees, contractors, or designated third parties shall have the
unrestricted right to enter the Project site and the facility for the purpose of constructing and/or operating the facility. Contractor hereby irrevocably appoints NSP as Contractor’s attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as NSP may reasonably deem necessary or appropriate to exercise NSP’s step-in rights under this Section.

(C) NSP shall be entitled to immediately draw upon any remaining RDF Grant Funds awarded for the Project to cover any expenses incurred by NSP in exercising its rights under this Section.

(D) During any period that NSP is in possession of and constructing and/or operating the Project facility pursuant to the foregoing paragraphs, NSP shall use commercially reasonable efforts to perform and comply with all of the obligations of Contractor under this Grant Contract and shall use the proceeds from the sale of electricity generated by the facility to first, reimburse NSP for any and all expenses reasonably incurred by NSP (including a return on capital at NSP’s authorized return on equity most recently determined by the Minnesota Public Utilities Commission) in taking possession of and completing the Project facility, and to second, remit any remaining proceeds to Contractor.

(E) During any period that NSP is in possession of and operating the Project facility, Contractor shall retain legal title to and ownership of the Project facility and NSP shall assume possession and control solely as agent for Contractor:

1) In the event that NSP is in possession and control of the Project facility for an interim period, Contractor may resume operation and NSP shall relinquish its right to operate when Contractor demonstrates to NSP’s reasonable satisfaction that it will remove those grounds that originally gave rise to NSP’s right to operate the facility, as provided above, in that Contractor (i) will resume construction of the facility in accordance with the provisions of this Grant Contract, and (ii) has cured any Events of Default of Contractor which allowed NSP to exercise its rights under this Section.

2) In the event that NSP is in possession and control of the Project facility for an interim period, the facility lender, or any nominee or transferee thereof, may foreclose and take possession of and operate the facility and NSP shall relinquish its right to operate when the facility lender or any nominee or transferee thereof, requests such relinquishment and allows for a reasonable period of time to transition possession and operations.

(F) NSP’s exercise of its rights hereunder to possess and construct the Project facility shall not be deemed an assumption by NSP of any liability attributable
to Contractor. If at any time after exercising its rights to take possession of and operate the facility, NSP elects to return such possession and operation to Contractor, NSP shall provide Contractor with at least fifteen (15) days advance notice of the date NSP intends to return such possession and operation, and upon receipt of such notice, Contractor shall take all measures necessary to resume possession, construction and operation of the Project facility on such date.

(G) In the event NSP assumes construction of the facility under this Section, NSP shall construct the facility in conformance with standard utility practices.

15.7 Specific Performance. In addition to the other remedies specified in this Grant Contract, in the event that any Event of Default of Contractor is not cured within the applicable cure period set forth herein, NSP may elect to treat this Grant Contract as being in full force and effect and NSP shall have the right to specific performance. If the breach by Contractor arises from a failure by third party constructing the facility pursuant to a construction agreement entered into with Contractor, and Contractor fails or refuses to enforce its rights under the construction agreement which would result in the cure, or partial cure, of the Event of Default, NSP's right to specific performance shall include the right to obtain an order compelling Contractor to enforce its rights under the construction agreement. Likewise, for any breach of this Grant Contract by NSP, Contractor shall have the right to specific performance.

16. GENERAL TERMS & CONDITIONS

A. The following contract provisions, rights and obligations shall survive the completion or termination date of this Grant Contract:

- “Standard of Performance” Section 7
- “Recordkeeping, Cost Accounting and Auditing” Section 9
- “Confidentiality” Section 10
- “Rights of Parties Regarding Intellectual Property” Section 12
- “Disputes” Section 14
- “Default and Termination” Section 15
- “General Terms and Conditions” Section 16

B. Headings have been inserted for the purpose of convenience and ready reference. They do not purport, and shall not be deemed, to define, limit, or extend the scope or intent of this Grant Contract.

C. Contractor shall make representatives available to testify in the event the Commission or State Legislature hold hearings or conduct an investigation with regard to this Grant Contract.
D. Contractor shall provide the NSP Contract Manager reasonable access to Contractor’s premises and all Project records.

E. No amendment, alteration or variation of the terms of this Grant Contract shall be valid unless made in writing and signed by the Parties hereto, and no oral understanding or agreement not incorporated herein, shall be binding on any of the Parties hereto. Other than as specified herein, no document or communication passing between the Parties hereto shall be deemed as part of this Grant Contract.

F. Contractor shall not assign this Grant Contract, either in whole or in part, without the prior written consent of NSP, such consent may be withheld by NSP for any reason. Consent includes a formal written contract amendment approved by the Commission.

G. Minnesota law shall govern interpretation of this Grant Contract.

H. Time is of the essence in this Grant Contract.

I. Contractor shall indemnify, defend and save harmless NSP, its affiliates, officers, agents and employees and members of the Renewable Development Fund Advisory Group from any and all claims and losses arising out of: (i) Contractor’s performance under this Grant Contract regardless of whether such performance is an Event of Default or not and (ii) Contractor’s negligence of willful misconduct.

J. Contractor, its agents and employees shall act in an independent capacity and not as officers or employees or agents of NSP or the Advisory Group.

K. No waiver of any breach of this Grant Contract shall be held to be a waiver of any other or subsequent breach. All remedies afforded in this Grant Contract shall be taken and construed as cumulative, that is, in addition to every other remedy provided therein or by law, except to the extent limited or excluded by the express terms of this Grant Contract. The failure of NSP to enforce at any time any of the provisions of this Grant Contract, or to require at any time performance by Contractor of any of the provisions thereof, shall in no way be construed to be a waiver of such provisions, nor in any way affect the validity of this Grant Contract or any part thereof or the right of NSP to thereafter enforce each and every such provision.

L. If any provision of this Grant Contract is held invalid, that invalidity shall not affect other provisions of the Contract. In the event that any provision of this Grant Contract is unenforceable or held to be unenforceable, the Parties agree that all other provisions of this Grant Contract have force and effect and shall not be effected thereby.

M. All Exhibits and Addendums are incorporated into this Grant Contract by this reference and made a part hereof. Contractor represents and warrants that all material statements of fact made in its Grant Application and due diligence responses are true and correct statements as of the Contract Start Date and that such statements do not omit any material facts necessary to make Contractor’s Grant
Application materially misleading. This Grant Contract contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior negotiations between the Parties. In the event of any inconsistency between any of the terms and conditions of this Grant Contract and the terms and conditions of any or all Exhibits, the terms and conditions of this Grant Contract shall control. In the event of any inconsistency between the terms and conditions of any or all of Exhibits A, B and C and the terms and conditions of the Proposal, the terms and conditions of Exhibits A, B and C shall control.

N. Contractor acknowledges and agrees that nothing under this Grant Contract or the Commission order approving the RDF grant to Contractor for the purposes of the Project obligates NSP or its affiliates to enter into any agreement for the purchase by NSP or its affiliates of the energy and/or capacity generated by the Facility or Project.

O. Contractor acknowledges that NSP manages the RDF and power purchases through different functions of the company or through its affiliates. To that end, Contractor agrees that any breach, dispute, or other issue related to NSP’s or its affiliates’ performance under any agreement for the purchase of the energy and/or capacity of the Facility or Project (“PPA”) or other conduct by NSP related to such PPA shall not be considered a breach by NSP of its obligation of good faith and fair dealing or any other statutory or common law requirement under this Grant Contract and Contractor agrees to waive any and all claims at equity or law related thereto. Contractor additionally agrees that any breach, dispute, or other issue related to NSP’s performance of this Grant Contract or other conduct by NSP related to this Grant Contract shall not be considered a breach by NSP of its obligation of good faith and fair dealing or any other statutory or common law requirement under the PPA and Contractor agrees to waive any and all claims at equity or law related thereto.

P. IN NO EVENT WILL NSP BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OF ANY TYPE OR KIND BASED ON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY OR ANY OTHER LEGAL THEORY, INCLUDING, BUT ARE NOT LIMITED TO, LOSS OF PROFIT; LOSS OF SAVINGS OR REVENUE; LOSS OF GOODWILL; LOSS OF USE OF THE PROJECT OR ANY ASSOCIATED PROJECT EQUIPMENT; COST OF CAPITAL; COST OF ANY SUBSTITUTE PROJECT EQUIPMENT, FACILITIES, OR SERVICES; DOWNTIME; THE CLAIMS OF ANY THIRD PARTIES INCLUDING CUSTOMERS; AND INJURY TO PROPERTY REGARDLESS OF THE NUMBER OF CLAIMS OR THE THEORIES OF RELIEF.

In Witness Whereof, the Parties have agreed to this Grant Contract.
Northern States Power Company,  
a Minnesota corporation

By: ______________________________ Date: _____________________________

Its: ______________________________

(Name of Contractor)

By: ______________________________ Date: _____________________________

Its: ______________________________
EXHIBIT AND SCHEDULE LIST

Exhibit A: Work Statement

The work statement in this Exhibit provides the objective of the grant application, the value of performing the Project, anticipated results and the tasks required to complete the Project.

Exhibit B: Critical Path Schedule

Exhibit B includes the critical path schedule for the Project.

Exhibit C: Budget, Project Payment Milestones and Deliverables

This Exhibit includes the approved budget for the Project, the Project payment Milestones and deliverables. The Project payment schedule and limits are intended to reflect anticipated value added by Contractor as a result of the progress on the Project, rather than expenses incurred to the date of a grant partial payment request.

Exhibit D: Project Manager and Contract Manager - Contractor and NSP

This Exhibit includes the names of the Project Manager and Contract Manager along with the necessary information required for continued communication.

Exhibit E: Confidential List

This Exhibit includes the description of any non-public confidential information involved in performance of the Project or to be derived from the Project required to be listed under Article 11.

Exhibit F: Insurance Certificates

This Exhibit includes the coverages, limits and requirements for Certificates of Insurance to be obtained and maintained by the Contractor.

Exhibit G: Special Conditions

This Exhibit includes the special conditions to be included as a part of this Grant Contract.

Exhibit H: Contractor’s Balance Sheet

This Exhibit includes the Contractor’s balance sheet.

Exhibit I: Notice of Change or Potential Change in RDF Grant Contract Project.

This Exhibit includes the form to be used by the Contractor for a notice of change or potential change to this Grant Contract or the Project.

Exhibit J: Contractor’s approved Proposal.
Schedule 11: Exceptions to Contractor’s Representations.
GRANT CONTRACT MODIFICATION FORM

**Instructions:** Please use this form to identify exceptions to the Standard Form Grant Contract Terms and Conditions ("Grant Contract") which was attached to the Xcel Energy RFP. Please append additional pages should you require more space. As described in the RFP, Xcel Energy prefers that all selected grant applicants enter into the Grant Contract unmodified. However, Xcel Energy is willing to entertain exceptions to the Grant Contract to the extent they are necessary.

Please clearly identify the Grant Contract (*i.e.* Energy Production or Research and Development) and section of the Grant Contract to which you take exception. Please also provide new proposed language, redline formatting is preferred. Last, every exception must identify the rationale for it. Exceptions taken to the Grant Contract must be clearly expressed such that Xcel Energy can reasonably understand your concerns. Statements containing language such as “To be discussed” do not provide Xcel Energy sufficient information to understand your concerns. Bids providing such comments may be rejected.

**Grant Contract Exceptions:**

<table>
<thead>
<tr>
<th>Bidder’s Name:</th>
<th>Bidder’s Project Title:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract:</th>
<th>Energy Production</th>
<th>Research and Development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Proposed Revisions</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Section</th>
<th>Proposed Revisions</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section</td>
<td>Proposed Revisions</td>
<td>Rationale</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------</td>
<td>-----------</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Disclaimer:** Selection of your proposal does not signify acceptance of your proposed Grant Contract Revisions. Xcel Energy reserves the right to accept or reject any proposed modification to the Grant Contract. To the extent Xcel Energy rejects a proposed modification, you may either accept Xcel Energy’s rejection or withdraw your proposal. Xcel Energy will not entertain any exceptions to the Grant Contract not identified herein.

**Attestation:** I am an authorized representative of the Bidder listed above and have the requisite authority to bind the Bidder. I have read, understand, and will comply with all instructions and disclaimers contained in this Grant Contract Modification Form.

Name of Bidder:________________

By:________________________

Its:_______________________

Date:_______________________