



# 2017 Resource Request for Proposals

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**1.0 Introduction and Process**

NorthWestern Corporation d/b/a NorthWestern Energy, a Delaware corporation (herein referred to as “NorthWestern”) is soliciting proposals (each a “Proposal”) from parties (a “Bidder” or “Participant”) interested in providing fully dispatchable resources delivered to NorthWestern’s Montana load. NorthWestern has the need for significant capacity additions over the next several years. As more fully described in Section 1.1 below, NorthWestern’s current portfolio has a significant resource adequacy shortfall, and this shortfall is projected to increase over time. Specifically, NorthWestern’s 2015 Electricity Resource Procurement Plan identified the need for additional flexible capacity. This need has increased since the publication of the 2015 Plan with the recent addition of 105 MW of additional PURPA wind contracts, which are expected to come online by mid-2018. Further, the Montana Public Service Commission has issued an order setting

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a rate for an additional 78-MW PURPA project, which could also be online in 2018. This specific RFP is being developed to address only a relatively small percentage of NorthWestern's overall capacity needs. It is anticipated that subsequent RFPs will address additional capacity needs.

NorthWestern is open to Proposals for power purchase agreements (a "PPA"), build-own-transfer from a Bidder's site (a "BOT"), , and qualifying demand response options. Proposals from renewable resources meeting the dispatchability requirement are welcome. NorthWestern will also consider Proposals for engineer, procure, and construct ("EPC") contracts on a site owned by NorthWestern. Proposals from all categories that meet the requirements outlined in this request for proposal package ("RFP") will be considered.

NorthWestern does not have an internal generation development and construction group, and the company will not submit a Proposal (including through any affiliated companies or joint ventures) in response to this RFP. NorthWestern will not submit a "stalking horse" proposal, nor will it submit a benchmark proposal, or any other proposal or bid to be used as a comparison with the actual Proposals received.

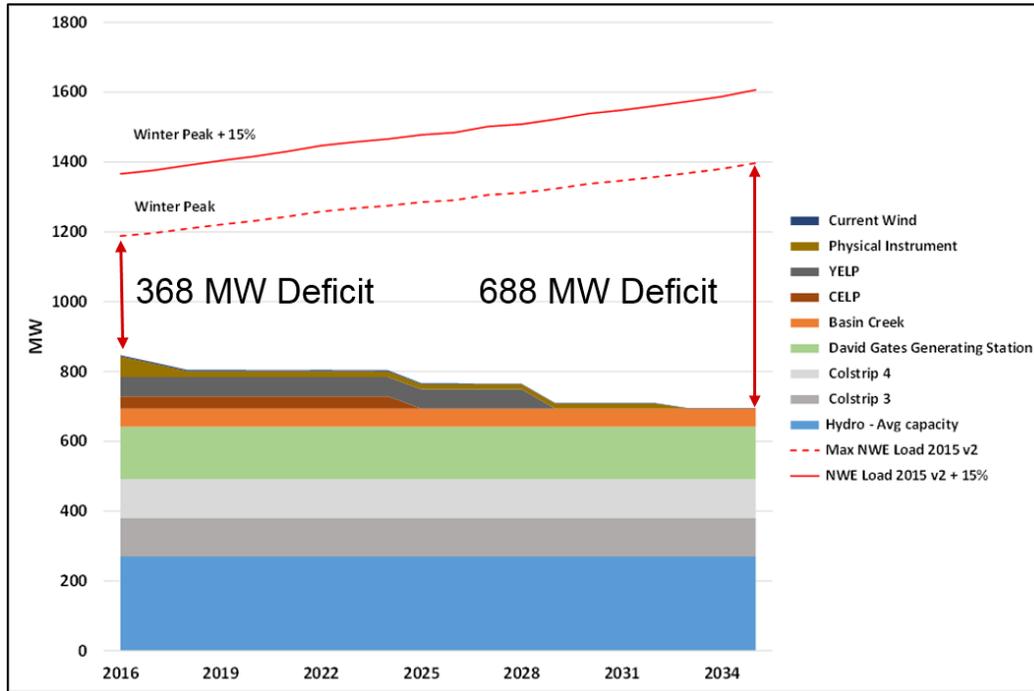
The nature of EPC contracts is different from that of PPAs, BOTs, and other structures, and consequently, different information is required from Bidders. EPC bidders will be required to provide detailed information regarding the specifics of engineering and constructing an addition to an existing NorthWestern plant. Much of the information required of EPC bidders is not relevant for bids from third-party sites. Because of this, NorthWestern has designed the RFP with two distinct silos, one for EPC Bidders and one for all other Bidders. Proposals received from EPC bidders will be evaluated on equal footing with other Proposals, and NorthWestern will select the Proposal or Proposals that meet the requirements in the most cost-effective manner for its customers.

This RFP includes a description of the request, an outline of the solicitation process, relevant dates, contact information, and Proposal submission requirements. All Proposals must be submitted through [northwesternresourcerfp.accionpower.com](http://northwesternresourcerfp.accionpower.com) (the "RFP website").

### **1.1 Resource Need**

The objective of this RFP is to solicit competitive Proposals for the procurement of fully dispatchable capacity resources capable of flexible operations, consistent with the 2015 Plan, to meet system needs. NorthWestern's 2015 Plan identifies a physical resource deficit of nearly 370 MW, growing to nearly 690 MW over its 20-year planning horizon.

## NorthWestern Energy 2015 Plan – Resource Need



Addressing NorthWestern’s resource deficit, the 2015 Plan selects capacity resource additions to achieve minimal resource adequacy over period of ten years. To do this, NorthWestern’s preferred portfolio adds:

- Three 18.4 MW internal combustion engines from 2016 through 2019;
- Two 18.4 MW internal combustion engines and a 348 MW combined cycle combustion turbine (“CCCT”) from 2020 through 2025; and
- Five 18.4 MW internal combustion engines and two 79 MW frame combustion turbines from 2028 through 2030.

The 18.4 MW internal combustion engines were selected for their operational characteristics, including the ability to provide fast start times, flexible dispatch, economic ancillary services support and short lead times for construction.

This RFP is NorthWestern’s first step in addressing the long-term portfolio needs identified in the 2015 Plan. NorthWestern is seeking up to 150 MW of flexible capacity resources from one or more sources. Although the 2015 Plan addresses NorthWestern’s resource needs with internal combustion engines, this RFP is not limited to this type of resource. NorthWestern requires resources with the flexibility to be used in a number of applications, including but not limited to providing capacity for peak-usage times, economic dispatch in real-time markets, intra-hour balancing, and contingency reserves. Additionally, NorthWestern requires resources that will help

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integrate its increasing portfolio of intermittent generation resources. While NorthWestern's Montana operations do not currently participate in an organized market, the potential suitability and value of resources in such a market in the future is a consideration in this RFP. Given the resource need identified in the 2015 Plan, NorthWestern anticipates that this will be the first in a series of RFPs.

Resources must be:

- Fully dispatchable by NorthWestern;
- Have the control systems in place with the ability to respond to dispatch signals that originate remotely; and
- Interconnected directly to NorthWestern's transmission system, or delivered on firm third-party transmission to NorthWestern's transmission system; in either case, the ability to deliver to NorthWestern's load is required.

NorthWestern has a very strong preference that resources be placed in service no later than December 31, 2019. Projects with online dates significantly later than 2019 would be best considered in a subsequent RFP.

NorthWestern will consider Proposals based on a variety of structures. Acceptable Proposals include PPAs as well as ownership structures, including sales of existing assets, BOT agreements on bidder's sites, and EPC contracts for development on NorthWestern's Dave Gates Generation Station ("DGGS") site.

### 1.2 RFP Process

The Proposal schedule is set forth below. NorthWestern reserves the right to revise the Proposal schedule at any time at its sole discretion.

<b>Event</b>	<b>Anticipated Date</b>
Draft RFP Released	January 20 <sup>th</sup> , 2017
Draft RFP Comment Period Opens	January 20 <sup>th</sup> , 2017
Other Technologies Submissions Opens	January 20 <sup>th</sup> , 2017
EPC Pre-Qualification Form Released	January 23 <sup>rd</sup> , 2017
Other Technologies Submissions Closes	January 27 <sup>th</sup> , 2017
Draft RFP Comment Period Closes	February 3 <sup>rd</sup> , 2017
Site Visit Registration Deadline	February 9 <sup>th</sup> , 2017 (Required for EPC bids)
RFP Issue Date	February 13 <sup>th</sup> , 2017
EPC DGGS Site Visit	February 16 <sup>th</sup> , 2017 (Required for EPC bids)
Bidder Conference Webinar	February 22 <sup>nd</sup> , 2017, 1:00 pm (MPT)
Bid Period Opens	February 24 <sup>th</sup> , 2017
EPC Pre-Qualifications Documents Due	February 24 <sup>th</sup> , 2017
EPC Pre-Qualification Approvals Notices	March 6 <sup>th</sup> , 2017
Proposal Closing Date & Proposal Fee Due	April 17 <sup>th</sup> , 2017, 5:00 pm (MPT)

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Short List Notification (if any)	Targeted for June 16 <sup>th</sup> , 2017
Successful Bidder Notification (if any)	Targeted for October 16 <sup>th</sup> , 2017
Latest Commercial Operation Date	December 31 <sup>st</sup> , 2019

### 1.3 Proposal Closing Date

Proposals must be submitted prior to **5:00 PM Mountain Prevailing Time (“MPT”) on April 17<sup>th</sup>, 2017 (the “Proposal Closing Date”)** to be considered. Proposals submitted after 5:00 PM MT on the Proposal Closing Date will not be accepted.

### 1.4 Independent Evaluator Information

In order to assure fairness, transparency, and consistency during the RFP process, NorthWestern will utilize an Independent Evaluator (“IE”), Accion Group, LLC. NorthWestern personnel will not accept telephone calls, emails, or other direct communications from Bidders regarding the RFP until after the Proposal Closing Date. All communications will be through the RFP website, during the Bidders’ Conference, or during the mandatory DGGs site visit for EPCs. Participants are welcome to submit questions and/or comments through the RFP website. Any concerns about the process or the RFP may be communicated directly to the IE via a link on the RFP website.

The IE will:

- Work with NorthWestern to assure the validity and assess the reasonableness and application of the bid scoring and evaluation criteria.
- Test the integrity and consistency of the evaluation models using “mock bids.”
- Evaluate the unique risks and advantages associated among Proposals (e.g., PPA vs. EPC)
- Independently score all or a sample of the Proposals to determine whether the selections are consistent with the evaluation criteria and work with NorthWestern to reconcile and resolve any differences.
- Independently evaluate NorthWestern’s estimates of transmission interconnection costs and transmission system upgrade costs.
- Prepare a Closing Report for the Montana Public Service Commission at the conclusion of the process.

The IE’s contact information is as follows:

Mr. Harold T. Judd  
Accion Group, Inc.  
244 N. Main Street  
Concord, NH 03301  
Tel. 603-229-1644

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[hjudd@acciongroup.com](mailto:hjudd@acciongroup.com)

A link for direct contact with the IE is provided at the bottom of each page on the RFP website.

### **1.5 RFP Website**

The IE will maintain a website for this RFP. RFP materials will be available on the website, located at <https://NorthWesternResourceRFP.accionpower.com> . All Proposals will be submitted through the RFP website.

Questions regarding either the solicitation process or products specified herein must be submitted using the Q&A feature on the RFP website.

Bidders are encouraged to submit questions on the website until the Proposal Closing Date. All questions and answers, but not the identity of the source, will be available to registered website users. Bidders are also provided with a confidential "Message Board."

The Message Board is to be used for project or Bidder-specific questions that should not be shared with other developers. The IE will determine if a message is more appropriately answered on the Q&A page so all Bidders will have access to non-project specific information. After the Proposal Closing Date, the IE will provide Bidders with submitted bids a secure and confidential Message Board for exchanges with NorthWestern.

### **1.6 Minimum Bid and Bidder Qualifications**

To be considered for evaluation, all Proposals must meet the requirements specified below.

#### **General Pre-Qualifications**

General pre-qualifications include minimum bid quantity, maximum bid quantity, minimum bid term, and credit and bidder qualifications.

#### **EPC Proposals**

- 55 MW (nominal), not to exceed 60 MW

#### **Non-EPC Proposals**

- Minimum bid amount – 5 MW
- Maximum bid amount – 150 MW

#### **Pre-qualifications of EPC Bidders**

NorthWestern, at its sole discrssion, may limit the number of EPC bidders based on a pre-qualification process. Detailed information on the pre-qualification process is

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available on the RFP web site. Pre-qualification documents must be submitted to the RFP web site on or before the specified deadline.

### **Credit Terms and Conditions**

The credit category scores the creditworthiness of Bidders. The following credit considerations are also considered:

- Long-term unsecured debt ratings
- Performance assurance/collateral
- Financial ratio analysis
- Default risk
- Credit concentration and liquidity
- Bidder revisions to contract templates that may affect credit requirements
- Length of time entity has been in business

NorthWestern reserves the right, in its sole discretion, to determine the creditworthiness of each Bidder and the Bidder's ability to perform under any Proposal submitted, and to accept or reject any Proposal based on any such determination.

If NorthWestern determines credit enhancements are necessary, then potential credit enhancements would include, but are not limited to, credit support from a creditworthy parent company (parental guaranty), a standby irrevocable letter of credit, a surety/bond, or cash collateral, all in forms acceptable to the Company.

### Supporting Credit Documentation

All Bidders are to provide the following information to allow NorthWestern to evaluate the creditworthiness and financial viability of the Bidder and any entity (or entities) providing credit assurances on behalf of the Bidder, if applicable.

- 1) Exact legal name, state of organization/incorporation, and address of Bidder and all intended assignee or owners of the Facility
- 2) Most recent annual report
- 3) Debt ratings from S&P and/or Moody's, if any, and copies of current rating agency reports
- 4) Audited financial statements and footnotes for the last three (3) fiscal years, and any interim un-audited financial statements for the current period
- 5) Disclose and describe any pending legal disputes
- 6) State whether the Bidder is or has within the past five (5) years been a debtor in any bankruptcy proceeding
- 7) Corporate organization charts showing corporate ownership structure (parent, subsidiaries and affiliates) and a corporate organization chart showing key management structure

### **1.7 Short List**

NorthWestern reserves the right to shortlist the Bidders on any of the stated criteria in this RFP; or NorthWestern may determine that shortlisting is not necessary. NorthWestern reserves the right to negotiate with a Bidder or with more than one Bidder. NorthWestern reserves the right to reject any or all Proposals. Proposals not sufficiently detailed or submitted in an unacceptable form may be rejected by NorthWestern. NorthWestern may or may not notify Bidders of those Proposals that are eliminated from further consideration under this RFP prior to the end of the evaluation process.

### **1.8 Selection Process and Award**

Any successful Bidders will receive a Notice of Intent to Award from NorthWestern noting any outstanding requirements upon which the award is conditioned and the deadline specified for the successful Bidder to comply with the remaining requirements or conditions.

If any successful Bidder fails to properly execute and return to NorthWestern documents, or provide requirements set forth in the Notice of Intent to Award within the specified time, NorthWestern may rescind the award and select another Bidder. NorthWestern's decision to select another Bidder shall not waive or release any rights or remedies that NorthWestern may have against the original successful Bidder, including the right to recover damages.

### **1.9 RFP Addendums and Amendments**

If appropriate, an addendum or amendment changing, clarifying or correcting the RFP will be transmitted to all Bidders. Verbal responses or communications by NorthWestern's officers, employees and agents to verbal or written inquiries are not addenda or amendments. Only written responses or communications that are identified by NorthWestern as addenda or amendments shall be considered addenda or amendments.

## **2.0 Proposal Requirements**

### **2.1 Resource Characteristics**

As described above, resources acquired in the process are expected to be used by NorthWestern for multiple applications. Resources proposed in this process must have the following capabilities:

- Be fully dispatchable by NorthWestern, including within-hour dispatch changes
- Be dispatchable across the entire operating range
- Have the control systems in place with the ability to respond to dispatch signals that originate remotely

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- Be capable of achieving full output from a cold start in 10 minutes or less
- Have the ability, including any air permit restrictions, to execute multiple starts and cycle from offline to full output multiple times per day
- PPA Proposals must be for a minimum term of twenty years

NorthWestern strongly prefers resources that have a minimum output of zero and that are dispatchable from zero to full output. However, resources that have a minimum output greater than zero will be considered as long as they meet the dispatchability requirements across their operating ranges.

NorthWestern would prefer a minimum ramp rate of 15 MW/minute. If this is not achievable, bidders should indicate the range of ramp rates per generator. NorthWestern also prefers that bidders provide actual frequency response via operating governors. This does not imply a required frequency response by the generating unit, but would require NorthWestern receive the allocated share of frequency response from the proposed unit(s), based on generation capacities.

### 2.2 Proposal Types

NorthWestern will accept a broad range of Proposals, provided they meet the requirements of this RFP. Acceptable Proposal types include:

- EPC Proposals for the DGGs site
- Other ownership alternatives
  - BOT proposals for bidder-controlled sites
  - Proposals for the sale of all or part of an existing resource
  - Proposals for the joint development with NorthWestern of a resource on bidder-controlled site
- PPA Proposals
  - Tolling Proposals for natural-gas fired resources
  - Other Proposals for dispatchable resources including hydro
  - Proposals not tied to specific resources (provided they meet the characteristics in Section 2.1 and elsewhere in this RFP)

NorthWestern may consider Proposals not identified on this list.

### 2.3 Technology, Site, and Fuel Supply

#### Technology

NorthWestern is willing to accept Proposals for facilities that are not presently in service. NorthWestern requires that all technologies planned for such facilities be presently in service and have a verifiable reliability record. NorthWestern prefers technologies that are in service in the United States, but will consider technologies that are in service elsewhere. To assist prospective Bidders, upon request, NorthWestern will work with the IE to determine if a technology will qualify for evaluation. If a Bidder

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is uncertain whether a particular technology will be evaluated, the Bidder is encouraged to submit information about the technology using the confidential Message Board prior to , January 27, 2017. A response to each request will be provided through the Message Board.

Projects being developed to support bids shall use commercially viable generation technology. The Bidder shall specify the generation technology it proposes to use and provide preliminary design studies completed in sufficient detail to identify major equipment and components. The Bidder will also provide a site layout plan, and a project milestone schedule indicating critical path elements. Generation technology must comply with all current applicable Codes and Standards for a USA / WECC based resource.

**Suitability of Site (if applicable)**

The Bidder must identify the project site location, show site control and provide satisfactory evidence that the site is not otherwise committed or encumbered and is available for the full-term of the Proposal. The Bidder must have identified all required site-specific permits and have prepared a plan or schedule for obtaining all permits and licenses. Other than bids expressly electing to submit an EPC bid on NorthWestern’s site, for purposes of this RFP, Proposals that rely on NorthWestern assets (such as land and/or transmission rights) will not be accepted.

**Fuel Supply (if applicable)**

Bidders must document firm fuel transportation, dual fuel capability, or the equivalent, for the term of PPA or the life of the resource, as applicable. Bidders should document any fuel transportation or storage costs that would be borne by NorthWestern.

**2.4 Term Sheets and Draft Contracts**

NorthWestern will post draft contracts and term sheets at the time the RFP is issued. Bidders must submit redlines of the documents with their bids highlighting any proposed changes. The number and nature of the proposed changes will be a non-price consideration in the evaluation of Proposals.

**2.5 Proposal Submission, Proposal Fee and Withdrawal**

NorthWestern will not accept Proposals after the Proposal Closing Date. Facsimiles, electronic mail, and hard copy Proposals shall not be considered. Proposals must be submitted though the IE on-line at the following site:

<https://NorthWesternResourceRFP.accionpower.com>

To help defray costs of the IE and encourage high quality bids and Bidders, each Bidder in this RFP will pay a non-refundable “Proposal Fee” upon submission of its Proposal. A

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Proposal may consist of one generation technology in addition to two alternatives for the same Proposal Fee. The alternatives may consist of a different size, contract term, in-service date or pricing structure for the same resource. The Proposal Fee is \$1,000 per installed MW and is based upon the largest bid size. The maximum Proposal Fee, per bid and two alternatives, is \$10,000. Prequalified EPC Bidders are required to submit the non-refundable Proposal Fee with the submission of their Proposals.

A Proposal for a different resource, at a different site, or using a different technology, will be considered a separate Proposal and will be subject to a separate Proposal Fee. Fees are to be remitted via electronic funds transfer through the RFP website. For purposes of assessing Proposal Fees, the IE, in consultation with NorthWestern, shall confirm whether a Bidder's submission constitutes one or more Proposals based on the criteria described above.

Bidders may withdraw, without prejudice to itself, a submitted Proposal at any time prior to the Proposal Closing Date.

### **2.6 Confidentiality and Nondisclosure**

The Energy Resource RFP Nondisclosure Agreement ("NDA") is available for completion at [northwesternresourcerfp.accionpower.com](http://northwesternresourcerfp.accionpower.com). EPC Bidders are required to execute the NDA prior to being granted access to RFP information.

In accordance with an executed NDA, NorthWestern will maintain the confidentiality of any proprietary and confidential information contained in a Proposal, provided that such information is clearly marked as "Confidential Information" at the time of initial disclosure. Each Bidder must execute and return a copy of the Energy Resource RFP Nondisclosure Agreement, which is provided on the RFP website.

NorthWestern, as a public utility, is subject to regulation by the Montana Public Service Commission and the Federal Energy Regulatory Commission, and may submit information, RFP data or documents as part of any regulatory proceeding. To the extent a Bidder desires a protective order for any information to be submitted to a commission, the Bidder is solely responsible for preparing and requesting any such protective order. NorthWestern shall notify Bidders of any pending disclosure, but is not obligated to participate in any protective order process.

*It is the Bidder's responsibility to indicate clearly in its proposal what materials it deems to be proprietary and confidential.*

### **2.7 Document Retention**

All Proposals supplied to NorthWestern during the RFP process will become the property of NorthWestern. NorthWestern will retain all bid materials supplied to it and

pertinent information generated internally by it in connection with the RFP process in accordance with NorthWestern's document retention policies.

## **2.8 Other Requirements**

### **Validity of Price and Offer**

NorthWestern will review Bidders' interconnection cost estimates. If NorthWestern's cost estimates exceed a Bidder's estimates, NorthWestern will notify the Bidder and allow the Bidder an opportunity to revise the bid upward; to a maximum of the difference between NorthWestern's estimate and the Bidder's estimate.

NorthWestern reserves the right to request a smaller quantity (MW) than contained in the Proposal for the same price, terms and conditions as contained in the Bidder's Proposal. This provision does not require a Bidder to accept a lower volume or project size, but simply provides a mechanism for NorthWestern to make such a request.

By submitting a Proposal, the Bidder acknowledges and agrees that the terms of its Proposal shall remain valid for 200 days after the Proposal Closing Date.

## **3.0 Bid Evaluation Process**

### **3.1 Reviewing, Ranking and Selecting Bids**

In selecting the short list of Proposals, NorthWestern will use a first-price, sealed-bid format. Under this format, Bidders may not update pricing during the scoring and evaluation period. We will use the first prices provided by Bidders, in conjunction with the non-price factors to select the short list of candidates, as stated in more detail below, and then negotiate contract terms and conditions during post-bid negotiations.

#### **Bids will be evaluated using a two-step process**

- ***Assessment of Pre-Qualifications:*** First, NorthWestern will screen bids according to pre-established qualifying criteria, i.e., minimum quantity and term, quality of credit, technology and Bidder qualifications.
- ***Evaluation of Scoring Factors:*** Next, NorthWestern will score bids that meet the prequalification standards. Overall scores will be comprised of price and nonprice factors.

NorthWestern and the IE will validate Bidders' ongoing cost projections, resource characteristics, and other assumptions as part of the evaluation process. NorthWestern reserves the right to contact Bidders for purposes of clarifying Proposal terms, requesting additional information, or assuring a full understanding of and responsiveness to the RFP. Any such contact will be conducted through or monitored by the IE. Bidders will be accorded fair and equal treatment with respect to any opportunity for discussion and revision of Proposals.

Selected Bidders may also be required to provide due diligence for NorthWestern's review, at Bidder's expense, including the submittal of affidavits and certifications relative thereto to validate the Proposal responses and/or establish the competence and financial stability of any Bidder. NorthWestern shall not reimburse the Bidder for the costs associated with the discussions or additional due diligence process.

Except as expressly provided in this RFP, any Bidder making unsolicited contact or discussions with NorthWestern about this RFP during the Proposal process may be disqualified at NorthWestern's sole discretion, after consultation with the IE.

### **3.2 Criteria Used for Scoring Qualified Bids**

#### **Bid Evaluation Criteria**

Price comprises 55 percent of NorthWestern's evaluation criteria, reflecting NorthWestern's desire and commitment to obtain the best possible value for our customers. Non-price factors comprise the other 45 percent and primarily reflect various performance risks and operational attributes of the bid proposals.

#### **Price Factors**

"Price" as used in the bid evaluation includes, among other things, the specific payments proposed by bidders, expected ongoing costs related to the resource, and any network transmission upgrade costs borne by NorthWestern. Price will be evaluated, in part, based on the valuation of the bid's total cost to NorthWestern's portfolio.

To evaluate bids containing different product characteristics on a comparable basis, base prices submitted by the Bidder will be subject to adjustment for the following considerations:

- Additional costs and risks associated with delivering product to NorthWestern's load, such as estimates of interconnection costs and transmission system upgrade costs.
- Costs of compliance with assumed future regulations or requirements.
- Any other factor necessary to ensure bids are evaluated on a comparable basis.

#### **Non-Price Factors**

##### **Project Development Criteria**

This category scores the likelihood that a project supporting a bid can be placed in commercial service as proposed. The evaluation criteria for this category generally address construction and development risks associated with the completion of projects that are not yet in commercial operation, and which are necessary to support bids. Plants that are already operating or are sufficiently advanced in construction may be

deemed to earn the maximum possible score from this category.

For projects that are less advanced, we will consider the following criteria for scoring:

- Method and status of project financing.
- Level of site control by developer.
- Project team experience.
- Status of required permits, licenses and studies.
- Status of equipment supply and engineering, procurement and construction (EPC agreements).

**Point-of-Delivery**

Point-of-delivery (POD) is both a price and non-price factor. This category scores the risks associated with potential transmission constraints or curtailments in delivering the product to NorthWestern’s load. The required point-of-delivery for products specified in this RFP is NorthWestern’s load. Bidder will be responsible for all transmission arrangements and costs to NorthWestern’s transmission system. These costs include those required for interconnection and transmission service. Given the dispatchable nature of the products requested in this RFP, NorthWestern expects that Bidders supplying products that originate outside of NorthWestern’s Balancing Authority Area will need to arrange dynamic transfer capability on third party transmission systems. Bidders should assume that NorthWestern has no long-term firm transmission rights that are available to be re-directed to delivering proposed resources to NorthWestern service territory.

Interconnection to, and transmission service on, NorthWestern’s transmission system will be provided under the terms and conditions of NorthWestern’s federal Open Access Transmission Tariff (OATT), NorthWestern’s Generator Interconnection Guidelines, and all applicable orders and rules. Demonstration of firm delivery capability or rights to transmit the proposed energy supply to NorthWestern load (including documentation of any necessary dynamic transfer capability) will be required prior to execution of any contracts in connection with this RFP.

Ultimate delivery to NorthWestern’s load is a requirement of this RFP. To ensure this capability, all potential resources will be evaluated as network resources.

**Physical Proposal Characteristics**

This category captures the physical characteristic risks of the bid product. The evaluation criteria for this category generally address physical and operational risks associated with the production and delivery of power to NorthWestern. Some of the characteristics that we will consider in our scoring are:

- Project location
- Resource risk
- Fuel delivery

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- O&M reliability characteristics
- Compliance with all applicable Codes & Standards

### **Power Proposal Characteristics**

This category scores how well the Proposal matches NorthWestern's system operating needs. The evaluation criteria for this category generally address price risk, performance and supply portfolio concentration risks, along with the benefits of operational flexibility and optionality. Control systems allowing the resource to be remotely dispatched is a threshold requirement of this RFP. Other characteristics NorthWestern will consider in scoring are:

- Time from cold start to full production
- Ramp rates
- Heat rates
- Emissions
- Dispatchability
- Product flexibility and dispatch limits
- Contract term
- Deviations from contract term sheet and exceptions to the included agreements

## **4.0 Proposals Summary**

The Company is requesting Proposals for up to 150 MW of dispatchable capacity capable of flexible operations. The following section provides an overview of the information requested from Bidders submitting Proposals to this RFP.

### **4.1 Company Provided Site Information**

**There is a required site visit for prospective EPC Bidders. Participation in the site visit by a representative of each EPC Bidder is mandatory.**

### **4.2 EPC Proposals**

Refer to EPC Bidder Instructions for detailed requirements.

### **4.3 Potential Site for Facility (as applicable)**

Bidders submitting BOT, joint venture, or other new build Proposals must identify the project site location, show site control and provide satisfactory evidence that the site is not otherwise committed or encumbered and is available for the full-term of the proposed bid. Bidders must identify all required site-specific permits and must prepare a plan or schedule for obtaining all permits and licenses.

### **4.4 Commercial Operation**

Each PPA Proposal must identify the name of the commercial entity that will be operating the facility, including the contractual term between Bidder and such operating entity. Expected Commercial Operation Date is no later than December 31, 2019.

**4.5 Interconnection (as applicable)**

The Bidder(s) will be responsible for determining the feasibility of interconnecting to NorthWestern or other transmission system and are responsible for all interconnection costs in accordance with the appropriate interconnecting company's process. Bidders are required to identify the transmission path that would be used to deliver to the NorthWestern system, as well as the proposed POI. Interconnection costs are the sole responsibility of the Bidder and shall be shown as a separate cost in the Bidder's Proposal.

**4.6 Network System Upgrades**

Bidders must estimate any network upgrade costs associated with their proposal. NorthWestern will evaluate the estimated costs, and if necessary adjust the estimates based on study by the NorthWestern Transmission group.

**4.7 Natural Resource Data**

Proposals must include water resource data, if appropriate; including expected amount of water consumption, reason for consumption (cooling, etc.), proposed water sources, and specific water rights.

**4.8 System Delivery (as applicable)**

Transmission shall be procured by the Bidder for delivery to NorthWestern's transmission or distribution system, as appropriate. The delivery point shall be the point of NorthWestern's system at which the energy is delivered.

Bidder must show how the energy will be wheeled to the POD and include associated costs in the Proposal. The Proposal should contain a firm transmission plan for wheeling services from entities responsible for wheeling the energy and the terms of the wheeling agreement. Transmission costs, including losses, for wheeling energy to the NorthWestern system shall be the sole responsibility of the Bidder and shall be shown as a separate cost in the Bidder's Proposal.

Any questions concerning a specific interconnection and POD above should be directed to NorthWestern through the RFP website.

**4.9 Pricing Information**

Required pricing and all alternative pricing mechanisms must include all capital costs, fixed and variable operations and maintenance costs, delivery costs, and any other costs associated with delivering the full energy output of the facility to the specified POD. The

facility developer will be responsible for all land costs and costs to interconnect with the interconnecting utility.

**4.10 Drawings (as applicable)**

Bidder shall include any relevant drawings or schematics related to its Proposal. Any drawings submitted by Bidder, if applicable, become the property of NorthWestern and are subject to the terms of the NDA.

**4.11 Milestone Schedule (as applicable)**

Each Proposal shall additionally include a milestone schedule expressed in monthly increments with due dates for commercial operation of the Facility, and shall include the following milestones:

- Regulatory/governmental approval
- Permitting
- Site acquisition
- Equipment acquisition
- Construction financing
- Construction start
- Commercial operation

**4.12 Other Information (as applicable)**

- As applicable, a PPA Bidder must provide documentation, satisfactory to NorthWestern, that it is able to schedule power and operate under industry standards established by the Federal Energy Regulatory Commission (FERC), Western Electricity Coordinating Council (WECC) and the North American Electric Reliability Corporation (NERC), or other applicable regulatory body or government agency.
- In addition to the information specifically required to be submitted under this RFP, NorthWestern encourages Bidders to provide any supplemental information that they believe will assist NorthWestern in the evaluation process, including technical descriptions (i.e., equipment specifications, additional warranty periods, equipment performance characteristics, O&M plan, etc.).

**5.0 Other Terms and Conditions**

**5.1 Bidder Authority and Contact Information**

By submitting a Proposal, the individual represents and warrants that he or she is expressly and duly authorized by his or her respective entity to execute this Proposal. Each Proposal submitted shall include a Bidder's direct contact name, phone number, and email address.

NorthWestern expects the successful Bidder to sign a PPA similar to template provided on the RFP website, with non-substantive changes as appropriate. Any material or substantive change to the PPA **must be identified in the Bidder's Proposal at the time of bid submission** and agreed to by NorthWestern.

## **5.2 NorthWestern Reservation of Rights**

THIS RFP IS NOT, AND SHALL NOT BE CONSTRUED TO BE, AN OFFER BY NorthWestern. NorthWestern is not bound to enter into negotiations or execute a definitive agreement with or purchase any products from any Bidder as a result of this RFP. No rights shall be vested in any Bidder by virtue of its participation in this RFP. No binding commitment arise on the part of NorthWestern to any Bidder under this RFP unless and until the parties execute definitive agreements that become effective in accordance with their terms.

Proposals received will be evaluated and selected based on the information supplied by each Bidder in response to this RFP. NorthWestern reserves the right to modify or withdraw from this RFP process, or modify the schedule and any provisions contained herein, for any reason. As part of our normal course of business, NorthWestern conducts bilateral discussions with developers and other electric energy providers. NorthWestern also reserves the right to make purchase commitments at any time to suppliers not participating in this RFP process.

NorthWestern reserves to itself:

- The selection of short-listed Proposals and the awarding of contracts, if any, in the exercise of its sole discretion.
- The right to reject any and all Proposals, and any portion of a specific Proposal for any reason.
- The right to waive any immaterial non-conformity in any Proposal received.
- The right to award a contract to a Bidder based on a combination of price and non-price factors, a quantitative and qualitative assessment of portfolio fit, and post-bid negotiations.

NorthWestern is not required to provide a reason for rejecting a Proposal

NORTHWESTERN RESERVES THE RIGHT AT ANY TIME, IN ITS SOLE DISCRETION, TO ABANDON THIS RFP PROCESS, TO CHANGE THE BASIS FOR EVALUATION OF PROPOSALS, TO TERMINATE FURTHER PARTICIPATION IN THIS PROCESS BY ANY PARTY, TO ACCEPT ANY PROPOSAL WHICH IT DEEMS IN ITS BEST INTEREST, TO WAIVE ANY DEFECT IN A PROPOSAL, TO REJECT ANY OR ALL PROPOSALS, TO ENTER INTO ANY DEFINITIVE AGREEMENT WITH RESPECT THERETO, TO EVALUATE THE QUALIFICATIONS OF ANY BIDDER OR THE TERMS AND CONDITIONS OF ANY PROPOSAL, ALL WITHOUT NOTICE AND WITHOUT ASSIGNING ANY REASONS AND WITHOUT LIABILITY TO NORTHWESTERN,

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ITS PARENT COMPANY OR ANY OF ITS SUBSIDIARIES, AFFILIATES OR REPRESENTATIVES TO ANY BIDDER , IN LAW OR IN EQUITY. NORTHWESTERN SHALL HAVE NO OBLIGATION TO CONSIDER ANY PROPOSAL.

**5.3 Proposal Preparation**

NORTHWESTERN WILL NOT REIMBURSE BIDDERS, OR ANY OTHER PARTIES, FOR THEIR EXPENSES UNDER ANY CIRCUMSTANCES, REGARDLESS OF WHETHER THE RFP PROCESS PROCEEDS TO A SUCCESSFUL CONCLUSION OR IS ABANDONED.

**5.4 Release**

BIDDERS WHO SUBMIT PROPOSALS DO SO WITHOUT LEGAL RECOURSE AGAINST NORTHWESTERN, ITS BOARD OF DIRECTORS, OFFICERS, MANAGEMENT, EMPLOYEES, AGENTS, CONTRACTORS, SUBSIDIARIES OR AFFILIATES BASED ON NORTHWESTERN'S REJECTION IN WHOLE OR PART OF THEIR PROPOSAL OR FOR FAILURE TO EXECUTE ANY AGREEMENT TENDERED BY NORTHWESTERN. NORTHWESTERN SHALL NOT BE LIABLE TO ANY BIDDER OR TO ANY OTHER PARTY, IN LAW OR EQUITY, FOR ANY REASON WHATSOEVER RELATING TO NORTHWESTERN'S ACTS OR OMISSIONS ARISING OUT OF OR IN CONNECTION WITH THE RFP.