

Request for Proposals Renewable Power Supply Resources

A) Summary

Great River Energy (GRE) seeks proposals providing renewable resources qualified for use in meeting GRE's publicly announced commitment to meet the Minnesota Renewable Energy Objective (REO). GRE also seeks proposals from projects making use of existing or proposed waste heat. Stan Selander will be the contact (see below for contact information) during the RFP process.

Great River Energy is the second largest electric utility in Minnesota and the seventh largest generation and transmission cooperative in the United States. GRE is headquartered in Elk River, Minnesota and is owned by the 28 cooperatives it serves. GRE presently owns or has contracts for approximately 2400 MW of capacity for its peak summer season. More information on GRE is available at its website www.greatriverenergy.com.

GRE has acquired resources from each of the four RFPs for power supply resources it has issued since 2001.

GRE's 2005 Integrated Resource Plan (which can be found on our website) indicates that GRE could meet the REO by adding approximately 500 MW (nameplate) of wind resources between 2007 and 2015. GRE has contracted for 100 MW (nameplate) wind through the Trimont project which is expected to be in service during the last quarter of 2005. GRE needs additional renewable resources in order to meet the REO in 2008. GRE is issuing the RFP at this time because of the extension of the federal production tax credit through 2007, the availability of equipment in the near term and the recently passed Community Based Energy Development (CBED) legislation in Minnesota.

This RFP is open to any eligible renewable resource as defined in Minnesota Statute 216B.1691.

Responses to this RFP will be due Friday, December 9, 2005. A Nonbinding Notice of Intent to Respond is due on Friday, November 11, 2005

B) The Minnesota Renewable Energy Objective

GRE seeks eligible resources capable of annually providing a total of 300,000 to 400,000 MWh. If this RFP were characterized in capacity terms alone, GRE would be

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seeking approximately 120 MW of nameplate wind capacity. Of this 120 MW, 100 MW is nominally intended to be from a large project and 20 MW reserved for qualified CBED project(s). A competitive large project may be CBED as well. However, GRE will not accept any small C-BED proposals with an evaluated price greater than 110% of the lowest evaluated price large project.

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. For renewables:
 - a. Must qualify as an eligible energy technology under the REO.
 - b. GRE *prefers* resources located in or near its service area.

Process

GRE will assess all proposals to determine which are the most economical, feasible and viable options for meeting GRE's generation diversity and system 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.

Short list

Proposers who enter into preliminary discussions with Great River 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 develop an action plan for working with the local community on project issues.
- Pay to GRE \$0.05/kW of name plate capacity no later than five (5) business days after receiving notice from GRE that it qualifies for GRE's shortlist. This nonrefundable fee is intended to secure the obligation of each Proposer during the evaluation period and to insure each Offer has been carefully considered and represents a binding offer to GRE. If the Proposer fails to submit this fee within the five (5) business day deadline, the Proposer's Offer will be rejected and removed from the shortlist.

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RFP Issued	October 28, 2005
Nonbinding Notice of Intent to Respond	November 11, 2005
Proposals Due	December 9, 2005
Evaluation Completed	January 20, 2006
Notification to Proposers of Short List	February 10, 2006

D) Required Information

Location of Project:	Provide details on where the project will be located and any site description details, including size, 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. The Proposer should include efforts to address any of these issues. Proposals with approved siting and/or routing permits will receive greater weight.
GRE Ownership	Prior to the Energy Policy Act of 2005 (EPAct 2005) provisions of the federal renewable energy production tax credit have made it uneconomic for GRE to own wind resources. The Clean Renewable Energy Bonds included in the EPAct may open an opportunity for GRE to take an ownership position in a wind project. GRE will evaluate partial ownership as well as turn key proposals.
MISO Deliverability:	Proposals will be evaluated on their ability to participate effectively in the MISO market. Proposals must include any information available relative to the proposed project and its interface with the MISO market.
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

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	responsible for providing all information required by GRE to file for a certificate of need, if applicable.
Company Qualifications and Experience:	<p>Proposer should supply information regarding the corporate structure, including primary and secondary businesses, of the Proposer.</p> <p>Also include the Proposer's projects and independent power supply ventures participated in over the last ten years.</p> <p>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.</p>
Financial Considerations:	<p>Each proposal must include the following financial information for each Proposer/entity involved in the proposal: Current annual report for each party (If an annual report is not available, a listing of assets, liabilities and cash flow must be provided); Current quarter profit and loss statement for each party; DUNS #; S&P, Moody's and/or Fitch Debt Rating; and Description of project financing.</p>
Emission Data:	<p>Proposers should 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. If you are proposing a specific project the emissions data should be for that project. If you are proposing supply from a portfolio of resources the emissions should be for the supply portfolio.</p>
Other Information:	<p>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.</p>
Pricing Information:	<p>Prices shall be quoted in U.S. dollars and shall be considered firm unless expressly stated otherwise. If the Proposer's pricing policy involves escalation or an index, the escalation terms and conditions or specific</p>

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	<p>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 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.</p>
<p>Pricing Terms:</p>	<p>Great River encourages creative pricing proposals. However, at a minimum, all Proposers should offer a flat/levelized price. Projects with C-Bed ownership that desire a C-BED type pricing structure should indicate their price in terms of Net Present Value (NPV) while using GRE's Discount Rate of 5.25%.</p> <p>Prices should be stated in year of occurrence U.S. dollars and shall be considered firm unless expressly stated otherwise.</p> <p>If the Proposer's pricing policy involves escalation, the escalation terms and conditions must be included for evaluation.</p> <p>GRE will be granted any and all current and/or future renewable energy certificates and emissions credits associated with the energy from the successful project. In addition, GRE will be granted all accredited capacity from the proposed project.</p> <p>If the pricing is contingent on any state or federal incentives, the Proposer should indicate the price with and without the incentive.</p>
<p>Generation Equipment</p>	<p>Describe the generation equipment and how it will be</p>

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Description:	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. Proposer should also provide estimated maintenance schedules.
Term:	Proposers should offer 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, ie 2008, but will consider earlier commercial operation dates.
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.
Transmission:	<p>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.</p> <p>Please indicate when the Proposer believes that the project's generator interconnection will be completed and firm transmission service will be available. In addition, please indicate whether the Proposer is willing to assume the risk of curtailment during periods when firm or nonfirm transmission service is unavailable.</p> <p>If short listed the Proposer should be prepared to pay</p>

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	for any required interconnection or transmission studies.
Local Participation:	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. Great River energy will submit C-BED project information to the Minnesota Department of Commerce for qualification of ownership structure.
Confidentiality:	GRE will not disclose to another party any information contained in the Proposer's proposal that is marked "Confidential", 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 Rural Utilities Service (RUS)) and/or others as part of a regulatory review or legal proceeding. GRE also reserves the right to disclose proposals to any GRE consultant(s) and attorneys for the purpose of assisting in evaluating proposals. In the event GRE is required to submit copies of proposals to any 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, may facilitate such efforts. However, GRE cannot guarantee that such information will be deemed confidential by the agency or court the information is filed with.

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 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 GRE for either rejection by GRE or failure to execute an agreement for purchase of capacity and/or energy for any reason. GRE will not

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reimburse any Proposers for any cost incurred in the preparation or submission of a proposal and/or any subsequent negotiations regarding a proposal.

Schedule

Proposal submission

If you have any General questions about any portion of this RFP please contact Stan Selander (GRE) at (763) 241-2446.

Proposals are due no later than 4 PM CPT on the Proposal Due dates listed in the table 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 Stan Selander at Great River Energy.

E-mail: sselander@greenergy.com

Include the words '**2005-1 Resource RFP**' in the subject line.

Voice: 763 241 2446

Fax: 763 241 6246

Mail Address:

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