# Request for Proposals For Distributed Solar Resources

issued by

Minnesota Power

30 West Superior Street Duluth, Minnesota, 55802

www.mnpower.com



AN ALLETE COMPANY

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Complete information on this RFP can be found at:

https://www.mnpower.com/Environment/DSESRFP

#### **Revision History**

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# TABLE OF CONTENTS

1.	RFP OVERVIEW	3
	1.1 Project Requirements 1.2 Minnesota Power Service Territory 1.3 Independent Evaluator 1.4 RFP Website	5 6
2.	INFORMATION AND SCHEDULE	7
	<ul> <li>2.1 Information Provided to Potential Respondents</li></ul>	7 9
3.	GENERAL REQUIREMENTS	10
	<ul> <li>3.1 Respondents Pre-Qualification</li> <li>3.1.1 Technology Types</li> <li>3.1.2 Size</li> <li>3.1.3 Commercial Operation Date (COD)</li> <li>3.1.4 Permitted Bid Structures</li> <li>3.1.5 Location &amp; Interconnection Voltage</li> <li>3.1.6 Firm Pricing and Terms Compliant</li> <li>3.1.7 Environmental Attributes</li> <li>3.1.8 Creditworthiness</li> <li>3.1.9 Proposal Submission Deadline &amp; Evaluation Fee</li> <li>3.1.10 Legal Certifications</li> <li>3.2 Proposal Evaluation Fee</li> <li>3.3 Multiple Proposals</li> <li>3.4 Portfolio Proposals</li> <li>3.5 Completeness and Accuracy of Proposal</li> </ul>	11 11 12 12 12 13 13 13 13 13 14 14 15
4.	PROPOSAL CONTENT CRITERIA         4.1 Executive Summary         4.2 Facility Information         4.3 Economic and Technical Data Form         4.3.1 Solar Generation Asset Information         4.3.2 Paired Energy Storage Asset Information (As Applicable)         4.4 Licenses and Permits         4.5 Site Information         4.6 Project Layout         4.7 Reliability         4.8 Project Design and Construction         4.9 Environmental Considerations         4.10 Interconnection	16 16 17 17 18 18 18 19 19 19

		~ ~
	4.11 Project Labor Resources	
	4.12 Project and Construction Schedule	
	4.13 Operation and Maintenance	. 21
	4.14 Decommissioning	. 21
	4.15 Financing Plan and Payment Schedule	. 22
	4.16 Project Team Experience	. 22
	4.17 Diversity, Equity & Inclusion	. 22
	4.18 Domestically Sourced and Available Materials	. 22
	4.19 Energy Production Supply	. 23
	4.20 Scheduling and Electric System Operations	. 23
	4.21 Proposal Limitations	
	4.22 Agreements	. 23
	4.23 Exceptions	. 23
5.	RFP EVALUATION PROCESS AND SELECTION	24
	5.1 Independent Evaluator	
	5.2 Submission Format	
	5.3 Evaluation Criteria	
	5.3.1 Quantitative Criteria	
	5.3.2 Qualitative Criteria	
	5.3.3 Evaluation Matrix	
	5.4 Development of Shortlist	
	5.5 Final Shortlist	
	5.6 Final Selection of Proposal(s)	. 27
6.	AWARDING OF CONTRACTS	. 28
7.	POST-BID NEGOTIATIONS	. 29
8.	MISCELLANEOUS	. 30
	8.1 Confidentiality	30
	8.2 Reservation of Rights	
	8.3 Contacts	

Attachment A - Notice of Intent / Prequalification Form Attachment B - Minnesota Power Non-Disclosure Agreement Attachment C - Minnesota Power Model Solar PPA Attachment D - Minnesota Power BOT Term Sheet Attachment E - Economic and Technical Data Input Form Attachment F - Technical Specifications Exhibit F-1 - Scope of Work (BESS) Exhibit F-2 - Performance Testing Procedures (BESS)

Exhibit F-3 - Warranty (BESS)

Attachment G - Substation Capacity Information

## **1. RFP OVERVIEW**

#### **1.1 Project Requirements**

Minnesota Power (MP or the Company), a division of ALLETE, Inc., is issuing this Request for Proposals (RFP) to solicit offers from interested parties (Respondents) with the intent of securing Proposals for Distributed Solar Resources with a Commercial Operation Date (COD) on or before December 31, 2028. This RFP seeks projects to assist Minnesota Power in complying with Minnesota Statute 216B.1691 Subd. 2h defining the State of Minnesota's Distributed Solar Energy Standard (DSES)<sup>1</sup> and the Minnesota Public Utilities Commission (MPUC) Order In the Matter of the Implementation of the New Distributed Solar Energy Standard Pursuant to 2023 Amendments to Minnesota Statutes, Section 216B.1691 issued on June 26, 2024<sup>2</sup>.

To be evaluated in this RFP, DSES projects must comply with the following requirements:

- Projects must have a capacity of 10 MW<sub>AC</sub> or less;
- Projects must be constructed or procured after August 1, 2023;
- Projects must be connected to MP's distribution system at 34.5 kV or lower voltage;
- For projects with a capacity of 100 kW or more, workers constructing the project must be paid prevailing wage and their employers must demonstrate evidence of participation in a registered apprenticeship program;

Additional Proposal requirements and evaluation criteria are described in the following sections of this RFP.

This RFP represents Minnesota Power's first round of requests for proposals to help the Company comply with the DSES. Insights gained through this RFP will be incorporated into future DSES RFPs to establish a transparent and iterative process as MP continues to incorporate more renewable energy into its portfolio. MPs approach to meeting the DSES seeks to maximize regional benefits of distributed solar while managing impacts on the distribution system. To do this, Minnesota Power has a stated preference for projects that use local labor for construction and permanent staffing, pay local prevailing wage, support labor's participation in apprenticeship programs, leverage diverse bidders and the use of domestically sourced materials, encourage community involvement, provide environmental benefits such as inclusion of pollinator-friendly habitats,

<sup>&</sup>lt;sup>1</sup> Minnesota Legislature, "2023 Minnesota Statutes, 216B.1691 Renewable Energy Objectives", <u>https://www.revisor.mn.gov/statutes/cite/216B.1691</u>

<sup>&</sup>lt;sup>2</sup> Minnesota Public Utilities Commission,

https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&docu mentId={F0BF5590-0000-CD1A-A82B-6CC537DEC1F3}&documentTitle=20246-207978-01

and locate projects in disadvantaged communities, Tribal lands, or an environmental justice area within Minnesota Power's service territory.<sup>3</sup>

MP has a target of procuring 20-30 MW of solar in this first RFP and will accept portfolio bids. In connection with this RFP, MP has retained the services of an independent third-party evaluator to aid in the evaluation of all Proposals. MP will make the final project selection decisions, subject to MPUC review and approval. The final amount of generation or projects procured will depend on the evaluation of the specific projects submitted into the RFP.

<sup>&</sup>lt;sup>3</sup> Minnesota Power has a preference for DSES projects located in disadvantaged communities, as determined using the Climate and Economic Justice Screening Tool published by the Council on Environmental Quality, environmental justice areas, as determined by the Minnesota Pollution Control Agency or as defined under Minn. Statute 216B.1691 Subdivision 1(e), and Tribal lands located within Minnesota Power service territory.

## **1.2 Minnesota Power Service Territory**

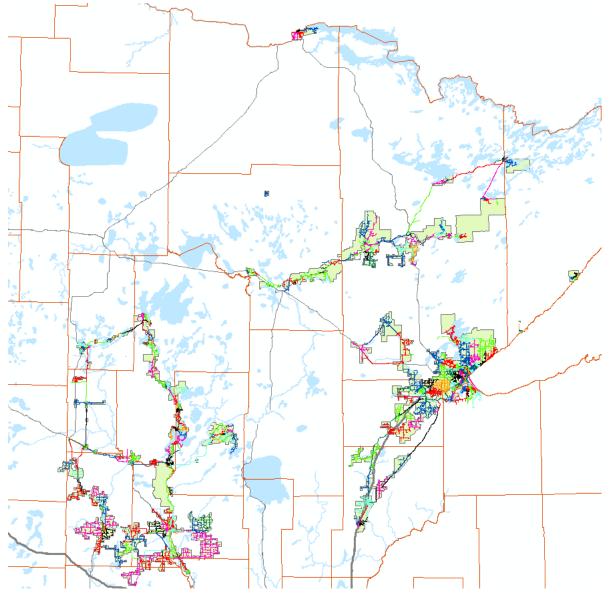


Figure 1: Minnesota Power Service Territory

Minnesota Power, a division of ALLETE, Inc., provides electricity to approximately 150,000 residential and commercial customers in a 26,000-square-mile service territory in northern Minnesota. MP owns and operates 8,742 miles of electric transmission and distribution lines with 164 substations and operates and maintains a diverse energy portfolio, including coal, biomass, hydro, wind, natural gas, and solar generation facilities. MP supports its local communities and strives to meet the needs of its customers through energy savings and innovative solutions, in addition to providing safe, reliable and affordable electric service.

Minnesota Power's service territory is defined as the areas outlined on <u>publicly available maps</u> through the Minnesota Public Utilities Commission<sup>4</sup>. Downloadable GIS data is <u>publicly available</u> for Minnesota Power's service territory through the State of Minnesota's Geospatial Commons<sup>5</sup>.

At the time of this RFP, MP does not have the ability to provide hosting capacity maps. In Attachment G, Respondents can find available capacity by substation as well as generation interconnection thresholds that trigger Transmission System Impact Study performed by MP and the Midcontinent Independent System Operator (MISO) Distributed Energy Resource Affected System Study (DER AFS).

## **1.3 Independent Evaluator**

In connection with this RFP, MP has retained the services of an independent third party, 1898 & Co., a part of Burns & McDonnell Engineering Co. Inc., to support the RFP process and perform the independent quantitative and qualitative evaluation of all Proposals. All Respondents will interface with MP with support from 1898 & Co. for all communications related to this RFP, including questions, RFP clarification issues, and RFP Proposal submittal. MP will select projects to implement following the evaluation of the RFP submittals.

## 1.4 RFP Website

A <u>dedicated website</u><sup>6</sup> has been created for downloading the RFP and Attachments and to provide uniform communications, including updates and other details as may be provided throughout the bidding process.

Phone inquiries and verbal conversations with Respondents regarding this RFP are not permitted. Individual questions submitted by Respondents to MP before the submittal deadline will be answered and responses sent back via email to the individual Respondents within 10 business days. Responses to frequently asked or universally applicable questions may be placed on the RFP Website for the benefit of all Respondents, with any identifying information redacted.

<sup>&</sup>lt;sup>4</sup> Minnesota Public Utilities Commission, "Electric Utility Service Areas ArcGIS WebApp", <u>https://minnesota.maps.arcgis.com/apps/webappviewer/index.html?id=95ae13000e0b4d53a7</u> <u>93423df1176514/</u>

<sup>&</sup>lt;sup>5</sup> Minnesota Geospatial Commons, "Electric Utility Service Areas Data", <u>https://gisdata.mn.gov/dataset/util-eusa</u>

<sup>&</sup>lt;sup>6</sup> Minnesota Power DSES RFP Website, <u>https://www.mnpower.com/Environment/DSESRFP</u>

# 2. INFORMATION AND SCHEDULE

## 2.1 Information Provided to Potential Respondents

This RFP document and all its Appendices and forms will be available on the <u>RFP website</u><sup>7</sup>. Interested parties are expected to download information related to the RFP with its required forms and complete the forms in Microsoft Word, Excel (all formulas included and unlocked), and/or PDF format. Respondents should submit properly completed forms by the specified deadline to the RFP e-mail address, <u>DSESRFP@mnpower.com</u>. Proposals that are nonconforming or incomplete may be deemed ineligible at MP's sole discretion and may not be considered for further evaluation. By submitting a Proposal in response to this RFP, the Respondents certify that they have not divulged, discussed, or compared any commercial terms of its Proposal with any other party (including any other member of the Respondents and/or prospective Respondents), and have not colluded whatsoever with any other party.

## 2.2 RFP Schedule

Table 1 illustrates the anticipated deadlines applicable to this RFP. MP reserves the right to extend or otherwise modify any portion of this schedule at any time or terminate the RFP process at its sole discretion.

<sup>&</sup>lt;sup>7</sup> Minnesota Power DSES RFP Website, <u>https://www.mnpower.com/Environment/DSESRFP</u>

#### TABLE 1: ANTICIPATED RFP SCHEDULE

Milestone	Anticipated Completed by Date
Issue RFP 1 for Distributed Solar Resources	January 30 <sup>th</sup> , 2025
Pre-bid conference	February 27th, 2025
Submit Attachments A and B with intent to bid	March 13 <sup>th</sup> , 2025
Submit all questions	May 14 <sup>th</sup> , 2025
Bids and payment due	5:00 PM CST May 29 <sup>th</sup> , 2025
Initial shortlist selected	Approximately 2 months after bid and payment deadline
Interconnect process and final shortlist selected	Approximately 6 months from initial shortlist (pending MISO AFS study timeline, if applicable)
Final negotiations complete	Approximately 4 months after final shortlist
Application for regulatory approval filed with MPUC	Approximately 6 weeks after final negotiations complete
Latest COD	December 31, 2028
Issue RFP 2 for Distributed Solar Resources	Within 18 months of RFP 1 issuance

## 2.3 Pre-Bid Conference

A virtual pre-bid conference will be held after the issuance of the RFP. Respondents' attendance is **highly encouraged**. Prospective Respondents may request details, submit questions, and sign up for the conference by emailing DSESRFP@mnpower.com. Once the pre-bid conference is complete, a recording of the pre-bid conference will be posted to the RFP website.

## 2.4 Questions

All questions regarding this RFP should be submitted in writing to <u>DSESRFP@mnpower.com</u>. Questions submitted by Respondents to MP before the submittal deadline will be answered with responses sent back via email to the individual Respondents within 10 business days. Written questions will be accepted until the date listed in Section 2.2. Responses to frequently asked or universally applicable questions may be placed on the RFP Website for the benefit of all Respondents, with any identifying information redacted.

# **3. GENERAL REQUIREMENTS**

The minimum requirements necessary for participation in this RFP are included in Table 2, with greater description included in their appropriate section.

DSES RFP Minimum Requirements				
3.1.1 Technology Types	Proven technologies for distributed solar generation and energy storage.			
3.1.2 Size	$\leq$ 10 MW <sub>AC</sub> at the Point of Interconnection.			
3.1.3 Commercial Operation Date (COD)	After August 1, 2023 and before December 31, 2028.			
3.1.4 Permitted Bid Structures	BOT & PPA. Self-build bids will be accepted. MP must be the exclusive off taker of the project's outputs.			
3.1.5 Location & Interconnection Voltage	Connected to MP's distribution system at or below 34.5 kV and comply with the location requirements of Section 3.1.5.			
3.1.6 Firm Pricing	Pricing shall be firm and not subject to any revisions beyond the incorporation of interconnection costs during MP's evaluation and negotiation process.			
3.1.7 Environmental Attributes	All environmental attributes (RECs, Carbon-free attributes) included with bid.			
3.1.8 Creditworthiness	All Respondents must be creditworthy, have a parental guarantee, surety bond or provide a letter of credit.			
3.1.9 Proposal Submission Deadline	MP must receive Proposals by Proposal Submission Deadline as anticipated in Section 2 Table 1.			
3.1.10 Legal Certifications	Respondents must agree to key legal certifications.			

#### **TABLE 2: RFP PARTICIPATION CRITERIA**

## 3.1 Respondents Pre-Qualification

To be eligible to submit a Proposal in response to this RFP, Respondents must be pre-qualified. To pre-qualify, Respondents must submit a Notice of Intent to Respond (Attachment A) and a completed and signed Non-Disclosure Agreement (Attachment B) to the RFP e-mail address no later than the date shown in Table 1, and receive confirmation via email that they are prequalified to submit a Proposal. Pre-qualification to submit a Proposal does not provide confirmation that participation criteria are satisfied.

The following subsections detail the requirements a bid must meet to be considered as conforming and considered for evaluation within this RFP process. MP may reject, without further review, any Proposals that do not meet these standards.

#### 3.1.1 Technology Types

Proven technology types for distributed solar generation and energy storage systems paired with distributed solar generation will be accepted for evaluation within the scope of this RFP as long as they meet the solar energy system requirements defined by Minnesota Statute 216b.1691 Subd. 2h outlining the State of Minnesota's DSES and minimum requirements set forth by Minnesota Power. A non-exhaustive summary of those requirements is listed below:

- Projects must have a capacity of 10 MW<sub>AC</sub> or less;
- Projects must be constructed or procured after August 1, 2023;
- Projects must be connected to MP's distribution system at 34.5 kV or lower voltage and located in MP's service territory
- For projects with a capacity of 100 kW or more, workers constructing the project must be paid prevailing wage and their employers must demonstrate evidence of participation in a registered apprenticeship program

Standalone energy storage projects will not be considered in this RFP. Energy storage is only valid as an optional adder to a solar project Proposal. AC- or DC-coupled storage configurations may be considered, but all charging energy must be from the proposed solar project. Grid charging of the proposed energy storage will not be allowed.

#### 3.1.2 Size

All Respondents are asked to price solar generation project(s) with a capacity of 10 MW<sub>AC</sub>. Capacity, as defined in Minn. Stat. § 216B.1691, subd. 2h(a), means the number of megawatts alternating current (AC) at the point of interconnection between a distributed generation facility and a utility's electric system. Options to add energy storage to solar projects must have a combined rated power of the solar plus storage inverters of less than or equal to 10 MW<sub>AC</sub> at the POI. For the avoidance of doubt, a solar project that is AC-coupled with an energy storage **11** | P a g e

addition will not be considered as a valid option if the combined inverter nameplate ratings exceed a total of 10 MW<sub>AC</sub>, even if the controls system is designed to limit total instantaneous generation to 10 MW<sub>AC</sub>. A solar project that is DC-coupled with an energy storage addition will be considered valid if the combined nameplate rating of the solar and storage exceeds a total of 10 MW<sub>dc</sub>, as long as the inverter nameplate rating at POI does not exceed 10 MW<sub>ac</sub>.

Minnesota Power has a preference for larger projects to more efficiently achieve the anticipated generation capacity required under the DSES.

#### 3.1.3 Commercial Operation Date (COD)

Only projects with a COD later than August 1, 2023, and on or before December 31, 2028, will be considered for this initial RFP process.

#### **3.1.4 Permitted Bid Structures**

MP will consider multiple Proposal structures including Build Own Transfer (BOT), Power Purchase Agreement (PPA) contracts with buyout provisions, affiliate Proposals and self-build Proposals. All projects bid as part of this RFP need to comply with the RFP requirements. These requirements include but are not limited to the Power Purchase Agreement (Attachment C) or the Term Sheet for Build Own Transfer (Attachment D) as applicable to the proposed bid structure and with the applicable sections of the Solar and Storage Technical Specifications (Attachment F including Exhibit F-1, F-2 and F-3). MP must be the exclusive off taker of all outputs from the project for the contract term length.

MP reserves the option to consider self-build Proposals submitted into the RFP to meet its customers' solar resource needs.

#### **3.1.5 Location & Interconnection Voltage**

This RFP requests Proposals for projects located within MP's retail service territory and connected to MP's distribution system at or below 34.5 kV.

Projects must be interconnected to Minnesota Power's distribution system, in a location where the POI is in Minnesota Power's service territory as described in Section 1.2. For purposes of clarity, the remainder of the location of the Project may be outside of Minnesota Power's service territory but in no case shall Minnesota Power be required to provide any compensation or service territory swap with any neighboring utility in order to allow the interconnection. The interconnection must not be on any feeder, or not be on any feeder connected to a substation, that is owned in whole or in part by any utility other than Minnesota Power. The final portfolio of projects awarded through this process may be located across MP's service territory and not necessarily concentrated in any one region. MP has a preference for projects located in federally recognized disadvantaged communities, Tribal lands, or an environmental justice area, as defined under Minn. Statute 216B.1691, subdivision 1(e).<sup>8</sup>

#### 3.1.6 Firm Pricing and Terms Compliant

Pricing shall be firm and not subject to any revisions during MP's evaluation and negotiation process, except for incorporation of interconnection costs. Interconnect costs will be determined through the applicable distributed interconnection procedures for the project in the evaluation process and must be included at the time of final shortlisting.

#### **3.1.7 Environmental Attributes**

Proposals must provide all environmental attributes (e.g., renewable energy credits and carbonfree attributes, other) associated with the outputs of solar energy from the project.

#### 3.1.8 Creditworthiness

Respondents must have a credit rating for its senior unsecured debt of BBB or higher (for Standard & Poor's) or Baa2 or higher (for Moody's). Respondents that are unrated or do not meet this minimum credit rating requirement may be required, at the time of shortlisting, to demonstrate ability to post the necessary securities as detailed in the PPA or BOT Term Sheet.

#### 3.1.9 Proposal Submission Deadline & Evaluation Fee

To be eligible for consideration, MP must receive a Proposal by the Proposal Submission Deadline as anticipated in Section 2 Table 1.

#### 3.1.10 Legal Certifications

When submitting a bid, the Respondents must certify that:

- there are no pending legal or civil actions that would impair the Respondent's ability to submit a bid into the RFP and to perform its obligations under the proposed PPA or BOT as applicable,
- the Respondents have not directly or indirectly induced or solicited any other Respondents to submit a false or sham Proposal,

<sup>&</sup>lt;sup>8</sup> Disadvantaged communities are those identified in the <u>Climate and Economic Justice Screening</u> <u>Tool</u>, the <u>MPCA Environmental Justice Areas</u>, or that meet the criteria outlined in Minn. Statute 216B.1691, subdivision 1(e).

- the Respondents have not solicited or induced any other person, firm, or corporation to refrain from submitting a Proposal, and
- Respondents have not sought by collusion to obtain any advantage over other Respondents.

## **3.2** Proposal Evaluation Fee

For each proposed project site submitted by Respondents, a non-refundable bid entry fee shall be paid by the identified due date. The fee for evaluating each Proposal for a generation facility is \$5,000. This sum will serve to defray evaluation costs by MP and the independent evaluator and limit extraneous Proposals.

A single proposal fee allows Respondents to offer both a BOT and PPA structure options for the same proposed resource. Respondents may submit up to three (3) different PPA pricing structures in a single Proposal under a single proposal fee. For the avoidance of doubt, acceptable PPA pricing structures include a firm non-escalating price through the agreement length or firm escalating prices at a known rate. Offers with escalation tied to indices will not be accepted.

The option to add energy storage to a solar Proposal would also be allowed under this proposal fee. Variations to project/Proposal characteristics listed below are required to be submitted via a separate Proposal and additional proposal fee:

- Term of transaction
- In-service date
- Site/Location of facility
- Size/Capacity
- Compatible technology types
- Review of individual projects within a portfolio bid
- Pricing variations not described in this section

## **3.3 Multiple Proposals**

If Respondents submit multiple Proposals for different assets, Respondents must indicate whether multiple projects can be developed in parallel and whether this would impact timelines or cost. Multiple Proposals must be identified separately. Bid fee is required on a per-project basis. Respondents may submit one portfolio under a single bid fee if projects are analyzed together. Each project must be 10 MW<sub>AC</sub> or less at the point of interconnection. Generating

facilities proposed as separate projects and sites must follow the appropriate FERC rules for qualifying small power productions facilities<sup>9</sup>.

## **3.4 Portfolio Proposals**

Respondents may submit portfolio Proposals including multiple projects. If Respondents withdraw one or more project from a portfolio, the portfolio will be considered withdrawn in its entirety. Projects within a portfolio cannot be swapped or exchanged for alternate projects. Each project within a portfolio must comply with the requirements of this RFP, Minnesota Statute 216B.1691 Subd. 2h and Minnesota Public Utilities Commission (MPUC) Order In the Matter of the Implementation of the New Distributed Solar Energy Standard Pursuant to 2023 Amendments to Minnesota Statutes, Section 216B.1691 issued on June 26, 2024.

Projects within a portfolio may also be submitted as an individual Proposal. Respondents should indicate in the Proposal if an individual project is also submitted as part of a portfolio. An additional bid fee shall apply for each project from a portfolio which is submitted as an individual Proposal.

## 3.5 Completeness and Accuracy of Proposal

MP requests that all Proposals are as complete and accurate as possible. A complete Proposal will include all documentation as provided for in Section 4 of this document.

Any Proposal deemed by MP to be incomplete may be dismissed at MP's sole discretion without further evaluation. MP is committed to supporting Bidders in the development of complete Proposals and will answer questions and provide feedback upon request for any Proposals deemed incomplete to support enhancement of Proposals for potential submission into future RFPs.

<sup>&</sup>lt;sup>9</sup> Federal Energy Regulatory Commission, "Final Rule: Qualifying Facility Rates and Requirements",

# 4. PROPOSAL CONTENT CRITERIA

This section details MP's expectations and requirements for all Proposals submitted into this RFP. The items below outline the expected sections of the Proposal narrative document and the expected Attachments to be returned to MP for consideration. All Proposals are required to include the information detailed in this Section 4.

MP is committed to supporting Bidders in the development of complete Proposals and will answer questions and provide feedback upon request for any Proposals deemed incomplete to support enhancement of Proposals for potential submission into future RFPs.

#### **4.1 Executive Summary**

The executive summary must include details about the project's characteristics and timeline, including any unique aspects and benefits. Proposals should include details on any community engagement activities implemented to build local community acceptance. Proposals should indicate which acquisition structure(s) are being proposed.

## 4.2 Facility Information

All Proposals <u>must</u> include the completed economic and technological data sheets, located in Attachment E. This Attachment must be completed in its entirety and may not be substituted for any similar data forms.

## 4.3 Economic and Technical Data Form

All Respondents are asked to provide detailed pricing information within Attachment E for <u>each</u> <u>bid and variation submitted</u> (including differences in term length, storage additions, acquisition structure, etc.). Information requested therein includes useful life, economic assumptions (including Inflation Reduction Act credits received), capacity, purchase costs, operation and maintenance (O&M) costs, storage fees, escalation, and annual guaranteed energy and capacity factors.

All information reported in Attachment E will be used directly to quantify price factor scoring for bids. As such, any project or cost variations submitted without Attachment E will be deemed incomplete and may be dismissed without further evaluation.

Proposals shall include reports that discuss the largest project risks (from Respondents' viewpoint) and studies that include (but are not limited to) monthly average energy output analysis of project assets, and external factors that may impact production. The study must include at a minimum the following information.

#### 4.3.1 Solar Generation Asset Information

- Make and model of Solar technology and major equipment
- Detailed topographic map of the project area with facility locations
- Proposed collection system routing and interconnection facilities location
- Description of the methodology employed to calculate energy losses due to array effects (if applicable)
- Clear breakdown of applied energy loss factors (if applicable)
- Projected electrical collection system losses to the POI (if applicable)
- On-site hourly predicted energy, on-site solar irradiance data or site-specific nationally recognized external solar irradiance and temperature resources (solar assets), annual degradation, and annual loss factors
- Annual P50, P75 and P90 energy production estimates during the first five years of the useful life of the project

#### 4.3.2 Paired Energy Storage Asset Information (As Applicable)

- Storage technology and major components
- Identification of contractor/supplier responsible for system integration (BESS, PCS, controls integration)
- Explanation of proposed use case and benefits of energy storage
- Guaranteed power (MW<sub>AC</sub>), discharge duration at rated power (hours), and energy capacity (MWh<sub>AC</sub>) at the POI
- Overbuild capacity included in beginning of life (BOL) installation
- Capacity degradation curve with and without augmentation
- Annual round-trip efficiency guarantees during contract life
- Annual availability guarantee
- Manufacturers operating specifications
- Daily/monthly/annual cycle limitations
- Safety specifications and fire protection requirements
- Communications and control plan describing storage system data including state of charge, power charge/discharge status, asset health indicators, and storage system control
- Proposed community engagement plan stating how Respondents intend to work with the local community, fire department and other first responders on education, awareness and training related to the proposed energy storage project

## 4.4 Licenses and Permits

Proposals shall include a description and status of all significant licenses and permits required to construct and operate the resource and the status of acquiring and/or completing such licenses and permits in Attachment E.

## 4.5 Site Information

Proposals will include the name and location of the site, benefits and reasons for selecting this site, and proposed land rights. Proposals must include a .pdf map of the site detailing fully executed leases, easements, or option agreements to lease the property or convey land rights to Respondents and general terms for any agreements Respondents are using or intend to use. A .kmz file shall also be included.

Respondents shall indicate whether there are any sensitive attributes (e.g., residential dwellings, wetlands, state/national parks or wildlife preserves, endangered species, cultural or archeological landmarks) on or near the site, and if within one mile, note their proximity to the site. Respondents shall provide proof that local community authorities have been notified of the Respondents' intention to develop the proposed project and indicate the degree of acceptance by the local community. For energy storage options, Respondents shall provide proof that the authority having jurisdiction (AHJ) and/or local fire department has been notified of the Respondents' intent to develop the proposed project.

The Inflation Reduction Act (IRA) includes provisions allowing for additional tax credits for certain low-emission technology types located in an "Energy Community." Respondents should notify MP whether their project meets energy community requirements and provide county/coordinate information for verification.

MP has a preference for projects located in federally recognized disadvantaged communities, Tribal lands, or an environmental justice area, as defined under Minn. Statute 216B.1691, subdivision 1(e).<sup>10</sup>

## 4.6 Project Layout

Proposals shall include the anticipated placement of generation and storage assets and other project facilities, including POI. The layout should include BOL and end of life (EOL) quantities for energy storage options. The locations of all assets will be described using latitude and longitude

<sup>&</sup>lt;sup>10</sup> Disadvantaged communities are those identified in the <u>Climate and Economic Justice Screening</u> <u>Tool</u>, the <u>MPCA Environmental Justice Areas</u>, or that meet the criteria outlined in Minn. Statute 216B.1691, subdivision 1(e).

coordinates. Layout or project description should include Respondent's plan for construction laydown and craft parking/transportation.

## 4.7 Reliability

Proposals must include the proposed generation equipment's technical specifications, numbers, and manufacturers. Proposals must also include a summary of the commercial operating experience of the chosen equipment, including original equipment manufacturer (OEM), installed capacity of the asset model, the warranty terms for the asset that would be expected from the manufacturer, a description of the supervisory control and data acquisition (SCADA) system and power regulation capabilities real-time telemetering data. If the chosen equipment contains a cold weather package, Respondents must provide current temperature limits and the price of adding a cold weather package if not included in the base price. In the case where final equipment has not been selected, list the models that are under consideration and the method being used to select the final model.

## 4.8 Project Design and Construction

Respondents shall provide information on what firm(s) will be involved with the design and construction of the facility and describe any relevant issues that may positively or negatively influence the project's design and construction. Respondent shall describe plans for minimizing operational risks from environmental conditions at the proposed site, including explaining how equipment selection and design addresses the project site's extreme annual mean maximum/minimum temperatures, snow loading, extreme annual snow depth and depth of frost penetration.

## 4.9 Environmental Considerations

Proposals shall include a list of any environmental studies conducted. It is the responsibility of Respondents to identify any potential environmental concerns and provide study results demonstrating mitigation strategies for the permitting and development of the asset.

Proposals shall include a description of the proposed vegetation to be installed in conjunction with the project, including pollinator habitat, re-establishment of native vegetation or other environmental benefits that may result from the proposed project. Respondents are encouraged

to consider State of Minnesota Board of Water and Soil Resources <u>Pollinator Habitat Guide<sup>11</sup></u> and design criteria that improve results on the <u>Solar Site Pollinator Habitat Assessment Form<sup>12</sup></u>.

## 4.10 Interconnection

Respondents are required to include a copy of the Pre-Application Report as prepared by Minnesota Power. Respondents can find information on the Pre-Application Report in Section 1.4 of the <u>Minnesota Distributed Energy Resource Interconnection Process (MN DIP)</u><sup>13</sup>.

Proposals that are shortlisted will be required to submit a full interconnection application and undergo all applicable engineering studies to determine system impacts and facility upgrade costs. Interconnection costs following review of the project's full interconnection application will be added to shortlisted projects as discussed in Section 5 of the RFP.

## **4.11 Project Labor Resources**

MP is required to verify compliance with the statutory requirements that construction trades workers constructing projects with a capacity of 100 kW or more are paid prevailing wage and whose employers participate in a registered apprenticeship program. To demonstrate compliance with this statutory requirement, Respondents must provide labor rates as part of the response to this RFP. Developers, contractors, and subcontractors for selected projects will be required to submit a signed "Statement of Compliance" certifying that each employee on the contract was paid no less than the proper prevailing wage for the work performed. MP reserves the right to request certified payroll per MP's Construction Services Agreement. Respondents are also required to provide proof of registration under Chapter 178 or Code of Federal Regulations, title 29, part 29.

Respondents shall detail how they intend to maximize the employment of and provision of construction career opportunities for the local construction workforce, defined as workers that permanently reside in Minnesota Power's service territory, in the state of Minnesota and/or within 150 miles of the project site and provide estimates of the local share of workforce.

<sup>&</sup>lt;sup>11</sup> Minnesota Board of Water and Soil Resources, "Pollinator Habitat Guide", <u>https://bwsr.state.mn.us/pollinator-habitat-guide</u>

<sup>&</sup>lt;sup>12</sup> Minnesota Board of Water and Soil Resources, "Solar Site Pollinator Habitat Assessment Form for Project Planning", <u>https://bwsr.state.mn.us/sites/default/files/2019-</u> 02/Project%20Planning%20Assessment%20Form.pdf

<sup>&</sup>lt;sup>13</sup> Minnesota Public Utilities Commission, "State of Minnesota Distributed Energy Resources Interconnection Process (MN DIP) v2.3", <u>https://mn.gov/puc/assets/MN%20DIP%20updated%20by%204.15.24%20Order%20Clean\_tcm</u> <u>14-623149.pdf</u>

Respondents shall detail how they intend to maximize the employment of and provision of construction career opportunities for people of color, women and veterans on the project, including existing or proposed partnerships with labor unions, registered apprenticeship programs and/or community-based organizations to recruit, train and employ these populations on the project.

Respondents shall detail how they intend to ensure that sufficient union labor will be available to meet all project milestones and requirements, including contingency plans for potential labor shortages with special attention to scopes of work such as racking assembly where area solar projects have encountered workforce challenges. Such plans should explain the flexibility applicable labor agreements provide to meet demand in the event of workforce shortages and which labor organizations have been engaged in workforce planning.

## 4.12 Project and Construction Schedule

Proposals shall include schedules that outline major milestones such as completion of permitting, financing, regulatory requirements, procurement, major construction, commissioning and regulatory testing, commercial operation date, etc. MP requires commercial operation dates later than August 1, 2023, and on or before December 31, 2028.

#### 4.13 Operation and Maintenance

Respondents shall provide details on any optional operation and maintenance services and provide associated costs.

Respondent shall provide a proposed design and pricing for an operations and maintenance building.

For energy storage options, Respondents shall provide detail on pricing for performance guarantees, extended warranties, and augmentation.

Respondents shall include a discussion about what firm(s) would provide services. Please note that MP has a requirement to maximize socioeconomic benefits by prioritizing the use of local union labor for permanent staffing and the development of apprenticeship programs.

## 4.14 Decommissioning

Respondents shall include the proposed decommissioning plan along with any decommissioning studies that have been completed and estimated costs of decommissioning. At a minimum, a description of the plan to remove equipment and how this plan meets the requirements of applicable agreements or permit conditions should be included.

## 4.15 Financing Plan and Payment Schedule

Respondents shall include a proposed financing plan for the project, including but not limited to any condition precedent agreement(s) it has utilized in similar past transactions. Financing plans should include any pertinent IRA tax considerations and evidence showing Respondent's ability to meet the requirements necessary to obtain credits.

For BOT options, MP requests the submission of a BOT payment schedule, which should comprise two separate payments; one at Commencement, and one at Substantial Completion.

## 4.16 Project Team Experience

Respondents shall describe the experience of the principal members of the project team. For PPAs, Proposals must include information on who will be responsible for ongoing operations and maintenance (O&M). For all projects, in addition to the O&M issues, Proposals must also include information on who will be responsible for the design, siting, permitting, financing, and construction of the facility. Each member who will lead key aspects of the project should have experience in leading those tasks on previous projects that are like the proposed project. Proposals must include descriptions of these earlier projects for each key team member and references who may be contacted by MP's evaluation team.

## 4.17 Diversity, Equity & Inclusion

If certified as a diverse business, Respondents shall provide a current copy of the 3<sup>rd</sup> party certification received from an industry-recognized organization or local/state/federal government. If Respondents are not certified as a diverse supplier, which is defined as a business at least 51% owned, controlled, and operated by one of the following types of business: Minority-Owned Business, Women-Owned Business, Veteran-Owned Business, LGBTQ+-Owned Business, Small Economically Disadvantaged Business, HUB Zone Business and Disability-Owned Enterprise, Respondents shall provide a subcontracting plan that breaks down the value for each subcontractor that identifies as a diverse supplier. MP has a preference to procure projects from diverse businesses.

## 4.18 Domestically Sourced and Available Materials

MP prefers materials sourced domestically. Respondents shall provide a plan that breaks down the estimated value for each component of the facility including steel, iron, or manufactured product that will be domestically sourced. Respondents shall be able to demonstrate access to long lead-time equipment, including but not limited to contracts for panels and transformers.

For equipment that is not sourced domestically, Respondents are responsible for import tariff risk, and this shall be addressed in the pricing and/or project description.

## 4.19 Energy Production Supply

Respondents shall provide hourly estimates of net generation for an average day of each month (typical hours of estimates for each of 12 months). Such Respondents should also provide supporting information (e.g., PV modeling data and parameters, production data, expected degradation over time, and description of data-gathering and data-synthesizing processes) that would allow MP to understand how the hourly generation estimates were derived. Additional hourly net generation and other performance information may be requested by MP from Respondents who are shortlisted.

For projects with energy storage, Respondents shall provide hourly estimates operating under the assumed system use case. All charging energy must come from solar generation, no grid energy use is allowed. At minimum, Respondents must provide an explanation of use case and benefits, and provide a net energy expectation with respect to BESS behavior.

## 4.20 Scheduling and Electric System Operations

Respondents shall describe how they will provide accurate forecast information to MP for scheduling daily and intra-day electric system operations. Respondents shall describe controls the project will use including capabilities to automatically dispatch and report on solar generation.

## 4.21 Proposal Limitations

Respondents shall describe in reasonable detail any existing regulatory, legal, economic, operational, or systematic conditions that might affect Respondents' ability to deliver capacity and energy as offered.

## 4.22 Agreements

Respondents shall provide copies of Attachment C - Minnesota Power Model Solar PPA and/or Attachment D - Minnesota Power BOT Term Sheet as applicable with the highlighted fields populated.

## 4.23 Exceptions

Respondents shall provide any exceptions to the Technical Specification along with an explanation why such exceptions are being made.

# 5. RFP EVALUATION PROCESS AND SELECTION

Proposals will be evaluated to determine the Proposal's alignment with the directives of this RFP bid criteria and Respondents' credit risk. Proposals may be eliminated for non-conformance or due to credit risk.

If the Proposal passes the initial screening, a two-stage process will be conducted as part of its Proposal evaluation and selection process.

The first stage will consist of price and non-price analyses designed to identify the best aligned Proposals. MP will select an initial shortlist based on those Proposals which have the highest overall score based on an evaluation of price and non-price factors. Respondents of shortlisted Proposals will be asked to submit a full interconnection application.

A second stage evaluation will be completed once interconnection costs of shortlisted projects are known to develop the final shortlist. A more detailed description of each stage of the process is provided below.

Bidders may submit unsuccessful Proposals into future RFP rounds, but will be required to resubmit the Proposal, including the pre-application and interconnection application. Previously evaluated Proposals will not be given priority in future RFP rounds.

#### 5.1 Independent Evaluator

All Proposals submitted in response to this RFP must be received by MP for review and evaluation by the Independent Evaluator at the email addresses below no later than the Proposal Submission Deadline as defined in Table 1. MP will not evaluate Proposals as part of this RFP process if submitted after the Proposal Submission Deadline.

Respondents shall email an electronic copy of their Proposal to DSESRFP@mnpower.com.

#### **5.2 Submission Format**

Do not send any files in compressed formats, such as .zip.

Financial statements, annual reports, and other large documents should be referenced via a website address.

Respondents should make efforts to avoid excessively large emails/attachments; in any case, the size of an individual email must be less than 25 MB. If the information in an email exceeds this limit, Respondents should break their submission into multiple emails. MP will provide confirmation of receipt response within 5 business days of receiving bid materials. Receipt

response confirmation does not establish Proposal completeness or conformance to RFP requirements.

Multiple Proposals by the same Respondents must be identified separately. Each Proposal is considered separate when it includes a different Project/Facility Name, Project Location, and/or Generation Technology (beyond consideration for an added energy storage system) proposed as described in Sections 3.3 Multiple Proposals and 3.4 Portfolio Proposals .

## 5.3 Evaluation Criteria

Quantitative and qualitative criteria will be evaluated jointly for final Proposal evaluation.

#### 5.3.1 Quantitative Criteria

A pricing model will be used to calculate the Levelized Cost of Energy (LCOE) per MWh value of each Proposal based on the price factors. Levelized Cost of Capacity (LCOC) per MW will be utilized as an additional metric for optional energy storage additions. For the avoidance of doubt, all projects' quantitative criteria will first be evaluated without consideration of interconnection costs. Proposals advancing to the initial shortlisting stage will be asked to submit a full interconnection application through the MN DIP after which the interconnection costs will be added to the Proposal costs and re-evaluated.

The LCOE will be determined by dividing the levelized revenue requirements by the levelized expected annual MWh. LCOC will be determined by dividing the levelized revenue requirements by the levelized MW capacity.

Respondents are strongly encouraged to include as much benefit as feasible from the IRA tax credits in their Proposals. While utilization of tax credits is not a direct scoring criterion in the RFP process, price factor evaluation of bids will strongly favor projects that provide reduced costs to MP via strategic implementation of credits.

Projects with the optional add for energy storage technology will be evaluated by a cost benefit analysis of the added energy storage component based on the proposed use case by the Respondents as practicable by MP.

#### 5.3.2 Qualitative Criteria

The primary purpose of the non-price analysis is to help gauge the qualitative factors related to the Proposal. The scorecard will be used to score the non-price criteria under three categories: (1) Project Feasibility and Respondents' Strength, (2) Project Approach, and (3) Community and Regional Benefits. More detail on the overall weighting for each non-price criteria and their evaluation areas are described in Table 3.

#### 5.3.3 Evaluation Matrix

Projects will be evaluated using the combined criteria and weighting summarized in Table 3.

Quantitative Criteria	
Customer Rate Impact <ul> <li>Levelized Cost of Energy</li> <li>Levelized Cost of Capacity</li> </ul>	50%
Qualitative Criteria	•
<ul> <li>Project Feasibility and Respondents' Strength</li> <li>Feasibility of project schedule and status</li> <li>Status of site control, zoning, and local acceptance</li> <li>Environmental risks of the project, including likelihood of permitting</li> <li>Respondents' project team experience</li> <li>Respondents' financial strength and project risks</li> </ul>	20%
<ul> <li>Project Approach <ul> <li>Adherence to MP's Technical Specifications</li> <li>Quality of design and construction plan</li> <li>Quality of O&amp;M Plan</li> <li>Interconnection considerations including distribution system benefits</li> <li>Project safety plan</li> <li>Ability to provide MP timely and accurate information for consideration in electric system operations</li> </ul> </li> </ul>	10%
Storage and other ancillary reliability benefits	5%
<ul> <li>Community and Regional Benefits</li> <li>Diversity, Equity and Inclusion (DE&amp;I)</li> <li>Domestically sourced materials</li> <li>Use of local, union labor and ability to provide apprenticeship pathways</li> <li>Environmental benefits including pollinator-friendly habitats</li> <li>Community collaboration</li> <li>Diverse project locations including geographic representation and location within federally recognized disadvantaged communities, Tribal lands, or an environmental justice area, as defined under Minn. Statute 216B.1691, subdivision 1(e)</li> </ul>	
Total	100%

#### TABLE 3: RFP EVALUATION CRITERIA SUMMARY

## **5.4 Development of Shortlist**

Each Proposal will be evaluated in a consistent manner using the provided Evaluation Criteria. The initial shortlist in this RFP will be made up of the highest scoring Proposals.

Respondents of shortlisted Proposals will be asked to submit a full interconnection application consistent with the MN DIP to identify all required facility upgrades and associated costs. This would include any costs identified in the Minnesota Power Facility Study and MISO Affected System Study, if applicable. All interconnection costs will be added to the Proposal price to determine final pricing.

#### 5.5 Final Shortlist

Some or all of the Proposals on the initial shortlists will then be evaluated against any changes or additional criteria to determine the final shortlist based on the final pricing including interconnection costs. MP's internal cost model, used to determine customer and company Proposal benefits, will be used to determine a list of Proposals deemed as the final shortlist.

Respondents will be required to submit a \$1/kW Negotiation Fee upon final shortlisting to encourage good faith negotiations, refundable upon execution of a definitive agreement acceptable to MP. MP may choose to engage the final shortlisted Respondents in further discussions or negotiations. Any such discussions or negotiations may be terminated by MP at any time, for any reason.

## 5.6 Final Selection of Proposal(s)

The two stages described above constitute the formal evaluation process, which will be utilized to select the projects that will be submitted to the Minnesota Public Utilities Commission for approval. Furthermore, MP may include in its evaluation any factor that may impact the total cost of a resource, including, but not limited to, all of the factors used in the initial shortlist cost analysis plus consideration of accounting treatment and potential rating agency treatment, if applicable, as well as any costs that cannot be fully confirmed (e.g., interconnection cost).

# 6. AWARDING OF CONTRACTS

This RFP is merely an invitation to make Proposals to MP. No Proposal in and of itself constitutes a binding contract. MP may, in its sole discretion, perform any one or more of the following:

- Determine which Proposals are eligible for consideration as Proposals in response to this RFP
- Issue additional subsequent solicitations for information and conduct investigations with respect to the qualifications of the Respondents
- Supplement, amend, or otherwise modify this RFP, or cancel this RFP with or without the substitution of another RFP
- Negotiate and request Respondents to amend any Proposals
- Select and enter into agreements with Respondents who, in MP's sole judgment, is most responsive to this RFP and whose Proposal(s) best satisfies the interests of MP, its customers, state, legal and regulatory requirements (selection not necessarily made on the basis of any single factor alone)
- Issue additional subsequent solicitations for Proposals
- Reject any or all Proposals in whole or in part
- Vary any timetable
- Conduct any briefing session or further RFP process on any terms and conditions
- Select and enter into agreement(s) with Respondents for additional MW of energy and/or capacity resources should additional demand be identified

# **7. POST-BID NEGOTIATIONS**

MP may further negotiate both price and contract terms and conditions during post-bid negotiations. Post-bid negotiations will be based on MP's cost and value assessment. MP will continually update its economic and risk evaluations until both parties execute a definitive agreement acceptable to MP. Transactions may be subject to approval of terms and conditions that are satisfactory to MP in its sole and absolute discretion.

Any negotiated contract between MP and Respondents will be conditioned upon approval or acceptance without substantial change by all regulatory authorities that have, or claim to have, jurisdiction over any or all of the subject matter of this solicitation, including, without limitation, the Minnesota Public Utilities Commission, and the Federal Energy Regulatory Commission. Approval must be granted in a form and substance acceptable to MP in its sole discretion.

## 8. MISCELLANEOUS

#### 8.1 Confidentiality

Note that any portion of a bidder's Proposal that the bidder deems to be confidential must be clearly marked. MP and its independent evaluator will take reasonable precautions to maintain the confidentiality of such information. However, MP is rate regulated by the MPUC; bidders must recognize that their confidential information may have to be shared with regulatory agencies and provided in MPUC regulatory proceedings as well as other regulatory or legal proceedings. MP will employ reasonable efforts to ensure that such confidential information is not publicly disclosed in such proceedings but can give no guarantees of such protection.

Respondents are required to enter into a non-disclosure agreement (NDA) with MP in the form set forth in Attachment B. It is expected that MP and Respondents shall act in good faith in their dealings with each other with respect to this RFP and matters of confidentiality. The NDA shall be executed prior to MP releasing any confidential information to individual Respondents.

Respondents shall submit a copy of the signed NDA to the RFP e-mail address, DSESRFP@mnpower.com, at the same time they submit their Pre-qualification form.

#### 8.2 Reservation of Rights

MP will review and evaluate the Proposals and may negotiate with multiple Respondents which may lead to the development of one or more agreements. MP reserves the right, without qualification and in its sole discretion, to accept or reject any or all Proposals for any reason without explanation to the Respondents, or to make an award to the Respondents, who, in the opinion of MP, will provide the most value to MP and its customers. MP will consider price, economic benefit, and non-price attributes in the evaluation of Proposals as described in Section 5. MP reserves the right to make an award to an offer other than the lowest price offer or the Proposal evidencing the greatest technical ability if MP determines that to do so would result in the greatest value to MP and its customers. MP may make an award of contract without further discussion at any time in the RFP process. MP reserves the right to reject any, all, or portions of the Proposals received for failure to meet any criteria set forth in this RFP. MP makes no guarantee that a contract award will result from this RFP. MP may decline to enter into an arrangement with any or all Respondents or may revise or terminate the RFP process at any time. MP reserves the right to revise the capacity needs forecast at any point during the RFP process or during negotiations and any such change may reduce, eliminate, or increase the amount of capacity or power sought. MP reserves the unilateral right to waive any technical or format requirements contained in the RFP. MP will review and may utilize all information, if any,

**30** | Page

submitted by the Respondents that is not specifically requested as a part of this RFP. Those who submit Proposals do so without recourse against MP for either rejection of their Proposal(s) or for failure to execute an agreement for any reason. All offers shall be valid and binding upon the Respondents through contract negotiations and contract execution.

## 8.3 Contacts

Website: https://www.mnpower.com/Environment/DSESRFP

RFP Email: <u>DSESRFP@mnpower.com</u>