

# Northern States Power Company

## Request for C-BED Wind Proposals

March 15, 2007

### Introduction

Northern States Power Company, a Minnesota Corporation and wholly owned subsidiary of Xcel Energy Inc. ("NSP" or "Company"), is seeking proposals for 20-year Power Purchase Agreements ("PPA") through issuance of this Request for Proposals ("RFP") for Minnesota Community-Based Energy Development (C-BED) wind projects.

### Legislative/Regulatory Context

Given Minnesota Statute §216B.1612 ("C-BED Statute"), NSP is seeking proposals for new Minnesota wind generation resources to be in commercial operation by December 31, 2008 to take advantage of the current federal production tax credit. NSP will seek regulatory approvals for any resulting power purchase agreements from the Minnesota Public Utilities Commission (MPUC) according to the statute provisions.

### Eligible Resources

For purposes of this RFP, a resource will be considered an eligible C-BED wind resource if the proposed project meets the Minnesota C-BED eligibility requirements described in the aforementioned C-BED Statute. Only C-BED eligible resources will be considered under this solicitation.

### Pricing

As of the issue date of this Request for Proposals, the C-BED Statute provides that pricing for a C-BED project can be "higher in the first ten years of the PPA than in the last ten years" and that the rate, on a net present value basis, be less than or equal to 2.7 cents/kWh. For this calculation, NSP's discount rate is currently 8.81%. Because of active debate regarding the 2.7 cents/kWh price cap calculation in this legislative session, NSP encourages projects to bid in this Request for Proposals even if their project pricing does not currently fall below this cap of 2.7 cents/kWh. For clarity, the determining criteria for C-BED qualification is the project ownership structure as outlined in the C-BED Statute Section 1, Subdivision 2 and therefore bidders can propose pricing structures that are not front-loaded. More information regarding C-BED pricing can be obtained from a C-BED website with the link: [www.c-bed.org](http://www.c-bed.org).

Selected C-BED projects will sell power to NSP under a PPA. NSP will develop PPAs with bidders selected through this solicitation. Two Model PPAs will be made available on the Xcel Energy website: [www.xcelenergy.com/rfp](http://www.xcelenergy.com/rfp) to familiarize bidders with the terms and conditions under which NSP purchases wind power. Proposals for less than 20 MW nameplate wind capacity are directed to use the Small Wind Model PPA and proposals that are 20 MW or larger are directed to use the Large Wind Model PPA. Note the Security provisions are described in Article 7 of the Small Wind Model PPA and Article 11 of the Large Wind PPA. Bidders are strongly encouraged to review the Model PPA, because certain provisions, including but not limited to the Security provisions, could impact project pricing.

### Delivery and Interconnection

The proposed wind generating units must be physically located in the state of Minnesota and the Point of Delivery shall be at a location within the Midwest Independent System Operator's (MISO's) operational control. Bidder shall be responsible for paying all MISO costs associated with an interconnection request. Bidder shall provide the applicable MISO Generation queue number in their proposal, if one exists.

A successful bidder will be required to provide a letter of Voluntary Consent authorizing communication between the NSP Wholesale Merchant Function and the transmission owner/provider in accordance with 18 CFR 358.5 (b)(4) (FERC Order No. 2004 et seq.).

The following is a link to a web page containing notices of Voluntary Consents previously provided to NSP.

[http://www.rmao.com/xfpp/nsp\\_sf\\_postings/FERC-TPSOC-NSP-WrittenConsents.pdf](http://www.rmao.com/xfpp/nsp_sf_postings/FERC-TPSOC-NSP-WrittenConsents.pdf)

Bidder shall arrange and be solely responsible for all costs associated with the delivery of energy to the point of interconnection with the MISO member system. Bidder shall also be responsible for all losses incurred in transmitting energy from Facility to the point of interconnection.

As a part of the bid evaluation, NSP will estimate the relative risk of curtailment of projects both in expected level of curtailment and expected cost to NSP and its customers. These estimates will be performed by Xcel Energy merchant function employees who are familiar with these transmission systems. Proposed projects with high risks of curtailment are less desirable as they will increase potential cost.

MISO can be contacted at the following postal or e-mail addresses for the location of their control area and to get additional information regarding

interconnection requirements:

**Manager, Interconnection Planning**  
**Midwest ISO**  
**701 City Center Drive**  
**Carmel, IN 46032**  
Email can be sent to: [ginterconnection@midwestiso.org](mailto:ginterconnection@midwestiso.org)

Schedule (Estimated and subject to change)

NSP's objective is to complete the evaluation, identification and negotiation of selected proposals as set forth below.

RFP Issued by NSP	March 15, 2007
<b>Proposals Due to NSP</b>	<b>April 20, 2007</b>
Evaluation, Clarifications, Due Diligence, Negotiations	April – June 2007
PPA(s) submitted to MPUC for approval	July 2007
Latest Commercial Operation by	December 31, 2008

Pre-Bid Information

Prior to the submittal of proposals, prospective bidders may contact Rick Peterson with questions related to proposal submittal requirements:

Rick Peterson  
Telephone: (612) 330-5831  
\* E-mail address: [richard.d.peterson@xcelenergy.com](mailto:richard.d.peterson@xcelenergy.com)

\* *E-mailing is the preferred method of contact.*

Proposal Submittal

For each proposal submitted, bidders must provide a complete, signed original proposal as well as three paper copies and one CD-ROM copy of all bid documents delivered to the following designated NSP contact person no later than 5:00 PM Central Standard Time on **April 20, 2007**.

Rick Peterson  
Resource Analyst  
414 Nicollet Mall (Marquette Plaza Suite 720)  
Minneapolis, Minnesota 55401

Attention: NSP 2007 C-BED RFP Proposal

Each proposal must be physically delivered to Rick Peterson by the bid deadline by hand, courier, registered mail or certified package delivery service. **Faxes and E-mails are not acceptable means of bid submittal.**

#### Proposal Clarification Questions

NSP may e-mail proposal clarification questions to bidders. Bidders will be expected to provide an e-mail response or other written response to such clarification questions within 5 business days.

#### Due Diligence Meetings

NSP may conduct due diligence meetings. The purpose of these meetings will be to review proposal details, including, without limitation, issues related to selected equipment, land/site, permits, transmission, development experience, financial background and capability and similar issues. Bidders may be asked at these meetings or via follow-up e-mails to provide additional information to NSP. Bidders will be expected to provide an e-mail response to such due diligence questions within 5 business days.

#### PPA Negotiations

NSP will conduct PPA negotiations with bidders whose proposals the Company believes can provide the best value to our customers. At the Company's sole discretion, PPA negotiations may be terminated for lack of progress or timely conclusion.

#### List of Attachments

- Form R: Delivery Arrangements
- C-BED Affirmation

#### Representations

Prior to the execution of a contract, NSP reserves the right to:

- Accept or reject any proposals not received on or before the due date specified;
- Reject any or all proposals;
- Obtain clarification from bidders concerning proposals;
- Request from a bidder, information that is not explicitly stated in this document; and

- Negotiate with other than the lowest cost proposal(s);

### Confidentiality

Bidders should clearly identify each page and piece of information claimed by bidder to be confidential, trade secret or non-public. Submittal must include justification for a claim of information having non-public status.

### **Proposal Submittal Requirements**

A complete proposal will include one original and three additional copies, plus one electronic version on CD-ROM, assembled in the following format:

- **Tab 1 - Executive Summary:** Provide a project summary and overview.
- **Tab 2 – Project Description and Support Information:** Include specific project name, site location by Section(s), Township(s) and Range(s). Include project site maps illustrating the physical location as related to other area features. Also include any other pertinent support materials (i.e. – acknowledgement of local governmental support).
- **Tab 3 - Pricing:** Proposals must clearly specify all pricing terms and comply with Minn. Stat. §216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through 162). Any and all indexed prices and/or price escalations must be fully explained.
- **Tab 4 – Interconnection:** Describe the planned interconnection site by Section(s), Township(s) and Range(s) and illustrate as related to other area features. This tab should also include a completed Form R, Delivery Requirements (see attached form). Bidder shall provide the applicable MISO Interconnection Service Request number, if one exists. Also see “Delivery and Interconnection” discussion above for additional requirements.
- **Tab 5 – Affirmation:** Complete the attached C-BED Affirmation acknowledging the proposed project meets the C-BED Statute ownership and project qualifications contained in Minn. Stat. §216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through 162).

# ATTACHMENTS

- **Tab 4 Form R: Delivery Arrangements**
- **Tab 5 C-BED Affirmation**

Complete Tabs 4 and 5 and include with your proposal.

# TAB 1

## Executive Summary

# **TAB 2**

## **Project Description and Support Information**



# TAB 3

## Proposed Pricing

# TAB 4

## Interconnection

### Form R - Delivery Arrangements

1) Provide a detailed description of the point of delivery at which bidder is proposing to deliver the purchased capacity and energy to the Xcel Energy electric system; including the location and voltage level of such point. If the proposed point of delivery is also the point of interconnection described on a separate form, the bidder may simply indicate below that the points are the same and refer back to the other form.

2) For proposals that will require third-party transmission service(s) to deliver, on a firm transmission service basis, the purchased capacity and energy to the point of delivery specified above, provide a detailed description of the interconnection, electric losses, transmission and ancillary service arrangements, by provider, that will be required, including the identity of all third party providers, the location and voltage level of the interconnection point to the interconnection service provider's facilities, any interconnection facilities that bidder owns or intends to construct and own, the specific services provided by each provider, and the line losses, point(s) of receipt and point(s) of delivery associated with each third party transmission service. Attach a USGS-based map that shows the location of the interconnection point and the generation facility.

3) Provide documentation that the third party services discussed in 2) above will be available to bidder during the proposed contract term. This should include: a) any associated transmission studies that directly examined delivery of the proposed energy to the point of delivery, b) detailed information on any an all new transmission facilities and/or upgrades to existing facilities that will be required to deliver the proposed energy to the point of delivery, and c) a detailed discussion of the schedule for siting,

permitting, and construction of such new facilities and/or upgrades. Attach documentation to this form as needed.

# TAB 5

## Community Based Energy Development (C-BED) Affirmation

As an authorized agent or representative for \_\_\_\_\_,  
I acknowledge and confirm that this C-BED wind project proposal, as  
submitted to Northern States Power Company, meets the C-BED  
Statute ownership and project qualifications contained in Minn. Stat.  
§216B.1612 and the C-BED Tariff (Section 10, Sheets 160 through  
162).

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Date: \_\_\_\_\_