

Northern States Power Company

2016 Wind Solicitation

Wind Resources Request for Proposals



RFP Issue Date: September 22, 2016

Proposals Due: October 25, 2016

RFP Website: www.xcelenergy.com/NSP2016WindRFP

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Northern States Power Company

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Notice of Disclaimer

The information contained in this Request for Proposals ("RFP") for wind energy resources has been prepared solely to assist bidders in deciding whether or not to submit competitive, responsive bids. Northern States Power Company ("NSP" or the "Company") does not represent this information to be comprehensive or to contain all of the information that a respondent may need to consider in order to submit a proposal. None of the Company, its affiliates, or their respective employees, directors, officers, customers, agents and consultants makes, or will be deemed to have made, any current or future representation, promise or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained herein, or in any document or information made available to a respondent, whether or not the aforementioned parties knew or should have known of any errors or omissions, or were responsible for their inclusion in, or omission from, this RFP.

The Company reserves the right to modify, supplement or withdraw this RFP at any time, whether due to changes in law or otherwise, and including by issuing one or more addenda to this RFP during this solicitation, which addenda shall become a part of this RFP. No part of this RFP and no part of any subsequent correspondence by the Company, its affiliates, or their respective employees, directors, officers, customers, agents or consultants shall be taken as providing legal, financial or other advice or as establishing a contract or contractual obligation. Contractual obligations on the part of the Company will arise only if and when definitive agreements have been approved and executed by the appropriate parties having the authority to approve and enter into such agreements. The Company reserves the right to request from a respondent (a.k.a., bidder) information that is not explicitly detailed in this document, obtain clarification from bidders concerning proposals, conduct contract development discussions with selected respondents, conduct discussions with members of the evaluation team and other support resources as described in this RFP and in compliance with all FERC Code of Conduct rules and provide data to and conduct discussions with the Independent Auditor ("IA") as necessary for the IA to satisfy the IA's role.

The Company will, in its sole discretion and without limitation, evaluate proposals and proceed in the manner the Company deems appropriate, which may include deviation from the Company's expected evaluation process, the waiver of any requirements and the request for additional information. The Company reserves the right to reject any, all or portions of any proposal received for failure to meet any criteria set forth in this RFP or otherwise and to accept proposals other than the lowest cost proposal. The Company also may decline to enter into any agreement with any bidder, terminate negotiations with any bidder or abandon the RFP process in its entirety at any time, for any reason and without notice thereof. Respondents that submit proposals agree to do so without legal recourse against the Company, its affiliates, or their respective employees, directors, officers, customers, agents or consultants for rejection of their proposals or for failure to execute an agreement for any reason. The Company and its affiliates shall not be liable to any respondent or other party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP. Each respondent waives any right to challenge any valuation by the Company of its proposal in any court of law or equity. By submitting its proposal, each respondent waives any right to challenge any determination of the Company to select or reject its proposal. Each respondent, in submitting its proposal, irrevocably agrees and acknowledges that it is making its proposal subject to and in agreement with the terms of this RFP.

Each respondent shall be liable for all of its costs incurred to prepare, submit, respond or negotiate its proposal and any resulting agreement and for any other activity related thereto, and the Company shall not be responsible for any of the respondent's costs.

Section 1. Introduction

Northern States Power Company ("NSP" or the "Company"), an operating company subsidiary of Xcel Energy Inc., is issuing this Request for Proposals ("RFP") as a component of its 2016-2030 Upper Midwest Resource Plan ("Resource Plan"). This RFP is seeking proposals for wind generation projects that will provide low cost energy for our customers.

NSP identified, in its most current Resource Plan, the significant customer value and potential carbon reduction that could be created by adding up to 1,500 MW of wind in the 2018 to 2020 timeframe based on the price of new wind resources. The 2016 Wind RFP, in parallel with the Company's self-build projects, is intended to identify a portfolio of new wind projects that will provide customers with these economic and environmental benefits over the next 25 years.

Through this RFP process, NSP is targeting to procure wind generation ("RFP Project(s)") via Power Purchase Agreements ("PPA") or Build-Own-Transfer ("BOT") Agreements. The Company encourages bidders to provide proposals for both types of agreements to allow the Company to determine whether owned or contracted proposals provide the greatest value to NSP customers. All projects must have or will have an interconnection location within MISO in a state where NSP customers or generation resources are located including Minnesota, Wisconsin, Michigan, North Dakota or South Dakota ("Project Region").

The Company is asking that proposals be submitted by close of business on October 25, 2016 ("Proposal Due Date").

1.1 Purpose and Scope

The Company is requesting proposals for wind resources that would achieve commercial operation prior to December 31, 2020 in order to qualify for 100% of the current federal production tax credit ("PTC"). The amount of generation that the Company may acquire from this RFP depends on, among other things, the quality of bids received in response to this solicitation, economic value to NSP customers, and the quality of the Company's self-build projects.

1.2 Regulatory Context

Docket E002/RP-04-1752 from the Minnesota Public Utilities Commission ("MPUC") requires that an Independent Auditor ("IA") conduct an independent review of the Company's evaluation and selection process in response to this solicitation. The Company will work cooperatively with the IA and shall provide the IA immediate and continuing access to all documents and data reviewed, used, or produced by the utility in this solicitation and evaluation. The IA will provide a written report regarding their assessment of the Company's evaluation and selection process, which will be filed with the MPUC.

All projects selected in this RFP process as well as the Company's self-build projects will be subject to review and approval by the various regulatory commissions in the states in which we operate.

1.3 Contacts

All correspondence and questions regarding this RFP should be directed, via email only, to the RFP Manager at:

NSP2016WINDRFP@xcelenergy.com

See Section 4.4 for more information.

The NSP 2016 Wind Solicitation webpage can be found at:

<http://www.xcelenergy.com/NSP2016WindRFP>

Section 2. Eligible Project Information

2.1 Eligible Project Structures

The Company will consider the following two types of project structures.

1. Power Purchase Agreements

PPAs will include rights to all energy, capacity, and environmental attributes for a specified \$/MWh price.

All PPA proposals shall include a bid price that is fully compliant with NSP's Model Wind Power Purchase Agreement (Attachment A). PPAs must also include any desired written exceptions to the Model Wind Power Purchase Agreement (Attachment A) if applicable and the corresponding price reduction for each written exception the bidder would like the Company to consider.

2. Build-Own-Transfer

BOTs will allow NSP to take 100% ownership of the RFP Project(s) on the Commercial Operation Date ("COD").

All BOT proposals shall include a bid price that is fully compliant with the conditions and requirements stated in NSP's Wind Farm Technical Requirements (Attachment B) and NSP's Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C). Proposals may also include any written exceptions from those stated in

NSP's Wind Farm Technical Requirements (Attachment B) and to NSP's Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C) along with the accompanying price reduction for each written exception the bidder would like the Company to consider.

All BOT proposals are required to provide wind resource studies that verify anticipated capacity factors and production estimates for each individual project.

2.2 Product Description

RFP Project Type: A PPA proposal may be for a new, a to-be-built resource, or for an existing resource.

Product: The Company is seeking PPA and/or BOT wind agreements that convey all energy, capacity and environmental benefits generated from a proposed project.

Contract Length: Contract term lengths for PPA proposals may extend from one (1) to twenty-five (25) years.

Minimum Project Size: Each RFP Project must have a nameplate electric rating greater than or equal to 75 MW. A project will be defined as a complete, commercially operable, wind powered electric generating plant, including all facilities necessary to generate and deliver energy into MISO at a single point of interconnection by the expected online date.

Interconnection: The RFP Project must have a Point of Interconnection ("POI") location within MISO in a state where NSP customers or generation resources are located including Minnesota, Wisconsin, Michigan, North Dakota or South Dakota ("Project Region"). The interconnection point with the MISO facility will be the Point of Delivery ("POD").

Expected Online Date: New RFP Projects must achieve commercial operation by December 31, 2020.

2.3 PPA Pricing

Form 4 provides the pricing template for PPA proposals. All pricing must be in terms of current year dollars, also referred to as escalated or nominal dollars. For example, a \$50 per megawatt-hour ("MWh") energy price proposal for 2018 means that in 2018 energy from the facility will be purchased at a rate of \$50/MWh.

Form 4 requests pricing with assumptions that: 1) the RFP Project will qualify for federal tax incentives applicable to the proposed technology and to the proposed in-service date and, 2) that existing federal tax incentives will be applicable to the RFP Project even if those incentives are due to expire or decline by the time of the proposed in-service date. Respondents should

describe the federal tax incentive assumptions made in their Energy Payment Rates in the notes section on Form 4.

All PPA proposals shall include a bid price that is fully compliant with the NSP's Model Wind Power Purchase Agreement (Attachment A).

Proposal pricing must include the full cost for all transmission interconnection and system upgrade costs previously identified or anticipated to be identified by MISO.

The Company's preference is for fixed price proposals that contain a fixed base price and the option of a fixed annual escalator. Respondents may not submit proposals with variable base year pricing.

2.4 BOT Pricing

Form 5 provides the pricing template for BOT or Ownership proposals. All pricing must be in terms of current year dollars, also referred to as escalated or nominal dollars.

The BOT bid price shall include the cost to fully comply with conditions and requirements stated in NSP's Wind Farm Technical Requirements (Attachment B) and NSP's Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C) and include the cost to fully construct the proposed RFP Project.

Proposal pricing must include the full cost for all transmission interconnection and system upgrade costs previously identified or anticipated to be identified by MISO.

Form 5 requests bidders to list the schedule and amounts of all payments from NSP to the bidder. Payments can be made in a periodic or single lump sum manner, and all payments made prior to the assumption of ownership of the RFP Project by the Company require security in the form of a letter of credit in favor of the Company. The Company will add its projected costs associated with the Allowance of Funds Used during Construction ("AFUDC") to all payments made prior to the in service date. The Company will also add its projected Construction Oversight Costs (Company costs to manage and verify the construction is completed in accordance with the Technical Requirements) to the BOT bid price for evaluation. Therefore, BOT bidders should not include these Company costs in their pricing.

2.5 Relevant Bidder Experience

All proposals must describe the respondent's qualifications and experience in developing, constructing, commissioning and operating generation facilities similar to the proposed project(s), including the experience, qualifications and safety record of key personnel who will manage development and an overview of utility scale project(s) the respondent has developed during the last 5 years. If a project team is in place, the proposal should identify the members of the team who will be responsible for design, siting, permitting, financing, construction, and

operation of the facility; if such a group is not in place, the proposal must set forth the respondent's plan for assembling such team (including process and timing).

2.6 Regulatory Approvals

At the completion of the bid evaluation and contract negotiation process, the Company will file the signed transactional agreements with the necessary regulatory commissions in the states in which we operate for all necessary review and approvals.

2.7 ROFO / Purchase Option

The Model PPA includes a Right of First Offer (“ROFO”) that, subject to specific conditions, may be exercised by the Company. In addition, while not required under the Model PPA, respondents, at their option, may offer the Company an end-of-term or other purchase option that specifies that the Company can purchase the facility (or the stock of the facility owner) for its appraised fair market value at a specified time or times during, or at the end of, the PPA term.

2.8 Contract Accounting

All contracts proposed to be entered into as a result of this RFP will be assessed by the Company for appropriate accounting and/or tax treatment. Respondents shall be required to supply promptly to the Company any and all information that the Company requires in order to make such assessments.

The Company has specific concerns regarding PPA proposals received in response to this RFP that could result in either (i) a contract that must be accounted for by the Company as a capital lease or an operating lease pursuant to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 840 or as a finance lease or an operating lease under FASB ASC 842, or (ii) consolidation of the seller or assets owned by the seller onto the Company's balance sheet pursuant to the variable interest entity requirements of FASB ASC 810. The following shall therefore apply to any proposal submitted pursuant to this RFP:

- The Company is unwilling to be subject to any accounting or tax treatment that results from a PPA's capital lease, finance lease or consolidated variable interest entity classification. As a result, respondents shall state in their proposal(s) (i) that the respondent has considered applicable accounting standards in regard to capital leases, finance leases and variable interest entities, (ii) summarize any changes that the respondent proposes to the Model PPA in order to attempt to address these issues, and (iii) to the respondent's knowledge and belief, the respondent's proposal should not result in such treatment as of the date of the proposal.

- As applicable, the Company will not execute a PPA without confirmation from the Company's external auditors that the PPA will not be classified as a capital lease, finance lease or a consolidated variable interest entity.

By submitting a proposal, each respondent agrees to make available to the Company at any point in the bid evaluation process any financial data associated with the respondent and its proposed RFP Project so the Company may independently verify the respondent's information in the above matters. Financial data may include, but shall not be limited to, data supporting the economic life (both initial and remaining) of the facility, the fair market value of the facility, and any and all other costs (including debt specific to the asset being proposed) associated with the respondent's proposal. The Company may also use financial data contained in the respondent's financial statements (e.g. income statements, balance sheets, etc.) as may be necessary.

Section 3. Transmission and Interconnection Requirements

3.1 General Information

The Company will only consider RFP Projects with a point of interconnection ("POI") located within the Project Region as defined previously.

The Company will consider all RFP Projects that have filed for an interconnect agreement with MISO, regardless of status within the Definitive Planning Phase ("DPP") of the MISO generator interconnection process. However, the company reserves the right to reject any projects that are not included in the August 2016 DPP or earlier cycles.

The Company reserves the right to reject any RFP Project proposal that does not include the full cost responsibility to the bidder of any known or potential interconnection costs or network upgrades that may be required by MISO and/or that does not include interconnection studies supporting interconnection and transmission requirements including technical description and estimated costs of network upgrades from studies completed or underway.

3.2 MISO Transmission and Interconnection Process

Bidders shall include the applicable MISO queue number(s) in their proposal as well as other interconnection information.

Bidder shall be responsible for all costs associated with interconnecting the RFP Project to the MISO system. Bidders must provide a list of costs itemized by major components and supporting documentation, such as MISO generator interconnection study reports, MISO optional study reports or bidder-sponsored interconnection study reports detailing interconnection and transmission costs associated with their RFP Project(s).

Study reports shall include detailed descriptions and cost assumptions for all interconnection facilities, transmission system upgrades, distribution system upgrades, and transmission system protection facilities needed for the RFP Project to comply with all MISO requirements and NSP's Model Wind Power Purchase Agreement (Attachment A) or NSP's Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C).

Bidders should also identify any contingent facilities required for interconnection and to support meeting commercial operation requirements.

Bidder shall arrange and be solely responsible for all costs associated with delivery of energy from the RFP Project, located within the Project Region, to the POI in proposal.

More specifically, the bidder shall be responsible for all losses and congestion costs incurred in transmitting energy from the proposed generating facility to the POI.

Section 4. Content Requirements and Submission Procedure

4.1 Schedule Estimate

NSP's objective is to complete proposal evaluations, selections and contract negotiations as set forth below:

NSP's 2016 WIND RFP SCHEDULE

RFP Issued	September 22, 2016
Deadline for submitting questions from bidders	October 10, 2016
NSP will post responses to bidder questions	October 17, 2016
Bid submittal deadline, 5:00 pm MDT	October 25, 2016
NSP bid evaluation and selection completed	December 8, 2016
Contract negotiations completed	1st Quarter 2017
Regulatory filing with the Minnesota PUC	1st Quarter 2017

4.2 Minimum Requirements for Proposals

This section describes the minimum requirements that all proposals must satisfy to be eligible for consideration in this solicitation. Unless the Company in its sole discretion elects otherwise,

proposals that do not comply with these requirements will be deemed ineligible and will not be considered further. The Company reserves the right to reject any bid and all bids.

- Proposals must include all applicable content requirements described in Section 4.6, including clear and complete written descriptions of all information requested and completed forms.
- Proposals must clearly specify all pricing terms in accordance with Section 4.6.
- Proposals must demonstrate an acceptable level of development and technology risk, as determined by the Company's evaluation team.
- Bid respondents must demonstrate to the satisfaction of the Company that they can meet the security requirements contained in the Model PPA and the Model PSA Term Sheet.
- Proposals must clearly demonstrate any financing requirements and an indicative financing structure (construction and permanent) for any proposed resources that will be delivered under the proposals. Respondents should include a description of how current financial markets are likely to impact the respondent's ability to access the debt and tax equity markets.
- Each respondent must present clear and sufficient proof that it has or can secure an adequate and confirmed supply of generation equipment sufficient (at a minimum) to meet the required proposal.
- Respondents must provide the required bid fee (described in Section 4.5) for each proposal submitted.
- All respondents are expected to provide truthful and accurate statements as part of their bids. Any false statements will result in project disqualification.
- No respondent may act through partnership, joint venture, consortium, or other association or otherwise act in concert with any other person unless it provides written notification of such to the Company as part of its proposal.

4.3 Proposal Submission Deadline

All proposals, including Company self-build proposals will be accepted until 5:00 P.M. Mountain Daylight Time/6:00 P.M. Central Daylight Time on the dates indicated in Section 4.1. All proposals must be transmitted by express, certified or registered mail, or hand delivered to the following address:

**NSP 2016 Wind Solicitation
Attn: RFP Project Manager
Xcel Energy Services Inc.
1800 Larimer St, Ste 1600
Denver, Colorado 80202**

Proposals received later than the due date and time indicated will be rejected and returned unopened unless the Company determines, at its sole discretion, to consider such proposals.

For each proposal submitted, bidders must provide a complete, signed original proposal, one (1) additional paper copy and two (2) separate USB flash drives that include all proposal documents in electronic format.

Proposals must be submitted in a sealed package with the following information shown on the package:

**Response to NSP 2016 Wind Solicitation RFP
Confidential Sealed Bid Proposal**

The respondent's company name and address must be clearly indicated on the package containing the proposal and if a bidder submits multiple project proposals they must all be clearly marked and differentiated.

4.4 Information Policy

To obtain additional information about this RFP, potential respondents as well as all other parties may only submit inquiries to the RFP Project Manager via email at:

NSP2016WINDRFP@xcelenergy.com

Potential respondents as well as all other parties should not attempt to acquire information through any other means including telephone calls to the Company. The Company will maintain a log of all inquiries and coordinate the preparation of written responses. The Company will periodically post responses to questions on the RFP website and these responses will be filed as addendums to the RFP. The deadline for submitting questions is 5:00 pm MDT/6:00 pm CDT on October 10, 2016; questions will no longer be accepted after this time. All filed addendums will be posted by 5:00 pm MDT/6:00 CDT on October 17, 2016. Bidders are responsible for monitoring the RFP website for updated addendums. The Company has established this information policy to ensure that all respondents have the same timely access and knowledge about the bidding and evaluation process.

4.5 Bid Evaluation Fees

Each bidder shall pay a fee of \$5,000 for each proposal submitted. A separate bid evaluation fee is required for projects on the same site with different COD, turbine, pricing, contract term or MW size. Projects on *different* sites, regardless of similarities in size, COD, or contract term, also require a separate \$5,000 bid fee for proposal evaluation and due diligence through RFP completion. Bid fees shall be paid by wire transfer to NSP. In response to a Bidder sending an email to the 2016 Wind RFP email address, NSP2016WINDRFP@xcelenergy.com, no earlier

than 5 business days prior to the Proposal Due Date, the Company will email a response with wire transfer instructions. No cashier's checks will be accepted.

If a proposal is deemed "Not Complete" and the bidder elects not to cure any identified deficiencies in the allowed period of time, the bid and all bid fees will be returned to the bidder and the Company will no longer consider that bid(s). Once the bid is deemed "Complete", the Company will not refund any bid fees associated with any bid, regardless of the success or failure of that bid.

4.6 Proposal Content Requirements

This section outlines the content and format requirements for all proposals submitted in response to this RFP. Unless the Company in its sole discretion elects otherwise, proposals that do not include the information requested in this section will be deemed ineligible for further consideration, unless the information requested is not applicable or relevant to a given proposal. The Company reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate proposals.

Bidders are encouraged to provide as much information as possible to assist in the evaluation of their proposals. A complete proposal will include a complete, signed original proposal, one (1) additional paper copy and two (2) separate USB flash drives assembled in the following format:

Section 1 – Executive Summary

Bidders shall provide an RFP Project summary and overview including narrative that addresses why their proposal provides value to NSP and its customers. Bidder shall also provide detail on background and experience in developing large scale wind energy projects as well as any applicable references (including contact name, contact number and project name) from projects where the Bidder has completed development and construction of a large scale wind facility.

Section 2 –Standard Bidder Forms (Appendix A)

Bidders shall complete all forms in Appendix A (Forms 1-14) and provide all information that is applicable to bidders' respective RFP Project(s) (PPA or BOT). Standard Bidder Forms will be made available on the Company's website at the following link:

<http://www.xcelenergy.com/NSP2016WindRFP>

Below is a list and brief description of each form:

- 1. Confidentiality Agreement:** All bidders will submit a Confidentiality Agreement and agree not to disclose or disseminate any highly confidential information and return all Highly Confidential Information to the Company at the conclusion of the solicitation process.

2. **Bid Certification:** Bidders must certify that all statements and representations made in bidder's proposal are true and that the bidder accepts as applicable NSP's Model Wind Power Purchase Agreement (Attachment A), NSP's Wind Farm Technical Requirements (Attachment B) and NSP's Model Term Sheet for the Purchase and Sale Of an Operational Wind Project (Attachment C), except as specifically noted in writing.
3. **Cover Sheet:** Bidders will provide basic RFP Project description and company information including contact information, RFP Project name, location, nameplate capacity, etc.
4. **Pricing – PPA:** For all PPA proposals, bidders must complete form 4 and provide Committed Energy levels (MWh) for each year of the proposed PPA Term, net of expected degradation impacts, if any, and Energy Payment Rates (\$/MWh) for each year of the proposed PPA Term. All dollar amounts should be entered in nominal dollars. Prices may be fixed for the proposed term, or include an escalation factor at a known rate. Regardless, the first year's pricing must be fixed. Any and all price escalations must be fully explained. If bidder proposes more than one pricing option, a separate bid and attendant bid fee must be submitted. All pricing is expected to be fully compliant with NSP's Model Wind Power Purchase Agreement (Attachment A) unless otherwise noted. Committed Energy levels should be estimated at the Point of Delivery.

Bidders must offer firm pricing valid through December 8, 2016, the projected RFP completion date, or, if proposal is selected for negotiations, either the completion of negotiations or the issuance of an Order from the appropriate state regulatory commission approving the contract resulting from their proposal. Indicative pricing in a proposal will not be acceptable.

5. **Pricing – Ownership/BOT:** For all BOT proposals, bidders must complete form 5 and provide expected generation levels for each year of the RFP Project's expected life, net of expected degradation impacts, if any. Expected generation should be estimated at the point of interconnection. Bidders shall also provide a schedule of payments from NSP to the bidder that separately identifies payments for, 1) engineering, procurement & construction costs, 2) transmission interconnection and network upgrade cost (including potential contingency costs that are anticipated to be NSP's responsibility, 3) optional items available for selection at NSP's discretion, and 4) all other RFP Project related payments to be made by NSP. If bidder proposes more than one pricing option, a separate bid and attendant bid fee must be submitted. All pricing is expected to be fully compliant with NSP's Wind Farm Technical Requirements (Attachment B) unless otherwise noted.

Bidders must offer firm pricing valid through December 8, 2016, the projected RFP completion date, or, if proposal is selected for negotiations, either the completion of negotiations or the issuance of an Order from the appropriate state regulatory

commission approving the contract resulting from their proposal. Indicative pricing in a proposal will not be acceptable.

- 6. O&M and Ongoing Capital Expenditures BOT:** BOT bidders are to provide expected O&M and ongoing capital investment requirements for the proposed RFP Project(s) in as much detail as possible for 25 years following the anticipated transfer of ownership date of the RFP Project to the Company.
- 7. Construction Milestones:** Bidders are to provide proposed dates for each significant milestone, as would be found on the detailed development schedule provided with the proposal. Milestones should be based on the requirements to achieve the proposed commercial operation date. See NSP's Model Wind Power Purchase Agreement (Attachment A) for defined terms.
- 8. Technical Descriptions:** The proposal must include all pertinent technical information for the RFP Project including detailed turbine information and facility information. Bidders are requested to attach or provide detail from any third party pre-construction energy production reports for proposed wind sites.
- 9. Energy Production Profile:** Assuming the proposed facility had been in commercial operation during 2013, 2014, and/or 2015, the proposal must provide an estimate of the annual energy production for each of these years utilizing whatever historical meteorological data is available for the site, or a nearby site with similar meteorological characteristics. If the facility was in commercial operation during these years, provide actual generation. Proposals must also include the average expected hourly generation from the RFP Project for each month. Estimated energy production should be net of any expected plant degradation over time. Time is hour ending, Central Standard Time; do not adjust for daylight savings. Explain fully the meteorological data, and source, used for the annual estimates.
- 10. Representation Authorization:** Proposals must include a signed Representation Authorization and Consent form. Signature of this form by the undersigned customer serves as notice of voluntary written consent allowing Xcel Energy Services, Inc. to engage in non-public transmission/interconnection related discussions associated with the possible future power purchase or BOT agreement between MISO and the undersigned customer. Xcel Energy Services, Inc. will maintain and protect the confidentiality of all information received from MISO pertaining to the undersigned customer's transmission/interconnection facilities.
- 11. Interconnection Details:** Proposals must include all pertinent MISO or bidder prepared studies including generator interconnection request information, generation interconnection study information, generation interconnection agreement information, MISO document links and information, general project transmission information,

congestion and curtailment analyses, and a point of contact for all transmission related information.

Bidders must also provide a summary of all anticipated interconnection and/or system upgrade costs included in their proposal pricing including financial analyses related to any costs expected to be incurred with regard to interconnection, including the cost of installing the interconnection facilities, the network upgrades, distribution upgrades, affected system upgrades, and system protection facilities that have been identified, and a discussion of any unknown or contingent network upgrades for which the RFP Project may be responsible. Bidders are requested to attach third party studies on projected interconnection/system upgrade costs related to the RFP Project(s).

To the extent that bidders actual transmission interconnection and/or system upgrade costs are lower than projections included in the pricing in their proposal(s), bidders must also provide a proposed bid price reduction mechanism. For BOTs, bidders are expected to provide a bid reduction value in terms of dollars per \$1,000,000 in avoided transmission costs. For PPAs, bidders are expected to provide a bid reduction value in terms of \$/MWh per \$1,000,000 in avoided transmission costs. For example, PPA bidders could specify that the PPA purchase price will be reduced by \$2/MWh for every \$1,000,000 in avoided transmission costs.

- 12. Creditworthiness:** Proposals must include detail and address all questions regarding financial aspects of all projects including financing information, credit history, and legal claims.
- 13. Siting Environmental – PPA:** PPA bids must provide all requested details regarding site control, permitting, environmental studies, and legal claims.
- 14. Siting Environmental – BOT:** BOT bids must provide all requested details regarding site control, permitting, environmental studies, and legal claims.

Section 3 – Contract Exceptions (Appendix B)

In this section, respondents are required to clearly document any exceptions to the Model contract documents for PPA and BOT projects as applicable. Bidders must further document any exceptions by providing a redline version of the applicable attachment with their Proposal and reason for taking each exception(s). Bidders must also provide a cost reduction estimate for each noted exception.

- 1. Exceptions to NSP’s Model Wind Power Purchase Agreement (Attachment A):** All PPA proposals must document any exceptions to Attachment A.
- 2. Exceptions to NSP’s Wind Farm Technical Requirements (Attachment B):** All BOT proposals must document any exceptions to Attachment B.

- 3. Exceptions to Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C):** All BOT proposals must document any exceptions to Attachment C.

4.7 Clarification of Proposals

While evaluating proposals, the Company may request clarification or additional information about any item in the proposal. Such requests will be sent via email to respondents identified on Form 3 by the RFP Project Manager, typically, and respondents are required to provide a written or electronic response back to the RFP Project Manager within five (5) business days, or the Company may deem the respondent to be non-responsive and either suspend or terminate evaluation of the associated proposal. Respondents are encouraged to provide an alternate point of contact to ensure a timely response to clarification questions.

Any amendment, modification, addenda, or clarification to a bid are binding and will be treated the same as any original RFP document. The Company will only accept amendments, modifications, or addenda to a bid in response to a request for clarification from the Company.

Bidders are responsible for carefully examining and understanding all RFP documents and requirements, nature of the work to be performed, and any other requirements listed in this RFP document. A lack of understanding or ignorance of these requirements will in no way relieve the bidder of obligations of their bid or of any resulting contract.

4.8 Confidentiality

Respondents are allowed to identify any information in their proposals that respondents claim should be considered to be confidential or proprietary. Nonetheless, the Company reserves the right to release all proposals to its affiliates and such affiliates' agents, advisors, consultants for purposes of proposal evaluation. The Company will, to the extent required by law, advise each agent, advisor or consultant that receives such claimed confidential information of its obligations to protect such information. In addition, all information, regardless of its confidential or proprietary nature, will be subject to review by the Commission and other governmental authorities and courts with jurisdiction, and may be subject to legal discovery. It is not the Company's intent to enter into any separate confidentiality, non-disclosure, or similar agreements as a condition to receiving a respondent's proposal.

Bidders should clearly identify each page and piece of information claimed by Bidder to be confidential, trade secret or non-public information. Bidders must provide written justification for any such claim(s). Bidders acknowledge and agree that notwithstanding its designation of certain materials as confidential, trade secret or non-public, NSP will have the right in its sole discretion to disclose such materials provided to it by a Bidder in any regulatory proceeding or as required by law.

4.9 Addenda to RFP

Any additional responses required from respondents as a result of an Addendum to this RFP shall become part of each proposal. Respondents must list all submitted Addenda at the bottom of the Bid Certification Form (Form 2).

Section 5. Evaluation Objectives and Approach

The objective of the Company's evaluation is to identify portfolios of proposals that meet the resource objectives identified in the solicitation in a reliable and cost-effective manner, while achieving the resource goals of the 2016-2030 Upper Midwest Resource Plan.

An evaluation team, made up of various groups within Xcel Energy Services and the Company will evaluate proposals; however, the Company reserves the right to retain the services of outside experts to assist in the evaluation of proposals. The RFP Project Manager may contact respondents directly, via email, at any point during the evaluation process for the purposes of clarifying proposals.

The Company will use a four phased approach to evaluating bid proposals offered in the RFP. The four phases include 1) a completeness review, 2) a threshold review 3) an economic evaluation, and 4) a qualitative review.

5.1 Completeness Review

The completeness review ensures compliance with all bid submittal requirements (fees, sufficient information provided in bid responses, etc.)

5.2 Threshold Review

The threshold review ensures the bidder and RFP Project complies with all specific bid requirements including:

- a. RFP Project size
- b. RFP Project location
- c. Interconnection to MISO in the Project Area
- d. Bidder creditworthiness
- e. Bidder experience
- f. Compliance with NSP's Wind Farm Technical Requirements (Attachment B)
- g. Compliance with NSP's Model Wind Power Purchase Agreement (Attachment A) or NSP's Model Term Sheet for the Purchase and Sale of an Operational Wind Project (Attachment C)
- h. Wind production resource studies (for BOTs)

5.3 Economic Evaluation and LCOE Review

The Company will rank proposals using a Levelized Cost of Electricity (LCOE) methodology verified through the use of the Strategist model. For PPA and BOT proposals, RFP project pricing (revenue requirements for BOT projects) and energy production projections will be used. The Company has engaged a third party consultant to independently verify energy production values associated with all RFP Projects. In addition, to enable BOT and PPA proposal comparisons, representative O&M and ongoing capital cost assumptions will be required. Since NSP will be the ultimate owner of an executed BOT project proposal, O&M and ongoing capital estimates provided by the NSP Engineering group will be used in the economic evaluations and rankings for these RFP Projects. Nevertheless, all BOT bidders are also responsible for submitting their own estimates for O&M and ongoing capital projections for RFP project proposals as specified in the BOT Term Sheet.

The economic modeling (LCOE) will be completed using a 25 year evaluation period. To the extent an RFP Project is bid for a term less than 25 years, the Company will assign annual estimated wind energy values (multiplied times the expected average energy production of the RFP Project) to the proposal for the years beyond the proposed bid term to year 25. This methodology is being used to reflect the long-term benefits that a 25 year wind project can bring to our customers.

The Company will verify the final proposal rankings and the economic viability of the selected winning portfolio of bids using its Strategist model.

5.4 Non-Price/Qualitative Factor Review

In developing its final RFP Project rankings and the recommended portfolio of wind projects, the Company will assess a number of non-price qualitative factors. These non-price qualitative factors may be used to support the final recommendation of RFP Projects that have the best opportunity of being completed on time and in a way that brings that maximum benefit to our customers.

- a. Generator technology, availability, and warranties
- b. Contract exceptions and modifications
- c. Environmental permitting and compliance
- d. Land use permitting and zoning
- e. Other permitting
- f. Real property acquisition/site control progress and plan
- g. RFP Project operational characteristics
- h. State, regional and community support for and benefit from the RFP Project
- i. Transmission access plan feasibility and arrangements
- j. Transmission upgrade schedule assessment
- k. RFP Project execution planning
- l. Accounting assessment
- m. Vendor concentration and credit exposure

In the non-price, qualitative review, vendor concentration will be a particular area of focus as the Company intends to select a portfolio of bids consisting of at least two or more vendors to provide diversity and mitigate single supplier risk. From a credit perspective, bidders with an S&P and Moody's rating or internal Company rating of BBB- or better will be given preference in this stage of the review.

Upon completion of the qualitative assessment, the Company will develop a short-list of RFP Projects based on the results of the overall evaluation process. The Company will then proceed to negotiate contracts in good faith with selected bidders and develop applicable state regulatory filings for review and approval to proceed with contract execution.

Appendix A

Proposal Forms and Instructions

As discussed in Section 4, the completed forms, attachments and narrative topic discussions, will comprise a complete proposal. The contents of each form and any special instructions for completing the forms are described in section 4.6. These forms can be downloaded from the RFP web site and are expected to be completed and submitted in Microsoft Excel format.

If additional space is needed to elaborate on information requested on any form, please attach additional sheets with the heading "Form [] – Additional Information."

If certain information is requested that does not apply to the proposal, the respondent must indicate that the information is not applicable. If appropriate, the respondent should explain why the information is not applicable.

In addition to submitting a complete, signed original proposal and one (1) additional paper copy, respondents must also include two (2) separate USB flash drives with electronic copies of all completed Forms in executable format, i.e. not PDF.

Appendix B

***NSP's Model Wind Power Purchase Agreement
(Attachment A)***

See file titled *Model Wind PPA.doc*

***NSP's Wind Farm Technical Requirements
(Attachment B)***

See file titled *Wind Farm Technical Requirements.docx*

***NSP's Model Term Sheet for the Purchase and Sale of an
Operational Wind Project
(Attachment C)***

See file titled *Wind Purchase & Sale Term Sheet.doc*