Competitive solicitation for flexible capacity resources

The 2015 Resource Plan selected an economically optimal portfolio (EOP) of resources that will enable NorthWestern to meet minimal physical resource adequacy in 10 years.

- The EOP adds about 54 MW in 2019, 18 MW in 2021, and 18 MW in 2024.

<table>
<thead>
<tr>
<th>Technology</th>
<th>Year</th>
<th># of Units</th>
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</thead>
<tbody>
<tr>
<td>ICE</td>
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<td>3</td>
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<tr>
<td>ICE</td>
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<tr>
<td>ICE</td>
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<td>2</td>
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<tr>
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<td>Frame CT</td>
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- The plan selected 18 MW Wärtsilä reciprocating engines as proxy resource to meet our need for capacity and flexible operations.
- The resource need identified in the 2015 Plan will be the focus of a Request for Proposals (RFP) designed to elicit bids from bona fide respondents.
- The RFP is necessary in order to ensure that we acquire or develop the most economical resources for customers.
- The RFP will comply with both Montana statute and MPSC rules favoring competitive procurement processes. (See SS 69-8-419, MCA and ARM 38.5.8212.)
- The RFP will seek a range of resource need to be inclusive as possible, (e.g., 50 to 150 MW of flexible capacity resources).

A broad range of resource options be accommodated in the RFP process:

- Build Transfer,
- Sale of all or part of existing resource
- Long Term PPA (20+ years), or
- Joint Venture.
- Acceptable PPA and Joint Venture structures would approximate the benefits of full plant ownership or control.
- Engineer Procure and Construct (EPC) at DGGS,
- Other proposed alternatives to the Base request will be entertained, such as;
  - Energy storage systems
  - Demand Response
NWE will utilize HDR as the Owners Engineer (OE) for this project. HDR will develop a Technology Study to identify the technology that best meets our specified operating characteristics. The results of the Technology Study and the DGGS project documents, will then be used to develop a Basis of Design (BOD) that will be included in the RFP package. The BOD will serve as a specification for potential EPC bidders to develop a bid for an expansion of DGGS, including generation technology. However, alternative generation technologies will also be allowed to bid into the RFP.

A comprehensive list of prequalification conditions will be developed to be added to the RFP for EPC and other bidders.

- Demonstrate by example and contact information that you have completed a similar (or larger) project in the US within the last 5 years.
- Demonstrate that your firm has a market cap of XXX million.
- Demonstration of safety, quality, and financial worthiness

We are negotiating with Accion Group to manage this RFP.