

# Request for Proposals For Wind Resource

issued by

Minnesota Power

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Duluth, Minnesota, 55802

[www.mnpower.com](http://www.mnpower.com)



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AN ALLETE COMPANY

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Complete information on this RFP can be found at:

<http://mnpower.com/Windrfp>

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## 1. BACKGROUND

Minnesota Power (MP), a division of ALLETE, Inc., is issuing power supply Requests for Proposals (RFP) for up to 400 MW of wind generation. This request is part of MP's vision for a sustainable path to a carbon-free energy future by 2050 and bold next steps in the clean energy transition that is centered on MP's commitment to the climate, customers, and communities.

In connection with this RFP, MP has retained the services of an independent third-party evaluator to work with MP in the evaluation of all proposals. MP will make the final decision (subject to MPUC review and approval, as applicable) in MP's sole discretion.

Proposals must be received by MP by the Proposal Submission Deadline shown in Table 1. MP reserves the right in its sole discretion to modify this schedule for any reason.

## 2. SUITABLE PROJECT STRUCTURES

MP will consider build own transfer projects (BOT) in which Seller develops and constructs the project/facility and transfers the project to MP at completion. BOT projects need to comply with requirements consistent with this RFP including, but not limited to, the Term Sheet and Wind Specifications provided as part of the RFP package. MP has a preference for procuring a wind project through a BOT.

MP will consider Power Purchase Agreement (PPA) projects with a MP buyout provision after 12 years. Any project with a buyout provision will also need to comply with the requirements identified in this RFP including, but not limited to, the PPA and Wind Specifications.

In combination and/or in competition with submitted resource proposals, MP intends to consider self-build resource alternatives as potential power supplies to meet its customers' wind resource needs.

## 3. MINIMUM REQUIREMENTS

Proposals must meet the general minimum eligibility requirements described below. MP will screen all proposals for compliance with these requirements. Proposals that fail to meet one or more of these requirements may be disqualified from further consideration.

### Installed Capacity

Proposals must offer wind generation supplies with a nameplate capacity, of between 100MW and 200MW.

## Regionally located

MP seeks cost-effective wind resources that are located within MISO Local Resource Zone 1 and directly interconnects to the transmission system. For clarity, acceptable wind project locations are shown in yellow in Figure 1 below.

MP prefers a project in an energy impacted community as defined in the Federal Inflation Reduction Act (IRA).



FIGURE 1

## Proven and Commercially Available Technology

Proposals must offer capacity and energy that will be generated from proven and commercially available wind technology. MP prefers wind project design that maximizes energy production during winter months when MP's demand is highest on the system.

Bidder will need to provide specific details of manufacturer “cold weather packages” that will be installed in the wind turbines as well as provide the turbine manufacturer/model to be used and provide operational history of that turbine model globally (time in service/number of units).

### Commercial Operation Date (COD)

Proposals must offer wind generation supplies with commercial operation dates anytime between January 1, 2026 and December 31, 2027 as practicable and agreed upon by MP.

### Capacity Accreditation

Proposals must offer capacity that is accreditable under current MISO resource adequacy rules in MISO Local Resource Zone 1.

### Environmental Attributes

Proposals must provide all environmental attributes (e.g., renewable energy credits and carbon-free attributes, other) associated with the generation of wind energy from the project.

### Interconnection Requirements

MP has a preference for projects that have a Network Resource Interconnection Service (NRIS) and have Definitive Planning Phase 2 cost estimates from MISO by Proposal Submission Deadline.

For this RFP, interconnection must be at a voltage greater than or equal to 115kV.

Network upgrade costs that are assessed to the project shall be the responsibility of the bidder and must be included in the bidder’s proposed pricing. The bidder shall identify in Attachment A RFP Bidder Forms PPA Pricing info tab the interconnection and network upgrade costs included in their proposed pricing and identify the point of interconnection.

The cost of obtaining NRIS, any interconnection equipment, upgrades, and studies up to the point of delivery shall be the responsibility of the bidder and must be included in the bidder’s proposed pricing. The bidder shall be responsible for all operational related costs, penalties, and charges assessed by MISO.

### Power Delivery Requirements

The congestion costs and losses up to the point of delivery shall be the responsibility of the bidder and must be included in the bidder’s proposed pricing. The bidder shall be responsible for all operational related costs, penalties, and charges assessed by MISO.

MP prefers proposals that provide delivery to MP's MISO load node, currently MP.MP. For clarity, this includes the bidder being responsible for the congestion costs and losses from the wind generators to MP.MP.

One of the goals of this RFP is to determine the overall cost to MP's retail customers of the selected resource(s). MP's economic evaluation of the proposal will consider the cost of interconnection and delivery of power from the proposed resource to MP's native load.

### Contract Term

Proposals must offer an initial contract term of at least 20 years but not to exceed 25 years. Proposals shall include option(s) for MP to purchase the facility after a period of 12 years.

### Firm, Binding Prices

Proposals must include PPA or BOT price that is firm and not subject to any revisions during MP's evaluation and negotiation process. Bidders may propose escalation rates that are fixed. All prices must be in United States dollars and not subject to currency exchange rate adjustment. The proposal must be signed by an officer of the bidding firm who is duly authorized to commit the firm to conduct the power supply proposal should MP accept the proposal. All prices must be firm and binding through completion of negotiation with selected bidders as defined in Table 1.

### Creditworthiness

A bidder 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). If a bidder is unrated or does not meet this minimum credit rating requirement, the bidder may provide credit support from a corporate guarantor that meets the requirement. Alternatively, if a bidder is unrated or does not meet the above minimum credit rating requirement and the bidder does not provide credit support from a suitable corporate guarantor, the bidder must certify and state in its proposal that, if selected, it will provide to MP within two weeks of short list notification cash or a letter of commitment from an acceptable bank for \$300/kW of the proposed capacity of the project in the form of an irrevocable letter of credit, performance bond, cash escrow, credit support from a suitable corporate guarantor, at Seller's option, or a combination of these options if the total amount of Security is no less than required. See Attachment A RFP Bidders Forms and Attachment B Model PPA form for more details.

For Sellers that do not meet the creditworthiness requirement, the security requested at the start of negotiations shall be available prior to starting negotiations with MP. MP is willing to

provide written assurance to bidder on treatment of securing during the negotiations. Draw mechanisms will not be enforceable until after the PPA or BOT is executed with the selected bidder.

The security during the negotiations period can be transitioned to the security required at PPA or BOT execution and is available to provide security to MP to cover damages, including but not limited to Replacement Power Costs, Liquidated Delay Damages, Actual Damages, damages for missed project milestones (refundable if achieves COD on schedule), liquidated damages for failure to achieve COD, and any amounts for which MP is entitled to indemnification under the PPA.

## Legal Certifications

A bidder must certify that:

- a. there are no pending legal or civil actions that would impair the bidder's ability to submit a bid into the RFP and to perform its obligations under the proposed PPA or BOT as applicable, the bidder has not directly or indirectly induced or solicited any other respondent to submit a false or sham proposal,
- b. the bidder has not solicited or induced any other person, firm, or corporation to refrain from submitting a proposal, and
- c. the bidder has not sought by collusion to obtain any advantage over any other respondent.

## Proposal Submission Deadline

To be eligible for consideration, MP must receive a proposal as described in Section 6 by the Proposal Submission Deadline shown in Table 1.

## Participation fee

Subsequent to proposal submission the bidder shall provide a \$10,000 nonrefundable bid fee within 10 business days. Wire instructions will be provided upon receipt of proposal. For clarity, a bid fee will be required for each proposal with separate Project/Facility Name, Project Location, Generation Technology proposed, and up to 5 (five) different pricing structures and contract terms. Further, no cashier's checks will be accepted.

Include in the cover letter the participation fee you anticipate paying given the projects and pricing structures included in the bid proposal.

## Additional Eligibility Considerations

Proposals must include sufficient information to allow MP to evaluate an offer. Section 6 Proposal Submission includes further instructions on what must be included in a proposal. Proposals that are deficient or incomplete may be rejected by MP.

## 4. SCHEDULE

Table 1 represents MP's expected timeline for conducting this resource request. MP reserves the right to modify this schedule as circumstances warrant and/or as MP deems appropriate.

<b>Table 1: Schedule/Timeline</b>	
<b>Event</b>	<b>Anticipated Date</b>
<b>Release of RFP</b> <i>Bidders submit questions regarding the RFP</i>	2/15/2024
<b>Last date for submitting questions about the RFP</b>	3/28/2024
<b>Proposal Submission Deadline</b> <i>All bids must be submitted by 5 p.m. CST</i>	4/11/2024
<b>Bidder's Fee Due</b> <i>For consideration in the RFP, bid fees must be received by 5 p.m. CST</i>	4/25/2024
<b>Proposal Evaluation</b> <i>Minnesota Power and Independent Evaluator review bids and ask bidders questions regarding their proposal. Bidders will be notified if their bid has been selected</i>	3rd Quarter 2024
<b>Negotiations with Selected Bidder(s)</b> <i>Minnesota Power and selected bidders will discuss the terms and conditions of the contract</i>	4th Quarter 2024
<b>Application for Regulatory Approval</b> <i>Includes preparation of the petition and filing of the petition for MPUC review</i>	1st Quarter 2025

## 5. COMMUNICATION WITH MP

Website <https://www.mnpower.com/windrfp> 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.



All communications and questions from potential respondents regarding the RFP shall be submitted in written form and sent via e-mail to [MPWindRFP@mnpower.com](mailto:MPWindRFP@mnpower.com) with the Independent Evaluator copied at [rebecca@levelizedconsulting.com](mailto:rebecca@levelizedconsulting.com)

Phone inquiries and verbal conversations with respondents regarding this RFP are not permitted. Individual questions submitted by a respondent to MP before the submittal deadline will be answered and responses sent back via email to the respondent as soon as practical. 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.

## 6. PROPOSAL SUBMISSION

### Independent Evaluator

All proposals submitted in response to this RFP must be received by MP and the Independent Evaluator at the email addresses below no later than the Proposal Submission Deadline shown in Table 1. MP will not evaluate proposals as part of this RFP process if submitted after this date and time. MP does not anticipate an opportunity in the schedule for respondents to refresh or update their pricing before the final selection(s) are made.

Respondents shall email an electronic copy of its proposal to [MPWindRFP@mnpower.com](mailto:MPWindRFP@mnpower.com) the Independent Evaluator copied at [rebecca@levelizedconsulting.com](mailto:rebecca@levelizedconsulting.com)

### 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 undertake efforts to avoid excessively large emails/attachments; in any case, individual email size must be less than 25 MB. If the emailed information exceeds this limit, then respondents should break their submission into multiple emails.

Multiple proposals by the same respondent must be identified separately. Each proposal is considered separate when they include a different Project/Facility Name, Project Location, Installed Capacity in MW, Generation Technology proposed, Pricing Structure, and/or Contract Term.

Each bid must contain materials that address the requirements of the RFP including but not limited to:

**Attachment A – RFP Bidders Forms.**

Each bidder will need to complete and submit with their proposal a Bidder Questionnaire, Company History Questionnaire, Project Resource Questionnaire, PPA Pricing Info and/or BOT Pricing Info and Proposal Submission Checklist.

**Attachment B – MP’s Model Wind PPA.**

Each bidder must review MP’s Model Wind PPA and document all material exceptions to the terms and conditions that are relevant to the bidder’s proposed resource and that the bidder wishes to take in substantiating the fundamental terms and conditions of its power supply offer.

**Attachment C – Term Sheet for the BOT Wind Resource.**

For Build Own Transfer projects each bidder will review and document all exceptions to the Term Sheet.

**Attachment D – Wind Technical Specification.**

For PPA projects with a buyout option and BOT proposals, each bidder will review and document all exceptions to the Wind Technical Specification.

**Attachment E – Mutual Non-Disclosure Agreement.**

Each bidder must provide a signed Non-Disclosure Agreement to be executed by the bidder and MP. MP plans to fully execute the NDA shortly after bids are received.

Any redlines to the NDA should be submitted to MP 2 weeks prior to Proposal Submission Deadline. To ensure timely execution we recommend limiting changes to the NDA.<sup>1</sup>

**Additional Plans to Submit with Proposal**

**Project team experience.** Bidders must describe the experience of the principal members of the project team. For existing projects, proposals must include information on who will be responsible for on-going 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 design, siting, permitting, financing, and construction of the facility. Each

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<sup>1</sup> The time it will take MP to fully execute will be dependent on the extent of proposed redlines, time to review and negotiate new terms, and the volume of NDAs that have alternate terms.

member that 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 previous projects for each key team member and references who may be contacted by MP's evaluation team.

**Project schedule and current status.** For all projects, proposals must include a project schedule that shows the expected commencement, duration, and completion of all significant project development tasks. If some of the tasks are already underway, the bidder should describe the current status of those tasks. Note that specific major project milestones will be the responsibility of the bidder and will be incorporated into the PPA or BOT Term sheet should the bidder's offer be selected by MP.

**Project Financing.** For all projects, bidders must describe their plans for acquiring the necessary funds for developing, constructing and operating their projects. Their plan should include discussion surrounding how the bidders plans to maximize the benefits of federal legislation like the Inflation Reduction Act (IRA) or Infrastructure Investment and Jobs Act (IIJA).

**Project Siting.** For all projects, bidders must describe the status of the site for the proposed project (i.e., whether the bidder owns or is leasing the land, has the land under option for purchase or lease, the current zoning of the land, and any rezoning actions, if applicable). The bidder must provide a map of the proposed project site and surrounding territory and indicate the expected point of interconnection and delivery. The bidder must indicate whether there are any sensitive attributes (e.g., residential dwellings, wetlands, state/national parks or wildlife preserves, eagles, endangered or threatened species, cultural or archeological landmarks or burial sites) on or near the site and, if within one mile, note their proximity to the site. The bidder must provide proof that local community authorities have been notified of the bidder's intention to develop the proposed project and indicate the degree of acceptance by the local community. The bidder should describe any plans for community education and outreach concerning the proposed project, including outreach to non-participating landowners and community stakeholders.

**Project Permitting.** For all projects bidders should describe the permits that they will need to secure for the facility's development and construction and discuss their plans for acquiring those permits including timing and any expected contingencies that would need to be included in a PPA.

**Project Design and Construction.** For all projects, bidders should 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. Additionally, bidder should describe plans for minimizing operational risks from environmental conditions of proposed site including describing how equipment selection and design addresses the project site's extreme annual mean maximum/minimum temperatures, potential for wind turbine blade icing, freezing rain, and extreme annual snow depth contributing to turbine access constraints. Project must comply with applicable NERC standards. It should be noted that NERC standards may change in the time between RFP release and site commissioning. Bidder will need to demonstrate project compliance if/when such changes occur.

**Project Labor Resources.** Bidder must detail how they intend to comply with applicable workforce requirements, including but not limited to federal prevailing wage and apprenticeship utilization standards attached to tax credits under the Inflation Reduction Act, and for projects located in Minnesota, state prevailing wage requirements that apply to large generation projects. Federal and state prevailing laws require that all workers are paid at least the applicable wage and fringe rate except for apprentices currently enrolled in a bona fide state or federal registered apprenticeship program, who may be paid at rates established under the program standards. With respect to apprenticeship requirements, Bidder should summarize engagement with union apprenticeship and training programs that serve the project area, including programs that serve construction laborers, electricians, and operating engineers.

For projects located in Minnesota, bidder must detail how they intend to maximize employment of, and provision of construction career opportunities for local construction workforce, defined as workers that permanently reside in the state of Minnesota and/or within 150 miles of the project site and provide estimates of local share of workforce.

Bidder must detail how they intend to maximize 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.

Bidder must detail how they intend to ensure that sufficient union labor or labor paid prevailing wages will be available to meet all project milestones and requirements, including contingency plans for potential labor shortages. Such plans should explain what level of flexibility applicable labor agreements provide to meet demand in the event of workforce shortages, and which labor organizations have been engaged in workforce planning.

**Diversity, Equity & Inclusion.** For all projects, bidders should provide if certified as a diverse business, a current copy of the 3<sup>rd</sup> party certification received from an industry recognized organization or local/state/federal government. If the bidder is not certified as a diverse supplier which is defined as a business at least 51% owned and controlled by one of the following types of business: Minority-Owned Business, Women-Owned Business, Veteran-Owned Business, LGBT-Owned Business, Small Economically Disadvantaged Business, HUB Zone Business and Disability-Owned Enterprise, the bidder will need to provide a subcontracting plan that breaks down the value for each subcontractor that identifies as a diverse supplier. MP has a preference to procure a wind project from a diverse business.

**Domestically sourced and available materials.** MP prefers materials sourced domestically. The bidder will need to 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. Additionally, Bidder must be able to demonstrate access to long lead time equipment including but not limited to contracts for large wind turbine components, invertors, collector system components, and transformers.

**Energy Production supply.** Bidders should provide hourly estimates of net generation for an average day of each month (typical hours of estimates for each of 12 months). Such bidders should also provide supporting information (e.g., wind modeling data and parameters, production data, expected degradation over time, 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 bidders that are shortlisted.

**O&M.** Proposals should include a discussion of the bidder's O&M plan and what firm(s) would provide such services. MP has a requirement for local union and/or prevailing wage labor for permanent staffing and development of apprenticeship programs.

For Build Own Transfer projects each bidder must provide annual, in 2023 dollars, O&M estimates and ongoing anticipated capital improvements over the life of the asset as indicated in Attachment A\_RFP Bidder Forms BOT Pricing Tab.

**Scheduling and MISO Market Operations.** Bidders must describe how they will provide accurate forecast information to MP for scheduling the facility into MISO if the generation will be scheduled by MP. Bidders must describe controls the project will use that give MISO the opportunity to automatically dispatch the wind generation.

**Proposal Limitations.** Please describe in reasonable detail any existing regulatory, legal, economic, operational, or systematic conditions that might affect the respondent's ability to deliver capacity and energy as offered.

## 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.

## 7. EVALUATION PROCESS

MP's evaluation of power supply proposals, regardless of project structure, will involve the following steps:

- a. Screening for completeness and compliance with minimum eligibility requirements
- b. Preliminary and detailed economic assessment
- c. Non-economic/risk assessment
- d. Selection of short list
- e. Additional due diligence
- f. Final selection

Note: MP reserves the right to eliminate any or all proposals during any of these steps. Any proposal advancing any one or more steps does not create any entitlement or reasonable expectation that the proposal will ultimately achieve a PPA or a BOT Term Sheet. All obligations between MP and a bidder relating to a proposal will be governed by an executed and effective PPA or a BOT Term Sheet for which all negotiated conditions precedent have been satisfied.

### Screening for completeness/compliance with minimum eligibility requirements

MP's evaluation team will perform an initial screening of each proposal to ensure that the proposal is complete and complies with the RFP's minimum eligibility requirements. Proposals with substantial deficiencies will be rejected. For proposals with marginal deficiencies, MP may request that the bidder promptly provide missing information or appropriate clarifications; failure to provide such information may result in a proposal

being rejected. All proposals that are deemed to be reasonably complete and compliant will be passed to the economic and non-economic/risk assessment steps.

## Preliminary and detailed economic assessment

MP may perform a preliminary economic screening analysis to identify proposals that are clearly uneconomic and thus do not warrant further detailed evaluation. If performed, such an analysis will involve the use of resource evaluation spreadsheets to review and rank the proposals based on pricing and operational information from the proposal.

The evaluated cost of each proposal will be determined by considering the price under the proposed PPA or BOT term sheet, the estimated value of energy and capacity from the project based on the project's energy production profile, projected locational marginal prices (LMPs) at the point of delivery, renewable energy credits, and a quantification of the financial costs to MP of rating agencies' treatment of long-term PPA payment obligations as imputed debt. Project costs will be present-valued and/or levelized back to a base year.

## Non-economic/risk assessment

In parallel with the economic assessment, MP's evaluation team will also assess each resources or portfolio's non-economic characteristics and risks. Such analysis will involve a qualitative consideration of such issues as:

Bidder's project team experience and financial strength,

Feasibility of schedule and current status,

Diversity, Equity, and Inclusion,

Locally sourced materials,

Status of site control, zoning, and local acceptance,

Located in an energy impacted community,

Community outreach experience and plan,

Interconnection complexities,

Transmission delivery complexities,

Size of resource relative to MP's overall resource need of up to 400 MW (particularly applicable to relatively new technologies and/or development teams with little experience or financial strength),

Likelihood of permitting,

Environmental impacts,

Likelihood of getting financed,

Quality of design and construction plan,

Assessment of acceptable wind technology,

Quality of O&M plan, and

Ability to provide MP timely and accurate information to schedule the unit into the MISO market.

### Exceptions taken to MP's Model Wind PPA or BOT Term Sheet

MP's evaluation team will rank the potential power supply portfolios by levelized total system cost and supplement each portfolio's place in the ranking with a qualitative assessment of the above risks in developing a final set of resources that will be recommended for inclusion on a short list.

### Additional due diligence

Bidders of shortlisted projects will be notified and face-to-face meetings and/or conference calls will be held to perform additional due diligence. Such meetings or calls will provide both MP and the bidder an opportunity to identify and clarify any remaining uncertainties that would complicate the finalization of a PPA or the development of the BOT project.

Following this process, MP will select one or more finalist projects that, in total, are sufficient to meet MP's customer needs.

## 8. RESERVATION OF RIGHTS

MP makes the following reservations in undertaking this power supply solicitation:

MP reserves the right to modify or withdraw this Resource Request.

MP reserves the right to reject all responses to this Resource Request.

MP's Resource Request does not equate to an offer to purchase any capacity and energy.



All proposal preparation costs must be borne by the bidder.

Proposals will not be returned to the bidders.

MP may accept a proposal that is not the lowest cost proposal(s).

MP may seek clarification from bidders and may request additional information from bidders beyond that which is specifically identified in the Resource Request.

MP reserves the right to waive bidder noncompliance with any aspect of its Resource Request.

MP may conduct negotiations with selected bidders and may terminate negotiations at any time.

All decisions are conditioned on the approval of MP's management and Board of Directors as well as all required regulatory and other approvals.

MP reserves the right to modify or supplement this Resource Request at any time during this process. Any such modifications or supplements shall become part of this process and shall be addressed as part of any proposal submitted.