

## Request for Proposals Power Supply Resources

### A) Summary

Great River Energy (GRE) is issuing this Request For Proposal (RFP) to acquire peaking and intermediate power supply resources available starting in 2007-2010.

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. Our 2,500-megawatt generation system comprises an effective mix of base load and peaking power plants, including coal, refuse-derived fuel, natural gas and oil plants, as well as wind generation. GRE is a transmission owner and market participant member of the Midwest Independent System Operator (MISO) and the Midcontinent Area Power Pool (MAPP). More information on GRE is available at our website [www.greatriverenergy.com](http://www.greatriverenergy.com).

GRE has issued several 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 recently entered commercial operation. Following the 2005 renewable RFP we are in the final stages of negotiations for more than 100 MW of new renewable energy supply resources.

This RFP seeks conventional resources to meet GRE's peaking and intermediate needs:

- up to 300 MW of peaking capacity, and
- up to 250 MW of intermediate capacity.

These resource needs were identified in GRE's 2005 Integrated Resource Plan (IRP) filing with the Minnesota Public Utilities Commission, available on our website ([www.greatriverenergy.com/partners/images/2005\\_irp\\_public.pdf](http://www.greatriverenergy.com/partners/images/2005_irp_public.pdf).) While the approval process for this IRP is not yet completed, we have begun working on our next IRP filing in 2007. The results of this RFP will be evaluated as part of preparing that and other regulatory filings.

In addition to seeking specific amounts of peaking and intermediate resources, GRE is also soliciting indications of interest from potential developers of smaller projects that may be used as a substitute for conventional central station baseload power plants. Possible projects include combined heat and power projects and heat recovery projects for electricity production, among others. The nature of these projects inhibits dealing

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with them via a formal RFP, hence this request for indications of interest, which may result in exploratory discussions outside of the timeline contained herein.

GRE's intent in issuing this RFP is to develop a comprehensive set of resource options to select from in the second half of 2006. In making those choices GRE will be considering the entire spectrum of resources and forms of ownership or purchase.

GRE Generation, a division of GRE, is developing proposals for submission in response to this RFP.

*Parties who wish to respond to the RFP must first submit pre-qualification documents to Great River Energy by May 10, 2006. GRE will provide feedback on the Prequalification Phase on May 19, 2006. Proposals from projects meeting GRE's prequalification criteria will be due by June 9, 2006.*

### **B) Prequalification**

GRE will evaluate Proposer Qualifications before receiving proposals. If you are interested in making a proposal you must first supply the information listed on the Pre-qualification Form (Attachment C) by May 10, 2006. GRE will then determine its interest in having you submit a proposal and will provide a response by May 19, 2006.

### **C) General Evaluation Criteria**

1. Price at Point of Delivery;
2. Transmission – the ideal resource will have Network Resource Interconnection Service (NRIS) and firm transmission service in place.
3. Site control.
4. Quality and experience of the development team.
5. Accredibility of the resource in MAPP or a succeeding reliability organization.
6. For natural gas fueled resources, proximity to a pipeline with adequate and competitive supply and delivery capability.
7. Financing plan -- equipment-only proposals are discouraged.
8. Ability to provide ancillary services.

### **D) Proposal Contents**

All responses must include the following information.

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**Location of Project:** Provide a detailed description of the project location, including site control.

**Siting Plans:** Description of plans for assessing local community issues and efforts to address them.

**Ownership  
Conversion:**

GRE will consider opportunities to convert a power purchase arrangement to GRE ownership of the project. GRE is also interested in providing O&M services to non-GRE Owned projects.

**Point of Delivery,  
Interconnection, and  
Transmission:**

Proposals will be evaluated on a delivered basis to the GRE control area. A proxy delivery point is the Dickinson 345kV substation at the termination of GRE's Direct Current transmission line near Buffalo, MN. Evaluation considerations will include firmness of transmission, congestion costs, losses, and locational marginal prices at the point of delivery.

Provide information about all relevant interconnection and transmission work that Proposer has completed or plans to complete.

If Proposer has filed a generator interconnection request, furnish the:

- queue number,
- size,
- starting date,
- type of interconnection service requested or obtained,
- status, and
- expected interconnection agreement approval date.

If Proposer has filed a transmission service request, furnish the:

- reservation number,
- size,
- points of receipt and delivery,
- starting date,
- type of transmission service requested or obtained,

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- status, and
- expected date of approval.

Provide the results of other relevant transmission studies, if any.

### **Regulatory and Environmental Compliance:**

Proposer is responsible for obtaining all federal, state and local permits, licenses, approvals and/or variances that are currently, or become in the future, required for the operation of the project and the delivery of energy.

### **Qualifications and Experience:**

Proposer must provide information regarding its business structure, including primary and secondary businesses, and descriptions of the projects and power supply ventures it has participated in over the last ten years. If the proposal involves a consortium of two or more firms, this information must be provided for each firm along with a description of relationship between them.

### **Financial Considerations:**

The proposal must include the following financial information for each entity involved:

- Current annual report for each party. If an annual report is not available, then a listing of assets, liabilities and cash flow must be provided;
- Current (within past three months) profit and loss statement for each party;
- DUNS #;
- Debt rating by S&P, Moody's and/or Fitch; and
- Description of project financing.
- Description of any security or credit instruments proposed by you to back your performance obligation.

### **Emission Data:**

Proposers must provide emission data for:

- particulate matter (less than 10 micrometers in diameter),
- nitrogen oxide(s),

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- sulfur dioxide,
- carbon monoxide,
- lead,
- ozone,
- mercury, and
- carbon dioxide.

Emission data should be provided in both pounds per MWh and pounds per mmBtu input.

If you are proposing a specific project, the emissions data must be for that project. If you are proposing supply from a portfolio of resources, the emissions data must be for the specific supply portfolio.

**Pricing Information:** Prices shall be quoted in U.S. dollars and shall be considered firm unless expressly stated otherwise.

If the proposed pricing involves escalation or an index, the escalation terms and conditions or specific index must be included for evaluation. Indexes used should be published and available publicly.

Prices should include all taxes and environmental charges. The Proposer will be responsible for compliance with all applicable existing and future environmental requirements.

All prices shall be defined for the duration of the proposed term. Proposals for price renegotiations may only be for changes in costs relating to environmental and other pertinent laws or regulations that are beyond Proposer's control. Such renegotiations, if any, will be for purposes of adjusting only those price components directly affected by such regulatory changes.

Proposed Payment schedule.

**Term:** GRE favors proposals of 7, 15, or 25 years. However, proposals for other terms between 2 and 30 years are welcome.

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

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**Maximum size:** No specific limit

**Additional Data:** Plant- or unit-specific proposals must provide data/information according to Attachment A. Great River Energy 2004 RFP Data Matrix.

All peaking and intermediate proposals must provide the information listed in Attachment B

**Obligations to Others** Describe whether or not any resource offered in your proposal has been offered in another RFP or is in any other way encumbered, and under what conditions the resource would be released to support your proposal to GRE.

**Other Information:** Describe any other aspects of the proposal that do not fit into the other categories.

### **E) Confidentiality**

GRE reserves the right to disclose proposals to its consultants and attorneys for the purpose of assisting in evaluating proposals.

As a regulated utility and electric cooperative, GRE may be required to release proposal information to various government agencies (including the Rural Utilities Service (RUS)) or others as part of a regulatory review or legal proceeding. If GRE is required to submit copies of proposals to a governmental or regulatory agency, GRE will attempt to file such information labeled as "Confidential" on a confidential basis. Designating specific information as confidential, rather than the entire proposal, will facilitate such efforts. However, GRE cannot guarantee that such information will be deemed confidential by the entity requiring the information.

### **F) Evaluation Process**

Great River will assess all proposals to determine which are the most economical, feasible and viable options for meeting GRE's needs. The assessment will take into account both price and non-price factors. Upon completion of this assessment, Great River will create a short list of qualified projects for further evaluation.

## G) Acceptance of Proposals

GRE reserves the right, without qualification, to select or reject any or all proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. GRE reserves the right to request further information to complete its evaluation of the proposals. Persons submitting proposals do so without recourse against GRE for rejection by GRE or failure to execute a subsequent agreement for any reason. GRE will not reimburse any cost incurred in the preparation or submission of a proposal and/or any subsequent negotiations.

## H) Schedule

	Date
RFP Issued	April 26, 2006
Pre-qualification Form Due	May 10, 2006
Proposals Due	June 9, 2006
Evaluation Completed	August 15, 2006
Notification to Proposers of Short List	September 1, 2006

## I) Proposal submission

Submissions are due no later than 4 PM CDT on the Proposal Due dates listed in the table above.

Submissions must be made via e-mail to

Stan Selander at [sselander@greenergy.com](mailto:sselander@greenergy.com)

Include the words '**2006-1 Resource RFP**' in the subject line.

Submissions must be followed up within 3 calendar days of the appropriate due date with a signed original and 4 additional copies delivered to:

Stan Selander  
Great River Energy  
17845 East Highway 10  
P.O. Box 800  
Elk River, MN 55330-0800

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**Questions?**

Please direct questions about this RFP to Stan Selander (GRE) at  
(763) 241-2446 (phone)  
(763) 241 6246 (fax)

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<b>Attachment A. Great River Energy 2006-1 RFP Data Matrix for Simple Cycle CTs &amp; Combined-Cycle CTs</b>						
<b>Plant Characteristics</b>	<b>Units</b>	<b>Resource 1</b>	<b>Resource 2</b>	<b>Resource 3</b>	<b>Resource 4</b>	<b>Resource 5</b>
<b>Overview</b>						
Manufacturer:						
Model:						
Summer Base Capability:	MW					
Winter Base Capability:	MW					
Prime Mover:	ST/CT					
Number of STs:						
Number of CTs:						
<b>Fuel Details</b>						
Primary Fuel Type:						
Back-up Fuel Type:						
Back-up Fuel Type:						
GRE Toll Fuel?	Y/N					
Pipeline Company:						
Distance from Trunk Line:	miles					
<b>Operations</b>						
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					
<b>Transmission</b>						
Interconnection NERC ID OR:	#					
NERC ID of nearest Bulk Substation:	#					
MISO Generator Interconnection Application Queue Number	#					

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Attachment B

**Proposal Pricing Format  
Peaking and Intermediate  
Plants**

**All Costs Stated in 2006\$**

		Escalation Index for Cost components	
<b>No GRE Ownership Option</b>			
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	_____	
<b>GRE Ownership Option</b>			
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			