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Request for Proposals Power Supply Resources

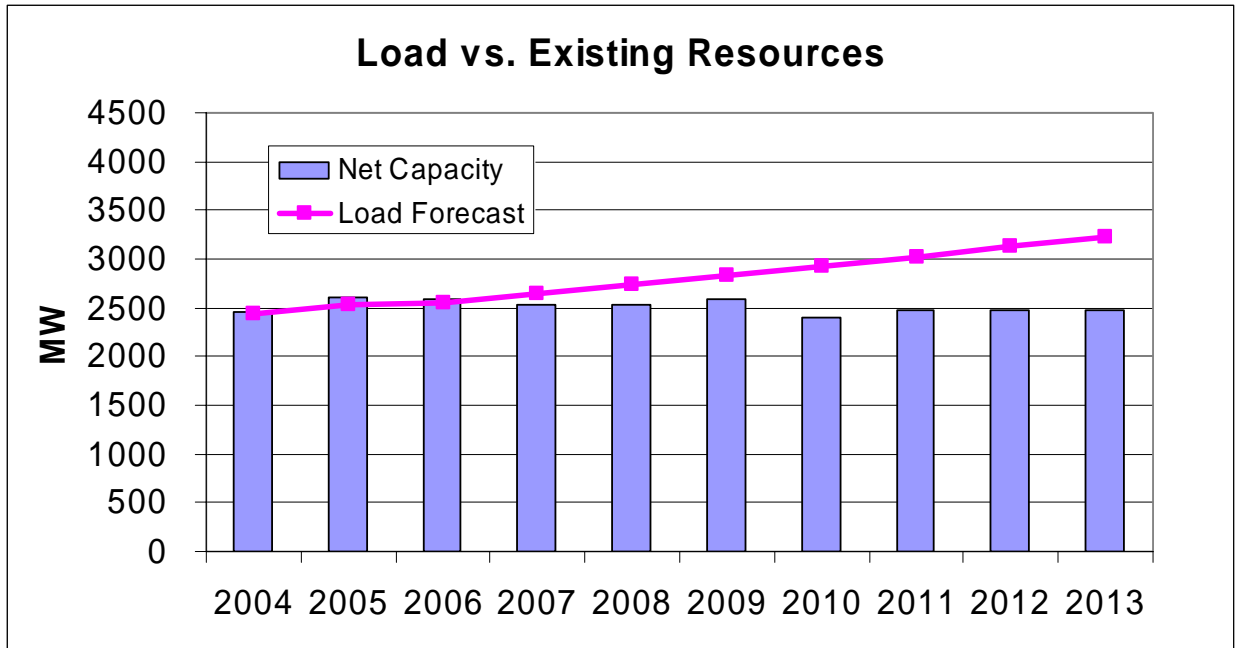
A) Summary

Split Rock Energy (SRE) is issuing this Request For Proposal (RFP) on behalf of Great River Energy (GRE). This RFP can be characterized as an “all source” RFP. GRE seeks proposals providing renewable resources as well as conventional peaking, intermediate and baseload resources. Joni Hamson (SRE) and Stan Selander (GRE) will be the contacts during the RFP process.

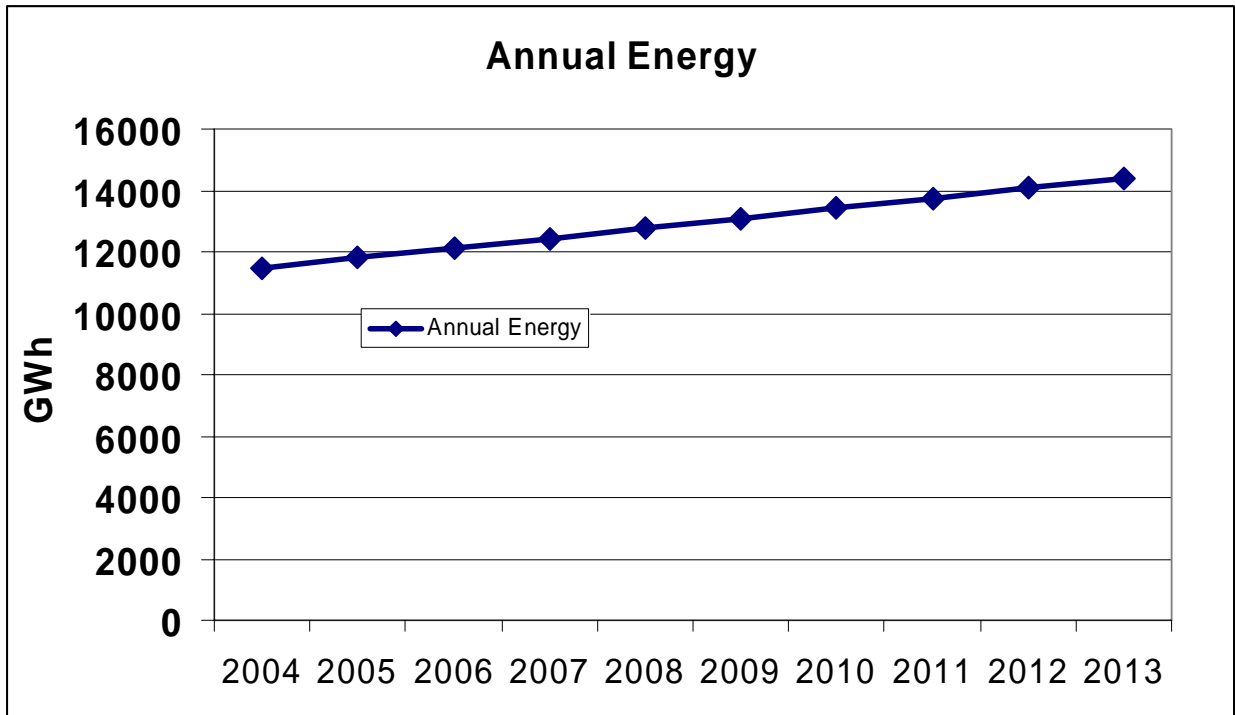
Great River Energy is one of the fastest growing energy providers in Minnesota. GRE is a cooperative association headquartered in Elk River, MN and serves 28 cooperatives. It presently has generating capacity of about 2300 MW (summer rating) and serves a summer peak load of about 2300 MW. More information on GRE is available at its website www.GREatriverenergy.com.

GRE has issued three RFPs for power supply resources since 2001. Each RFP has resulted in GRE acquiring resources of various types for varying terms. The 2001 RFP resulted in GRE acquiring 150 MW of peaking type resources. The 2002 RFP resulted in GRE acquiring 175 MW of baseload and intermediate type resources. The 2003 renewable RFP resulted in selection of a 100 MW wind project which is under final negotiations currently.

This RFP seeks resources, both renewable and conventional, to meet GRE’s needs for at least the balance of this decade. Those needs are for approximately 200 MW of renewable resources, up to 300 MW of peaking and intermediate resources and up to 200 MW of baseload resources. GRE’s overall resource situation is illustrated in the 2 charts below.



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41 GRE's intention in issuing this RFP is to have a complete information base for making
42 resource choices by midsummer 2004. In making those choices GRE will be
43 considering the entire spectrum of resources and forms of ownership or purchase.
44

45 GRE Generation, a division of GRE, is also developing alternatives for consideration. If
46 you would like to work together with GRE Generation on developing a project feel free
47 to contact Joe Jubert, Project Manager, Generation Development, (763 241 2264) at
48 your earliest convenience.
49

50 Responses to this RFP will be due on two different dates: the peaking/intermediate
51 responses will be due on April 2, 2004 and the baseload and renewable responses will
52 be due on April 30, 2004.
53

54 **B) General Evaluation Criteria**

- 55 1. Price at Point of Delivery
- 56 2. Transmission – evidence of ability to deliver output to GRE's Load, such as
57 interconnection/transmission service applications and transmission studies
- 58 3. Site control
- 59 4. Quality and experience of the development team
- 60 5. Accredibility of resource in MAPP or succeeding reliability organization
- 61 6. For natural gas fueled resources, proximity to a pipeline and which pipeline
- 62 7. Financing – a responder who can provide financing will be viewed more favorably
63 than one only bringing equipment
- 64 8. For renewables:
 - 65 a. Must qualify as an eligible technology under the Minnesota Renewable
66 Energy Objectives (MN REO).
 - 67 b. GRE *prefers* resources located in or near its service area
 - 68 c. GRE will consider local ownership (including GRE and its members)
69 and/or other economic development that results in GRE's service territory
70 as a result of the project
 - 71
- 72 9. Ability to provide ancillary services.
73
74

75 **C) Common Information for All Responses—Renewable and Conventional 76 Resources**

77
78 All responses, regardless of resource type must include the following information.
79

80 **Location of Project:** Provide details on where the project will be located and any
81 site description details.
82

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83 **Siting Description:** Description of plans for assessing local community siting
84 issues and efforts to address any of these issues.
85

86
87 **Ownership Conversion:** Great River would also consider, in addition to an energy
88 purchase, the opportunity to convert a power purchase
89 agreement to GRE ownership of the project. GRE is also
90 interested in providing O&M services on non-GRE Owned
91 projects.
92

- For example, for a wind project, the federal production tax credit expires in year 10. GRE is interested in evaluating proposals to purchase the project in year 11.

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99 **Point of Delivery:** Proposals will be evaluated on a delivered basis to the GRE
100 control area. A proxy delivery point is the Dickinson 345kV
101 substation at the termination of GRE's DC line near Buffalo,
102 MN. GRE will consider other delivery points.
103

104 GRE currently takes Network Integration Transmission
105 Service on the Xcel(NSP) and Minnesota Power transmission
106 systems. GRE is not currently a member of a regional
107 transmission organization, but is a member of the Mid-
108 Continent Area Power Pool. GRE may become a member of
109 the Midwest ISO or other regional transmission organization
110 during the term of the agreement.
111

112
113 **Regulatory and**
114 **Environmental Compliance:** Proposer is responsible for meeting and satisfying all
115 federal, state and local permits, licenses, approvals and/or
116 variances that are currently, or become in the future, required
117 for the operation of the project and the delivery of energy.
118

119
120
121 **Company Qualifications**
122 **and Experience:** Proposer should supply to Great River information regarding
123 the Corporate/business structure, including primary and
124 secondary businesses, of the Proposer.
125

126 Also include the Proposer's projects and independent power
127 supply ventures participated in over the last ten years.

128
129 Separate descriptions, as appropriate, for each member if
130 there is a consortium or partnership of two or more firms and
131 the relationship between the entities for this proposal.
132

133 **Financial Considerations:** Each proposal must include the following financial
134 information for each Proposer/entity involved in the proposal:
135 • Current annual report for each party (If an annual report
136 is not available, a listing of assets, liabilities and cash flow
137 must be provided);
138 • Current (within past three months) profit and loss
139 statement for each party;
140 • DUNS #;
141 • S&P, Moody's and/or Fitch Debt Rating; and
142 • Description of project financing.
143

144 **Emission Data:** Proposers should provide emission data for particulate matter
145 (less than 10 micrometers in diameter), nitrogen oxide(s),
146 sulfur dioxide, carbon monoxide, lead, ozone, mercury and
147 carbon dioxide. Emission data should be provided in both
148 pounds per MWh and pounds per mmBtu. If you are
149 proposing a specific project the emissions data should be for
150 that project. If you are proposing supply from a portfolio of
151 resources the emissions should be for the supply portfolio.
152

153
154 **Other Information:** This section provides the opportunity to describe other
155 aspects that may not fit into one of the other categories. This
156 may include alternative approaches to providing renewable
157 energy benefits.
158

159
160 **Pricing Information:** Prices shall be quoted in U.S. dollars and shall be considered
161 firm unless expressly stated otherwise. If the Proposer's
162 pricing policy involves escalation or an index, the escalation
163 terms and conditions or specific index must be included for
164 evaluation. Indexes used should be published and available
165 publicly. Prices should include all taxes and environmental
166 charges. The Proposer will be responsible for compliance
167 with all applicable existing and future environmental
168 requirements. All prices shall be defined for the duration of

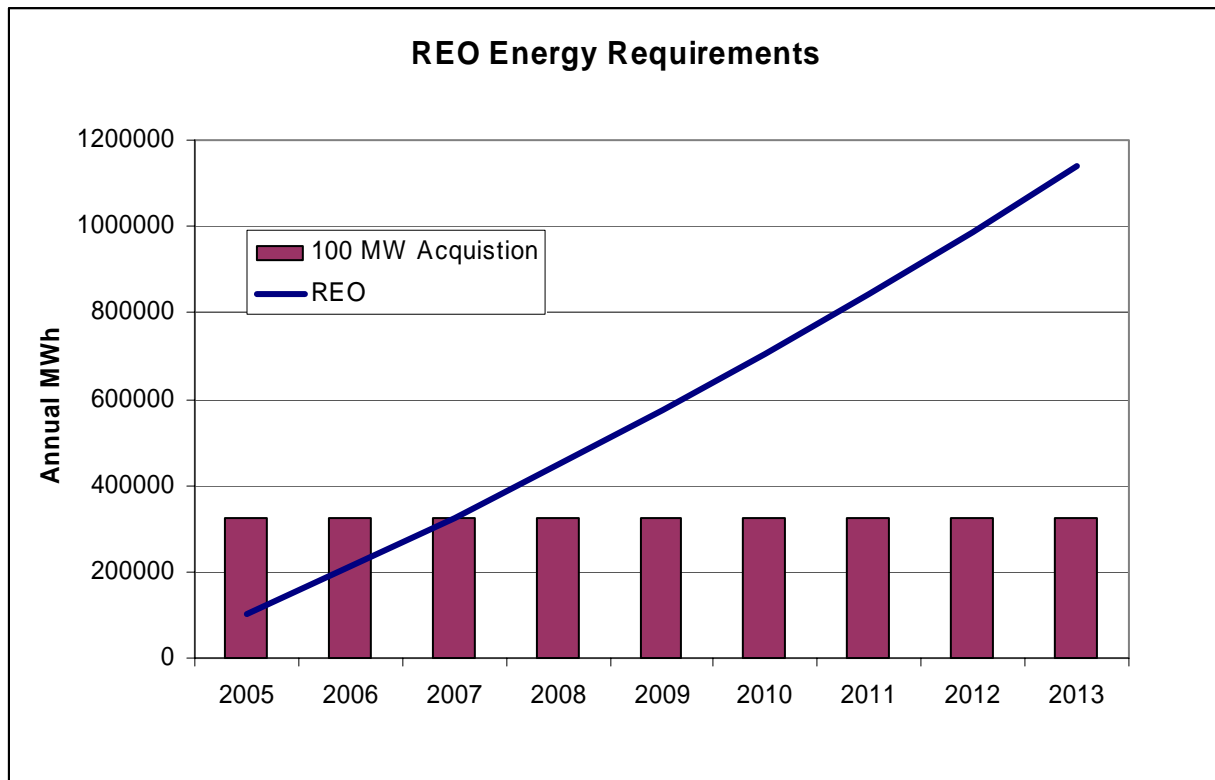
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the agreement signed by GRE and the Proposer. The Proposer may only make such prices subject to renegotiations for changes in costs relating to environmental and other pertinent laws and/or regulations that are beyond the control of the Proposer. Such renegotiations, if any, will be for purposes of adjusting only those price components directly affected by such regulatory and/or legislative changes.

D) Renewable resources

The quantities of renewable resources sought under this RFP are driven primarily by the Minnesota Renewable Energy Objectives (REO). The REO is an energy based objective and GRE's requirements to meet the REO are illustrated in the chart below.



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Renewable specific responses

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The following information must be provided with your response:

Renewable Energy Defn.: In order for resources to be considered renewable, they must meet the definition of “eligible energy technology” in Minnesota Statute 216 B.1691 Subd. 1. This definition defines renewable to include solar, wind, hydroelectric with a capacity of less than 60 MW , or biomass; and the project was not mandated by state law or commission order enacted or issued prior to August 1, 2001. GRE will also consider energy generated from the combustion of landfill methane and from anaerobic digesters.

Generation

Equipment Description: Describe the generation equipment and how it will be operated and maintained, including the manufacturer and model, size of the generation units, the tower height for wind projects, and any other relevant equipment information.

Term: Intended to be longer term but short term is also welcome. Proposers should bid 15 and 20 year terms. Proposal terms should not be less than 5 years and may be up to 25 years in length.

Commercial Operation: GRE will look most favorably on contracts that begin energy delivery matching GRE’s needs indicated in the chart above. GRE will also consider earlier commercial operation dates.

Size: Total of 200 MW between 2005 and 2009. Projects of all sizes are encouraged to respond. However, responses should include projects no larger than 100 MW in size.

Energy Analysis: Based upon site specific wind speed/fuel data and equipment performance specifications, include an initial study of the energy production from the facility indicating the gross monthly and annual energy production, calculation of energy losses, projected net energy output on a monthly basis and projected guaranteed monthly net megawatt hour energy production. Discuss the quality of the wind data used in the analysis.

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234 **Pricing Terms:** Great River encourages creative pricing proposals. However,
235 at a minimum, all Proposers should bid a flat/levelized price.
236 Prices should be stated in year of occurrence U.S. dollars
237 and shall be considered firm unless expressly stated
238 otherwise.
239 If the Proposer's pricing policy involves escalation, the
240 escalation terms and conditions must be included for
241 evaluation.

242
243 GRE will be granted any and all current and/or future
244 renewable energy certificates and emissions credits
245 associated with the energy from the successful project. In
246 addition, GRE will be granted all accredited capacity from the
247 proposed project.

248
249 If the pricing is contingent on any state or federal incentives,
250 the Proposer should indicate the price with and without the
251 incentive.

252
253
254 **Transmission:** Please provide information about all transmission work that
255 the Proposer has completed or plans to complete with
256 respect to the project. For example, if the Proposer has filed
257 a generator interconnection request or a transmission service
258 request with the Midwest ISO, please indicate the queue
259 number , request size, and status. Also, if the Proposer has
260 performed its own transmission analysis for the project this
261 should be provided to help SRE evaluate its proposal.

262
263 Please indicate when the Proposer believes that the project's
264 generator interconnection will be completed and firm
265 transmission service will be available. In addition, please
266 indicate whether the Proposer is willing to assume the risk of
267 curtailment during periods when firm or nonfirm transmission
268 service is unavailable.

269
270 If short listed the Proposer should be prepared to pay for any
271 required interconnection or transmission studies.

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274
275 **Local Participation:** Please indicate whether the project will involve local
276 ownership or participation in the revenue of the project. If

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277 applicable, describe the type and level of local ownership or
278 participation in the project.

279
280 **Draft Contract:** Propose the project based on the substantive terms and
281 conditions in the attached draft renewable contract. Please
282 note where Proposer takes significant exceptions to the
283 contract.

284
285 **Contact Information:** If you have any technical questions about the renewable
286 portion of this RFP please contact Tim Seck (GRE) at 763-
287 241- 2278 or tseck@GREnergy.com.

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291

E) Peaking/Intermediate/Baseload Conventional Resources

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295 This RFP seeks responses to meet the resource need for up to 300 MW of peaking or
296 intermediate resources to be available in the 2007 to 2010 timeframe and an additional
297 200 MW of baseload resources available in the 2008 and beyond timeframe.

298
299 Proposals will be evaluated on a delivered basis (either include in price or an estimate
300 will be used)

301
302 GRE is interested in a broad spectrum of responses. Responses may range from power
303 purchase arrangements to outright GRE ownership of specific resources.

304
305 For plant- or unit-specific proposals, please provide data/information according to
306 Attachment A. Great River Energy 2004 RFP Data Matrix.

307
308 For peaking or intermediate proposals provide the information listed in Attachment B

309
310 **Term:** Intended to be longer term but short term is also welcome.
311 Longer term specifically: 7, 15, 25 year terms. Proposal
312 terms should be for not less than 2 years and may be up to
313 30 years in length.

314
315 **Minimum size:** 50 MW unless a specific project is smaller in total size

316
317 **Maximum size:** No specific limit but GRE would intend/prefer to diversify its
318 selections and so would prefer to buy three 100 MW projects
319 rather than one 300 MW project

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Transmission: Please provide information about all transmission work that the Proposer has completed or plans to complete with respect to the project. For example, if the Proposer has filed a generator interconnection request or a transmission service request with the Midwest ISO, please indicate the queue number, request size, and status. Also, if the Proposer has performed its own transmission analysis for the project this should be provided to help SRE evaluate its proposal.

Please indicate when the Proposer believes that the project's generator interconnection will be completed and firm transmission service will be available

Contract Terms: GRE will look to a contract that conforms substantially to the EEI Master Contract and which will allow GRE to accredit any resources purchases resulting from this RFP with any surviving regional reliability organization. Please note where Proposer takes significant exceptions to the EEI Master Contract.

Contact Information If you have any technical questions about the conventional portion of this RFP please contact Joni Hamson (SRE) at (320) 749-2008 or Stan Selander (GRE) at (763) 241-2446.

F) Common Conditions for the Renewable and Conventional Resource Responses

Confidentiality: SRE and GRE will not disclose any information contained in the Proposer's proposal that is marked "Confidential" to another party unless such disclosures are required by law or by a court or governmental or regulatory agency having appropriate jurisdiction. As a regulated utility and electric cooperative, GRE may be required to release proposal information to various government agencies (including the

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363 Rural Utilities Service (RUS)) and/or others as part of a
364 regulatory review or legal proceeding. GRE also reserves the
365 right to disclose proposals to any GRE consultant(s) and
366 attorneys for the purpose of assisting in evaluating proposals.
367 In the event GRE is required to submit copies of proposals to
368 any governmental or regulatory agency, GRE will attempt to
369 file such information labeled as "Confidential" on a
370 confidential basis. Designating specific information as
371 confidential, rather than the entire proposal, may facilitate
372 such efforts. However, GRE cannot guarantee that such
373 information will be deemed confidential by the agency or
374 court the information is filed with.

375
376 **Evaluation Process:** Great River and SRE will assess all proposals to determine
377 which are the most economical, feasible and viable options
378 for meeting GRE's generation diversity and system needs.
379 The assessment will take into account both price and non-
380 price factors. Upon completion of this assessment, Great
381 River will create a short list of qualified projects.
382 Proposers who enter into preliminary discussions with Great
383 River will be required to demonstrate the following:
384

- Site control by showing evidence of either site
385 ownership, an option to purchase the site, or an option
386 for a long term lease.
- Plan for determining local community reaction to the
387 project and develop an action plan for working with the
388 local community on project issues.

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395 **Acceptance of Proposals**

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397 GRE reserves the right, without qualification, to select or reject any or all proposals and
398 to waive any formality, technicality, requirement, or irregularity in the proposals
399 received. Split Rock and GRE also reserve the right to request further information, as
400 necessary, to complete its evaluation of the proposals received. Proposers who submit
401 proposals do so without recourse against Split Rock and GRE for either rejection by
402 GRE or failure to execute an agreement for purchase of capacity and/or energy for any
403 reason. GRE will not reimburse any Proposers for any cost incurred in the preparation
404 or submission of a proposal and/or any subsequent negotiations regarding a proposal.

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Schedule

	Peaking Intermediate	Renewable Baseload
RFP Issued	March 2	March 2
Nonbinding Notice of Intent to Respond	March 15	April 1
Proposals Due	April 2	April 30
Evaluation Completed	June 15	June 15
Notification to Proposers of Short List	July 1	July 1

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Proposal submission

412 If you have any General questions about any portion of this RFP please contact Joni
413 Hamson (SRE) at (320) 749-2008 or Stan Selander (GRE) at (763) 241-2446.

414
415 Proposals are due no later than 4 PM CPT on the Proposal Due dates listed in the table
416 above. Proposals submitted via email will be most welcome. Proposals may be
417 submitted by e-mail, mail, fax, or hand delivery. Faxed or e-mailed proposals must be
418 followed up by mail with a signed original. All proposals should be directed to Stan
419 Selander at Great River Energy.

420

421 E-mail: sselander@greenergy.com

422

423 Include the words '2004 All Resource Resource RFP' in the subject line.

424

425 Voice: 763 241 2446

426

427 Fax: 763 241 6246

428

429

430 Mail Address:

431

432 Stan Selander

433 Great River Energy

434 17845 East Highway 10

435 P.O. Box 800

436 Elk River, MN 55330-0800

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Attachment A. Great River Energy 2004 RFP Data Matrix for Simple Cycle CTs & Combined-Cycle CTs						
Plant Characteristics	Units	Resource 1	Resource 2	Resource 3	Resource 4	Resource 5
Overview						
Manufacturer:						
Model:						
Summer Base Capability:	MW					
Winter Base Capability:	MW					
Prime Mover:	ST/CT					
Number of STs:						
Number of CTs:						
Fuel Details						
Primary Fuel Type:						
Back-up Fuel Type:						
Back-up Fuel Type:						
GRE Toll Fuel?	Y/N					
Pipeline Company:						
Distance from Trunk Line:	miles					
Operations						
Heat Rate (HHV)						
Base Load	Btu/kWh					
75% Load	Btu/kWh					
50% Load	Btu/kWh					
25% Load	Btu/kWh					
Minimum Load:	MW					
Evaporative Coolers:	MW					
Inlet Cooling:	MW					
Wet Compression:	MW					
Water Injection:	MW					
Peak Firing:	MW					
Ramp Rate - Base Loaded:	MW/min					
Ramp Rate - Peak:	MW/min					
Time to Breaker Close:	minutes					
Starts per Day:	#					
Minimum Up Time:	Hours					
Minimum Down Time:	Hours					
Operators On-Site?	Y/N					
Staff Hours/Day:	Hrs					
Remote Start Capability?	Y/N					
Synchronous Condenser Mode?	Y/N					
Available for AGC?	Y/N					
Transmission						
Interconnection NERC ID OR:	#					
NERC ID of nearest Bulk Substation:	#					

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439 Attachment B
440

**Proposal Pricing Format
Peaking and Intermediate
Plants**

All Costs Stated in 2004\$

No GRE Ownership Option			Escalation Index for Cost components
First year/Month of Operation	mm/yy	_____	
Term	years	_____	
Annual Fixed Cost	\$	_____	_____
Start Charge	\$	_____	_____
Variable O&M Costs	\$/MWh	_____	_____
Energy Pricing:			
Owner/Operator Provides Fuel	Y/N	_____	
GRE Provides Fuel	Y/N	_____	
Option for GRE to Toll	Y/N	_____	
GRE Ownership Option			
Same Costs as Above?	Y/N	_____	
Detail Any Differences			
GRE Buyout			
State First Year Option is Available		_____	
Buyout Cost Amount	\$	_____	
Other Terms Applicable to Buyout			

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