

Request for CBED Proposals Renewable Power Supply Resources

A) Summary

Southern Minnesota Municipal Power Agency (SMMPA) seeks proposals providing renewable resources qualified for use in meeting SMMPA's renewable resource needs. Dan Hayes will be the contact (see below for contact information) during the RFP process.

SMMPA, a joint action agency owned by the 18 municipal utilities it serves, is headquartered in Rochester, Minnesota. SMMPA presently owns or has contracts for approximately 650 MW of capacity. More information on SMMPA is available at our website www.smmpa.com.

SMMPA anticipates developing a portfolio of resources to meet its renewable resource targets. That portfolio will likely be comprised of:

1. SMMPA-owned small renewable projects connected to member utility distribution systems, where feasible;
2. SMMPA equity ownership (along with other owners) in larger projects when available;
3. Power Purchase Agreements (PPA's) for both the renewable energy and the renewable energy attribute;
4. Community Based Energy Development (CBED) projects; and
5. Tradable Renewable Credits (TRC's).

This RFP is open to any eligible CBED resource as defined in Minnesota Statute 216B.1612.

Responses to this RFP will be due Friday, November 28, 2008.

B) Desired Amount of Renewable CBED Energy

SMMPA seeks eligible resources capable of annually providing a total of 133,000 MWh. If this RFP were characterized in capacity terms alone, SMMPA would be seeking approximately 40 MW of nameplate wind capacity. All of this 40 MW is nominally intended to be from qualified CBED project(s).

C) General Evaluation Criteria, Process and Schedule

Criteria

1. Price.
2. MISO deliverability.
3. Evidence of site control.
4. Quality and experience of the development team.
5. Ability for resource to be accredited in MAPP or succeeding reliability organization.
6. Financial capability of the Proposer.
7. Must qualify as an eligible energy technology under the Minnesota Renewable Energy Standard.
8. Must qualify as an eligible CBED owner.
9. Must evidence ability to obtain required CBED county resolutions of support.

Process

SMMPA will assess all proposals to determine which are the most economical, feasible and viable options for meeting SMMPA's generation diversity and system needs. The assessment will take into account the criteria listed above. Upon completion of this assessment, SMMPA will create a short list of qualified projects.

Short list

Proposers who enter into preliminary discussions with SMMPA will be required to demonstrate the following:

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

D) Required Information

Location of Project: Provide details on where the project will be located and any site description details, including size, and right of Proposer to acquire ownership or lease land.

Siting Description: Description of plans for assessing local community siting issues and requirements with respect to resource and associated transmission. Proposals with approved siting and/or routing permits will receive greater weight.

Ownership: Describe the proposed ownership structure. SMMPA may be willing to consider partial ownership in the proposed project. Please indicate whether the project will involve local ownership or participation in the revenue of the project. If applicable, describe the type and level of local ownership or participation in the project. SMMPA will submit CBED project information to the Minnesota Department of Commerce for qualification of ownership structure.

MISO Deliverability: Proposals will be evaluated on their ability to participate effectively in the MISO market. Proposals must include all information available relative to the proposed project and its interface with the MISO market including the node to which power will be delivered for purpose of calculating locational marginal price (LMP).

Regulatory and Environmental Compliance: Proposer is responsible for meeting and satisfying all federal, state and local permits, licenses, approvals and/or variances that are currently, or may become in the future, required for the operation of the project and the delivery of energy. Proposer is also responsible for providing all information required by SMMPA to file for a certificate of need, if applicable

Company Qualifications and Experience: Proposer should supply information regarding the corporate structure, including primary and secondary businesses, of the Proposer. Also include the Proposer's projects and independent power supply ventures participated in over the last ten years. Separate descriptions are required for each member if there is a consortium or partnership of two or more firms and the relationship between the entities for this proposal. Proposer must be able to demonstrate that the ownership structure is consistent with CBED guidelines.

Financial Considerations: SMMPA will evaluate Proposers for financial strength. Please include with your proposal information that will help SMMPA make this determination.

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

Pricing Terms: SMMPA encourages creative pricing proposals. Price should be for power and energy delivered to the proposed point of delivery. Prices should be stated in year of occurrence for each of the 20 years of the term of the contract (U.S. dollars) and shall be considered firm unless expressly stated otherwise. If the Proposer's pricing policy involves escalation, the escalation terms and conditions must be included for evaluation. SMMPA will be granted any and all renewable energy attributes and emissions credits associated with energy SMMPA purchases from the successful project. In addition, SMMPA will be granted all accredited capacity from the proposed project. If the pricing is contingent on any state or federal incentives, the Proposer should indicate the price with and without the incentive.

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, anticipated capacity factor, and any

other relevant equipment information. Proposer should also provide estimated maintenance schedules.

Term: Proposers should offer 20 year terms.

Commercial Operation: SMMPA is interested in projects with commercial operations dates in 2009 and beyond.

Energy Analysis: Based upon site specific wind speed, wind turbine characteristics, and any other appropriate variables, include projected net energy output on a monthly basis (kWh) available for purchase by SMMPA at point of delivery. Please discuss the quality of the wind data used in the analysis.

Transmission: Proposer assumes all cost and responsibility for metering, interconnecting, and delivering the output of the project to the proposed point of delivery. Proposer will also be responsible for all losses to deliver power to the proposed point of delivery. Please indicate the proposed point of delivery so SMMPA can make a comparison of proposals based on location. For projects with a proposed point of delivery that is on a utility distribution system, please indicate any anticipated wheeling charges and losses to deliver the power from the point of delivery to the transmission grid (i.e., MAPP or MISO transmission system). 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. Please indicate when the Proposer believes that the project's generator interconnection will be completed and firm transmission service or a determination of MISO deliverability will be available. In addition, please indicate whether the Proposer is willing to assume the risk of curtailment during periods when firm or non-firm transmission service is unavailable. If short-listed the Proposer should be prepared to pay for any required interconnection or transmission studies.

Confidentiality: Except as described in this paragraph SMMPA will not disclose to another party any confidential and proprietary information owned by Proposer and contained in the Proposer's proposal that is marked "Confidential", unless such disclosures are required by law or organizational documents or by a court or governmental or regulatory agency. SMMPA may also need to release proposal information to various government agencies such as the Minnesota Department of Commerce as part of a regulatory review or legal proceeding. SMMPA also reserves the right to disclose proposals to any SMMPA members, consultant(s), and attorneys for the purpose of assisting in evaluating proposals. In the event SMMPA is required to submit copies of proposals to any governmental or regulatory agency, SMMPA will attempt to file such information labeled as "Confidential" on a confidential basis. (Designating specific

information as confidential, rather than the entire proposal, may facilitate such efforts.) However, SMMPA cannot guarantee that such information will be deemed confidential by the agency or court with which the information is filed. If SMMPA is requested to provide such information to a third party or agency, SMMPA may do so but shall first notify the Proposer, which may elect to intervene in the proceeding or seek a restraining order.

Acceptance of Proposals

SMMPA 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. SMMPA also reserve the right to request further information, as necessary, to complete its evaluation of the proposals received. Proposers who submit proposals do so without recourse against SMMPA for either rejection by SMMPA or failure to execute an agreement for purchase of capacity and/or energy for any reason. SMMPA will not reimburse any Proposers for any cost incurred in the preparation or submission of a proposal and/or any subsequent negotiations regarding a proposal.

Schedule

RFP Issued	October 24, 2008
Proposals Due	November 28, 2008
Evaluation Completed	January 16, 2009
Notification to Proposers of Short List	January 23, 2008

Proposal submission

If you have any general questions about any portion of this RFP please contact Dan Hayes (SMMPA) at (507) 292-6444.

Proposals are due no later than 4 PM CPT on the Proposal Due dates listed above. Proposals submitted electronically via email will be most welcome. Proposals may be submitted by e-mail, mail, fax, or hand delivery. Faxed or e-mailed proposals must be followed up by mail with a signed original and may arrive after the due date as long as the fax or email copy meets the due date requirement. All proposals should be directed to Dan Hayes at SMMPA.

E-mail: dm.hayes@smmpa.org

Please include the words '**2008-1 CBED Resource RFP**' in the subject line.

Voice: 507 292-6444

Fax: 507 292 6414

Mail Address: Dan Hayes, SMMPA, 500 1st Ave. S.W., Rochester, MN 55902