

**Great River Energy
Request for Proposals
Renewable Energy Supply Resources
May 29, 2007**

A) Summary

Great River Energy (GRE) seeks proposals for renewable energy resources and other resources with low / no net CO₂ emissions relative to coal or natural gas fueled generation.

*A Nonbinding Notice of Intent to Respond is due on Friday, June 22, 2007.
Proposals are due on Friday, July 12, 2007.*

GRE is the second largest electric utility in Minnesota and the fourth largest generation and transmission cooperative in the United States in terms of assets. GRE is owned by the 28 cooperatives it serves. GRE has approximately 3100 MW of capacity for its peak summer season. GRE is a market participant, transmission owner, and transmission customer within the Midwest Independent Transmission System Operator (MISO) organization. More information on GRE is available at its website: www.greatriverenergy.com.

GRE is subject to the Minnesota Renewable Energy Standard (RES), Minn. Stat. 216B.1691 (2007). The RES requires electric utilities to supply an increasing percentage of their energy sales from Eligible Energy Technologies, reaching 25% (for GRE) by 2025. Eligible Energy Technologies include:

- wind,
- solar,
- hydroelectric less than 100 MW,
- biomass,
- municipal solid waste,
- landfill gas and anaerobic digesters, and
- hydrogen produced from any of the above.

GRE will need about 1200 MW of wind resources by 2025 if the RES is met entirely with wind. GRE currently has slightly over 200 MW of wind resources in its energy portfolio, which is sufficient to meet the RES through approximately 2010. GRE is issuing this RFP to meet the energy needs of its members and to stay well ahead of the RES requirement.

GRE is seeking approximately 300,000 - 600,000 MWh per year of new resources from Eligible Energy Technologies. GRE is most interested in projects entering commercial operation late in 2009, however earlier or later projects will be considered.

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Proposals for resources qualifying as Community-Based Energy Development (C-BED) pursuant to Minn. Stat. 216B.1612 (2007) are particularly encouraged.

In addition to Eligible Energy Technologies, GRE is interested in proposals for other resources with low / no net CO₂ emissions relative to coal or natural gas fueled resources. Proposals for demand-side resources will be solicited in a separate process.

B) General Process and Schedule

Initial Evaluation

GRE will evaluate proposals to determine which are most economical and viable. Both price and non-price factors will be considered, including:

1. Price;
2. Term (longer is generally better);
3. Transmission (interconnection and transmission service);
4. Location;
5. Technology;
6. Developer's and operator's capabilities, experience, and financial strength;
7. Site control;
8. Accredibility of capacity to meet GRE's reliability needs;
9. Qualification as an Eligible Energy Technology; and
10. Qualification as a C-BED project.

Short list

Upon completion of the initial evaluation, GRE will create a short list of proposals for preliminary discussions. Proposers who enter into preliminary discussions with GRE will be required to:

- Demonstrate site and resource control by showing evidence of ownership, long-term lease, or an option for purchase or long-term lease;
- Provide a plan for working with the local community on project issues;
- Agree to grant a short (3 month) period of exclusivity for negotiating with GRE; and
- Identify all parties whose approval is required for execution of a contract with GRE and affirm all such parties will be directly represented in the preliminary discussions and subsequent negotiations.

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Schedule

RFP Issued	May 29, 2007
Nonbinding Notice of Intent to Respond	June 22, 2007
Proposals Due	July 12, 2007
Evaluation Completed	September 13, 2007
Notification to Proposers of Short List	September 27, 2007

C) Required Information

Proposals should be organized in the following format:

Tab 1 - Summary

1. Summary	Provide an overview of the proposal, including the project name, location, type of resource, size, development status, commercial operation date, transmission status and a brief description of the proposer(s). Include any additional information that is particularly noteworthy.
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Tab 2 - Resource

2A. Resource Description	Describe the resource technology proposed, the capacity of the resource in MW, and the estimated annual energy production in MWh. If the capacity and production vary (e.g., seasonally), please characterize the variations.
2B. Generation Equipment	Indicate the manufacturer, model, and size of the generation units, the tower height for wind projects, and any other relevant equipment information, including estimated maintenance schedules.
2C. Project Location	Provide the project location and a detailed site description, including size(s) of parcel(s) of land. Describe Proposer's right to acquire land ownership or a long-term lease.
2D. Regulatory Compliance	Describe the status of the project with respect to regulatory approvals needed for its construction and operation. Describe plans for assessing local community siting issues and requirements with respect to the resource and any associated transmission. <i>Proposer is responsible for obtaining and satisfying the requirements of all federal, state and local permits, licenses, approvals, and variances that are required now and in the future for the construction and operation of the project and the delivery of energy from it. Proposer is also responsible for providing all information required by GRE for any approvals GRE must</i>

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	<i>obtain. Proposals with approved permits and indications of local support will be evaluated more favorably than those without.</i>
2E. Emission Data	Provide emission data for particulate matter (less than 10 micrometers in diameter), nitrogen oxide(s), sulfur dioxide, carbon monoxide, lead, ozone, mercury and carbon dioxide. Emission data should be provided in both pounds per MWh and pounds per mmBtu energy input. If proposal is for a specific project the emissions data should be for that project. If proposal is for a portfolio of resources the emissions should be for the supply portfolio. Proposals claiming no net CO ₂ emissions should explain the basis for that assertion.
2F. Local Participation	Indicate whether the project qualifies as C-BED pursuant to Minn. Stat. 216B.1612 (2007). If the project does not qualify as C-BED, indicate the extent to which the project will involve local ownership or participation in the project's revenue. <i>Projects claiming C-BED status must obtain a confirming letter from the Minnesota Department of Commerce prior to execution of a contract with GRE.</i>
2G. GRE Ownership	If GRE ownership is offered, indicate the proposed terms. <i>GRE will consider proposals offering full, partial, or no GRE ownership. However, GRE is not in a position to utilize, as an owner, the federal Production Tax Credit.</i>

Tab 3 - Proposer

3A. Business Structure and Experience	Identify all parties participating in the proposal and the subsequent ownership and operation of the project. Include an organization chart illustrating the relationships of the parties, along with their ownership percentages. Describe each party's corporate structure, including primary and secondary businesses. Describe the projects each party has developed / operated over the last ten years.
3B. Financial Status	For each party participating in the proposal and the subsequent ownership and operation of the project, provide: <ul style="list-style-type: none"> • Current annual report (If an annual report is not available, a listing of assets, liabilities and cash flow must be provided); • Current quarter profit and loss statement; • DUNS #; • Debt rating by S&P, Moody's and/or Fitch; and • Description of project financing. If Proposer does not have an investment grade credit rating, indicate how Proposer will provide enhanced credit support.

Tab 4 - Price and Terms

<p>4A. Term</p>	<p>Indicate the proposed starting and ending dates of energy delivery, any flexibility in those dates, and any significant contingencies that may affect them.</p> <p><i>Resources starting energy delivery in late 2009 are preferred, however earlier or later start dates will be considered. The proposed term should not be less than 20 years.</i></p>
<p>4B. Pricing Information:</p>	<p>Indicate one or more proposed pricing schedules in U.S. dollars in the year of occurrence.</p> <p><i>Creative pricing proposals are encouraged, however at minimum a flat / levelized pricing option shall be provided. GRE will evaluate prices using a discount rate of 6%.</i></p> <p><i>Prices shall be quoted in U.S. dollars and shall be considered firm unless expressly stated otherwise.</i></p> <p><i>If the pricing involves escalation or an index, state the escalation terms or specific index, which must be publicly available.</i></p> <p><i>If the pricing is contingent on any state or federal incentives, indicate the price with and without the incentive.</i></p> <p><i>Prices shall reflect the cost of transmission requirements described in Tab 5. Prices shall include all taxes and environmental charges. GRE must be granted all current and/or future renewable energy certificates and emissions credits associated with the energy from the project. GRE must be granted all accredited capacity from the project.</i></p> <p><i>Prices should reflect the creditworthiness and performance guarantee requirements included in GRE's Form Contract available as described in Section D of this RFP.</i></p> <p><i>Renegotiations, if proposed, shall be limited to statutory changes that are beyond the Proposer's reasonable control.</i></p>
<p>4C. Energy Analysis:</p>	<p>Provide the estimated and guaranteed net energy production from the facility using site specific wind / fuel data and equipment performance specifications. Discuss the methodology and sources of data used in the analysis.</p>
<p>4D. Form Contract</p>	<p>Indicate any exceptions to the terms included in the Form Contract available as described in Section D of this RFP.</p>
<p>4E. Proposal exclusivity</p>	<p>Indicate whether this project is or will be proposed or offered in any manner to other potential purchasers.</p>

Tab 5 - Transmission

<p>5A. Interconnection</p>	<p>Describe the interconnection arrangements for the resource, including as applicable:</p> <ul style="list-style-type: none"> • MW size of the interconnection • Point of interconnection; • Interconnection service provider; • Interconnection queue number, project number (e.g., "G-XXX"), and group study number, if assigned; • Type of interconnection service requested / received; • MW of interconnection service; • Status of the interconnection request, including the status of any relevant studies and agreements; • Expected in-service date; and • Network upgrades required and their status. <p>If Proposer has conducted its own interconnection study, please summarize or attach the results.</p> <p><i>Energy from proposed resources must be available to the MISO market.</i></p> <p>Proposer is solely responsible for all aspects of the project's interconnection, including but not limited to filing requests, funding studies, and executing and performing under the terms of interconnection and facility agreement(s) involving interconnection facilities, network upgrades, and third-party transmission impacts. Proposer is responsible for interconnection-related curtailments. <i>If the interconnection is not with MISO, Proposer is additionally responsible for all aspects of delivery into the MISO transmission system, including losses and curtailments.</i></p> <p><i>Proposer is responsible for losses incurred between the project and delivery into the MISO transmission system.</i></p> <p><i>Proposals will be evaluated considering GRE's exposure to transmission-related congestion costs, losses, and curtailment risks. Proposals that assume some or all of those costs and risks will be evaluated more favorably than those that do not. Projects with Network Resource Interconnection Service (NRIS) will be evaluated more favorably than projects with Energy Resource Interconnection Service (ERIS). Projects with ERIS and firm transmission service will be evaluated more favorably than projects with ERIS alone. Projects with completed interconnection agreements will be evaluated more favorably than projects that are in earlier stages of the interconnection process.</i></p>
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5B. Transmission	<p>If, in addition to interconnection service, transmission service has been requested or reserved, describe the service, including as applicable:</p> <ul style="list-style-type: none">• Type of service (e.g., network or point-to-point)• Points of receipt and delivery;• Transmission service provider;• Date of request• Queue number and project number (e.g., "A-XXX"), if assigned;• Period of service requested / reserved• MW amount• Status of the request or reservation, including the status of any relevant studies and agreements; and• Network upgrades required and their status. <p>If Proposer has conducted its own transmission studies, please summarize or attach the results.</p> <p>Describe the extent to which Proposer is willing to assume the risks of transmission-related curtailments and congestion costs.</p>
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Tab 6 - Other

6. Other Information:	Describe any aspects of the proposal that may not fit into the other categories. Attach any supplementary information or exhibits that you wish to provide.
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D) Terms of Proposal

Acceptance of Proposals

GRE reserves the right, without qualification, to select or reject any proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. GRE may request additional information to complete its evaluations. Persons who submit proposals do so without recourse against GRE for rejection or failure to execute an agreement for any reason. GRE will not reimburse any cost incurred in the preparation or submission of a proposal or any subsequent negotiations regarding a proposal.

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Confidentiality

GRE will use reasonable efforts to protect Proposer's confidential information provided that such information is clearly identified as follows:

- mark "Confidential Information" on each page containing such information; and
- **highlight or shade** the specific confidential information on the marked page.

A blanket statement that an entire page or the entire proposal is confidential will not be considered clear indication and may result in rejection of the proposal.

Notwithstanding the foregoing, GRE may disclose information that has been designated as confidential if GRE determines, in its sole discretion, that disclosure is necessary to comply with any applicable law or order of a governmental authority with competent jurisdiction. GRE reserves the right to disclose proposals to its consultants, counsel, or financiers for the purpose of assisting GRE in evaluating proposals.

Form Contract

GRE's Form Contract is available for review at www.greatriverenergy.com

E) Submission Instructions

Questions

Questions about this RFP may be directed to Stan Selander (GRE) at (763) 241-2446.

Notice of Intent to Respond (Due June 22, 2007)

Notices of Intent to Respond are due by 4:00 PM Central Daylight Time. Submit the following information via email to: 2007RenewableRFP@GREnergy.com

1. Project name;
2. Contact Information;
3. Project Size (MW) and type (e.g., wind, biomass, etc.);
4. Project Location (county and township);
5. MISO Interconnection Queue number, if any

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Proposals (Due July 12, 2007)

Proposals are due no later than 4 PM Central Daylight Time. Proposals must be submitted electronically in PDF, RTF, or Microsoft Word format by email or on a CD received by the due date. Proposals must be followed up by mail or courier with a signed original cover letter, which must arrive within one week of the proposal due date.

Proposals submitted by email should be directed to 2007RenewableRFP@GREnergy.com. Include the words "**2007 Renewable Resource RFP**" in the subject line.

Mailed or couriered material should be sent to :

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