



**BASIN ELECTRIC
POWER COOPERATIVE**

Your Touchstone Energy® Cooperative 

Basin Electric Power Cooperative

Power Supply Request for Proposal

March 12, 2012

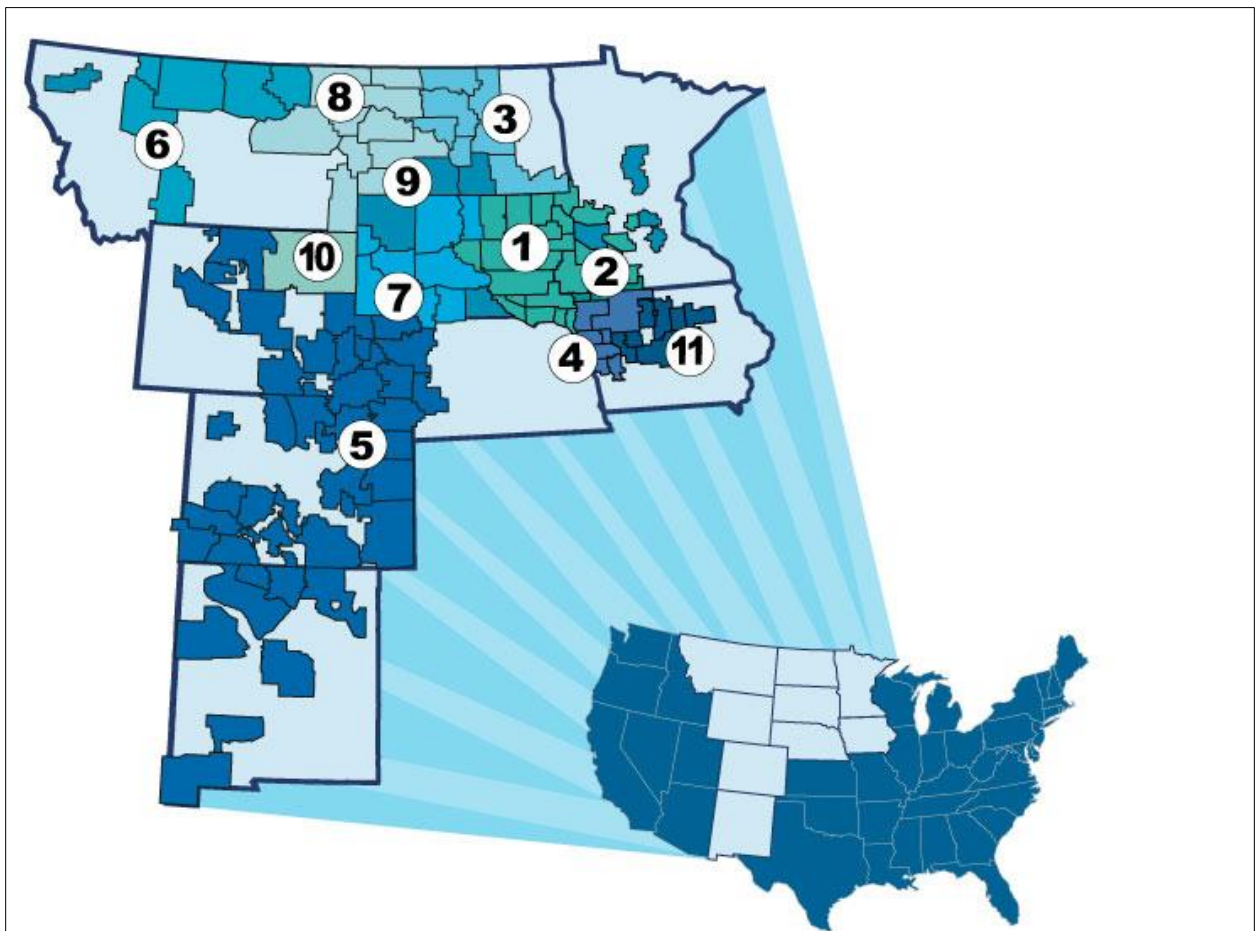
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1 Introduction

1.1 Overview

Basin Electric Power Cooperative (Basin Electric) is a consumer-owned generation and transmission (G&T) cooperative providing wholesale electric power to 134 member rural electric systems located in nine states including Colorado, Iowa, Nebraska, New Mexico, North Dakota, Minnesota, Montana, South Dakota and Wyoming. Basin Electric’s member systems serve 2.8 million consumers and span 540,000 square miles. The figure below shows Basin Electric’s member systems.



By the end of 2012, Basin Electric will have more than 5,000 MW of winter season generating capacity, which consists of both owned generation and power purchase agreements longer than three years.

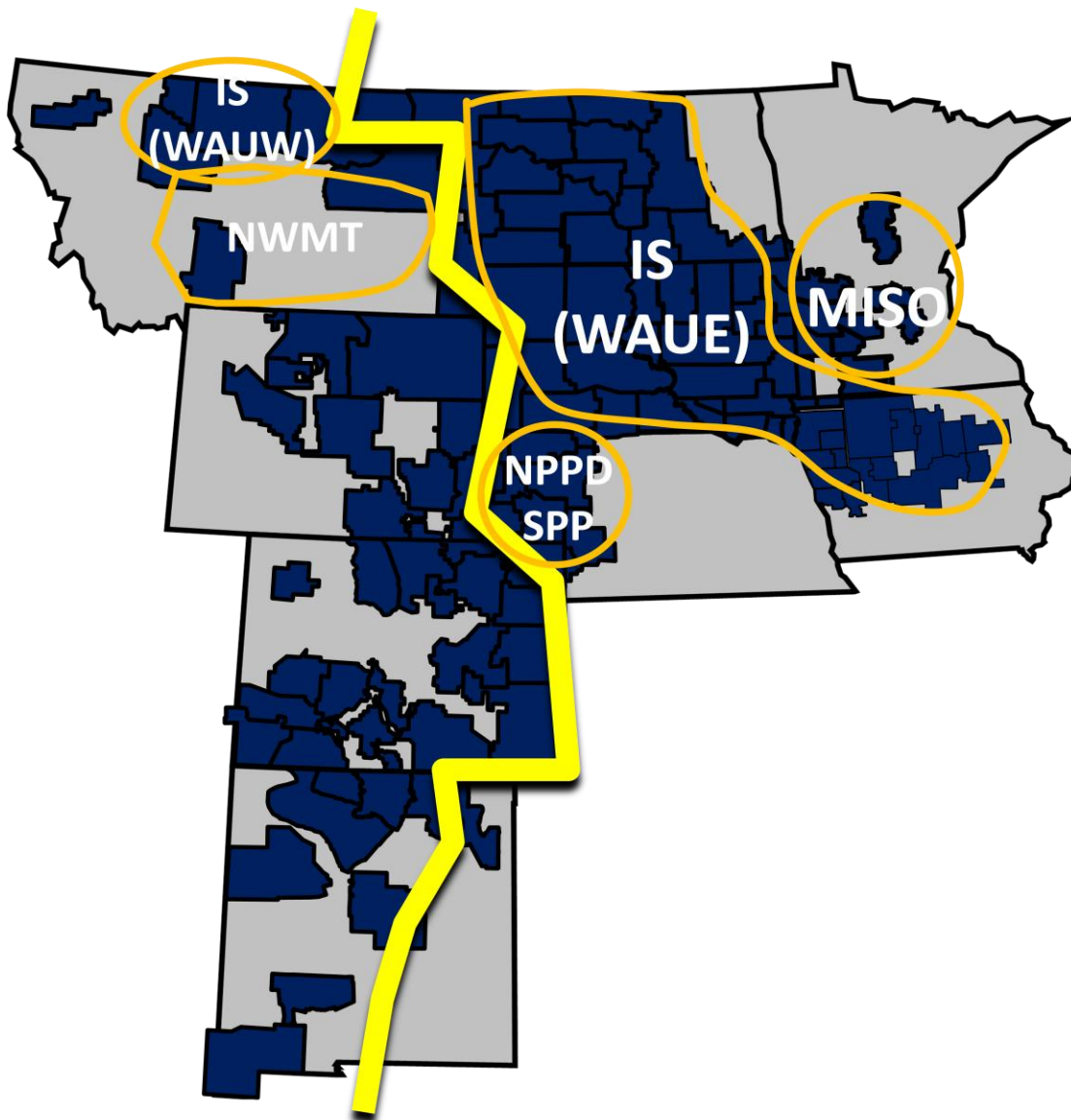
Basin Electric has loads and resources located on both the eastern and western interconnection. Basin Electric's obligations within the western interconnection are within the following two subregions within the Western Electricity Coordinating Council (WECC): the Rocky Mountain Power Area (RMPA) and the Northwest Power Pool (NWPP). Basin Electric's obligations within the eastern interconnection are within the National Electric Reliability Council (NERC) regions of the Midwest Reliability Organization (MRO) and the Southwest Power Pool (SPP). For obligations within the MRO, these obligations are both in and out of the Midwest Independent Transmission System Operator (MISO) Energy Market.

Basin Electric and its partners that own the Integrated System (IS) of Western Area Power Administration (Western) and Heartland Consumers Power District (HCPD) have been evaluating the option of joining a Regional Transmission Organization (RTO) such as MISO or SPP, or continuing to operate as we do today and not have our transmission system under a RTO. A final decision has not been made as to membership within an RTO to date.

2 Purpose and Scope

2.1 Product Description

Basin Electric is seeking proposals for baseload, intermediate, and peaking resources, for both short-term and long-term, in both the eastern and western interconnections. There are three transmission systems within the eastern interconnection and two transmission systems within the western interconnection that have been identified as possible receipt of electrical generation. Basin Electric has obligations in other areas as well, but is only looking for power supply in those areas specifically addressed in this request for proposal. The figure below shows the general geographic location of the transmission systems that have been identified as possible areas to receive power in comparison to the Basin Electric member service territory.



Eastern Interconnection

In the eastern interconnection, Basin Electric has determined that capacity and energy is needed in the Integrated System (IS) owned by Western Area Power Administration (Western), Basin Electric, and Heartland Consumers Power District (HCPD) and operate the WAUE balancing area, the MISO balancing area and the transmission system of Nebraska Public Power District (NPPD) within the Southwest Power Pool (SPP). The following is a description of each area, the local balancing area and the points of delivery for serving loads.

- **IS (WAUE) Area:** The IS covers a large geographic region in North and South Dakota, the eastern edge of Montana, the western edge of Minnesota and the northwestern corner of Iowa. The IS is split into two balancing areas, the WAUE balancing area is within the eastern interconnection and the WAUW balancing area would be within the western interconnection. The points of delivery for the IS (WAUE) Area are required to be the WAUE balancing area or buses located within the WAUE balancing area.
- **MISO Area:** Basin Electric has obligations within the MISO balancing area and more specifically within the following local balancing areas; Otter Tail Power Company (OTP), Great River Energy (GRE), MidAmerican Energy Company (MEC), Alliant Energy's western local balancing area (ALTW).
- **NPPD/SPP Area:** Basin Electric has obligations within the NPPD local balancing area. The points of delivery for the NPPD Area are required to be to the NPPD balancing area or buses located within the NPPD balancing area.

Western Interconnection

In the western interconnection, Basin Electric has determined that capacity and energy is needed in the Integrated System (IS) owned by Western, Basin Electric, and HCPD and operate the WAUW balancing area and the transmission system of NorthWestern Energy-Montana who operate the NWMT balancing area. The following is a description of each area, the local balancing area and the points of delivery for serving loads.

- **IS (WAUW) Area:** The WAUW balancing area is the balancing area operated by Western on the IS transmission system within the western interconnection. The points of delivery for the WAUW Area are required to be to the WAUW balancing area or buses located within the WAUW balancing area.
- **NWMT Area:** Basin Electric has obligations within the NWMT balancing area. The points of delivery for the NWMT Area are required to be the NWMT balancing area or buses located within the NWMT balancing area.

2.2 Defined Proposal Types

There are two types of proposals being requested as part of this Request for Proposal (RFP) process:

1. Purchased Power Proposals for conventional resources where Basin Electric will consider entering into a purchased power agreement (PPA) with a party selling Power. Resources can be sourced from existing or planned generation unit(s), from a group of generation resources as a system, or as a purchase contract that does not have any specific resources identified.

Purchase Power Proposals are defined for two types of resource needs:

- Short-term purchase(s) of one or more seasons beginning the summer of 2013. These proposals will be evaluated to consider short-term purchases prior to either a long-term purchase or a self-build option; and
 - Long-term purchase(s) starting in the summer 2013 or later with a term of 10 years or more. Long-term purchase power proposal(s) will be compared to self-build generation facility options.
2. Conventional Generation proposals that include Basin Electric taking an equity position in the project. An example of this type of project is a turn-key project where a Party is interested in constructing a generating unit for Basin Electric.

2.3 Defined Power Products

Basin Electric is seeking proposals for three types of power products:

1. Dispatchable Peaking Resources with target capacity factors of 10 to up to 40 percent. This type of resources is typically a combustion turbine and must be a resource that can be dispatched from a control center.
2. Intermediate Resources that will likely be scheduled 5x16 in the eastern interconnection and 6x16 in the western interconnection. This is typically either a combined cycle plant or a baseload resource, but the pricing must be based on the defined on-peak duty cycle.
3. Baseload resources that can be block loaded with a high capacity factor of 70 to 100 percent. These are typically coal fired units or a system sale that involves a number of generation plants that can be loaded to a higher capacity factor.

Pricing for all capacity and energy offered in a proposal must include delivery to the local balancing area and/or delivery points specified above. Evaluation of proposals will include an assessment of the expected impact on the transmission system serving Basin Electric load. Dispatch flexibility is important to Basin Electric and will also be considered in the overall economics of the proposal. Proposals must include a description of the expected system

improvements needed to deliver the full capacity of the resources to Basin Electric member consumers and the status of any required interconnection studies.

If a proposal involves a generating unit that has not yet achieved commercial operation, then in addition to the other requirements outlined in this section, the proposal must include the planned development schedule and a guaranteed commercial operation date. Basin Electric may require additional information not identified in this RFP in order to fully evaluate the costs and impacts of any proposal.

Evaluation of proposals will include comparisons to Basin Electric estimates of new-self build alternatives in determining the appropriate purchase(s) and/or acquisition(s) for Basin Electric generation needs. Final agreements between Basin Electric and successful Respondents will be contingent upon regulatory authorizations satisfactory in form and substance to Basin Electric in its sole discretion.

2.4 Amount of Capacity Needed by Area

Basin Electric is seeking proposals for up to the amounts of capacity summarized by season, area and type in the following tables (1-5). Summer season is defined as May 1 through October 31 of the same year, where winter starts November 1 and goes through April 30 of the subsequent year.

The summation of the capacity amounts outlined in the tables below, is for more capacity than is ultimately needed by Basin Electric. Basin Electric is seeking alternatives to meet its total obligations in the least cost and most reliable manner and as a result Basin Electric is requesting proposals amounts which could result in changed dispatch destinations of Basin Electric’s existing generation fleet.

Table 1. IS (WAUE) Area Capacity (MW) Needs

Year/Season	IS (WAUE) Area
2013 Summer	0
2014 Summer	100
2015 Summer	200
2016 Summer	350
2017 Summer	450
2018 Summer & beyond	550
2013/2014 Winter	0
2014/2015 Winter	0
2015/2016 Winter	0
2016/2017 Winter	50
2017/2018 Winter	100
2018/2019 Winter & beyond	200

Table 2. MISO Area Capacity¹ (MW) Needs²

Year/Season	MISO Area		
	Baseload	Intermediate	Peaking
2013 Summer	0	0	0
2014 Summer	0	0	25
2015 Summer	0	0	25
2016 Summer	25	25	25
2017 Summer	30	30	25
2018 Summer & beyond ³	35	35	25
2013/2014 Winter	0	0	0
2014/2015 Winter	0	0	25
2015/2016 Winter	75	50	25
2016/2017 Winter	80	55	25
2017/2018 Winter	85	60	25
2018/2019 Winter & beyond	90	65	25

Table 3. NPPD/SPP Area Capacity (MW) Needs⁴

Year/Season	NPPD/SPP Area		
	Baseload	Intermediate	Peaking
2013 Summer ⁵	0	150	100
2014 Summer	50	150	100
2015 Summer	50	150	100
2016 Summer	50	150	100
2017 Summer	50	150	100
2018 Summer & beyond	50	150	100
2013/2014 Winter	0	15	30
2014/2015 Winter	50	15	30
2015/2016 Winter	50	15	30
2016/2017 Winter	50	15	30
2017/2018 Winter	50	15	30
2018/2019 Winter & beyond	50	15	30

¹ For the MISO Area, Basin Electric’s use of Capacity is for MISO Unforced Capacity (UCAP).

² In the event that Basin Electric decides to join the MISO RTO, the capacity listed in Table 1 IS (WAUE) would be needed in MISO as well.

³ An additional 100 MW of baseload capacity for both the summer and winter season will be needed beginning in May 2020, due to the ending of a current power purchase arrangement.

⁴ In the event that Basin Electric decides to join the SPP RTO, the capacity listed in Table 1 IS (WAUE) would be needed in SPP as well.

⁵ Summer months within the NPPD/SPP Area are June through August.

Table 4. IS (WAUW) Area Capacity (MW) Needs

Year/Season	IS (WAUW) Area		
	Baseload	Intermediate	Peaking
2013 Summer	35	10	0
2014 Summer	35	10	0
2015 Summer	35	10	0
2016 Summer	35	10	0
2017 Summer	35	10	0
2018 Summer & beyond	35	10	0
2013/2014 Winter	30	10	0
2014/2015 Winter	30	10	0
2015/2016 Winter	30	10	0
2016/2017 Winter	30	10	0
2017/2018 Winter	30	10	0
2018/2019 Winter & beyond	30	10	0

Table 5. NWMT Area Capacity (MW) Needs

Year/Season	NWMT Area		
	Baseload	Intermediate	Peaking
2013 Summer	40	10	0
2014 Summer	40	10	0
2015 Summer	40	10	0
2016 Summer	40	10	0
2017 Summer	40	10	0
2018 Summer & beyond	40	10	0
2013/2014 Winter	40	10	5
2014/2015 Winter	40	10	5
2015/2016 Winter	40	10	5
2016/2017 Winter	40	10	5
2017/2018 Winter	40	10	5
2018/2019 Winter & beyond	40	10	5

3 Bid Submittal

3.1 General Instructions

Respondents should plan to meet all the terms and conditions of the RFP to be eligible to compete in the RFP Process. Respondents should follow all instructions contained in the RFP. Response Packages are provided on the website and Respondents must complete all relevant documents. All RFP documents, including any updates, can be found on the RFP website (section 3.2).

It is the Respondent's responsibility to advise Basin Electric's Official Contact (identified in Section 3.5) of any conflicting requirements, omissions of information or the need for clarification before proposals are due. Respondents should clearly organize and identify all information submitted in their proposals to facilitate review and evaluation.

Prior to the short-listing of proposals, all correspondence and communications from the Respondent to Basin Electric must be made in writing through the Official Contact or via the email address shown in Section 3.2.

Each Respondent must respond fully and accurately to the Statement of Financial Conditions and Creditworthiness Qualifications included with the Response Package. In addition to that information, Basin Electric may require each Respondent to provide further credit and financial information in order to assist Basin Electric in addressing and weighing the creditworthiness of each Respondent.

Basin Electric invites proposals from all qualified suppliers who are capable of meeting the conditions of the RFP, and Basin Electric will evaluate all responsive proposals.

3.2 RFP Website and Communications

Public information associated with RFP, including all RFP documents as issued and updated, are available at http://www.basinelectric.com/Buy_and_Sell/Power_Supply_Resources_RFP/index.html (RFP website).

Prior to the bid submission deadline, all communications should be directed to Basin Electric via the RFP website or by sending an email to 2012RFP@bec.com. Depending on the type and frequency of the questions received, the Basin Electric Official Contact will either respond to individuals directly and/or post a response to the question on the RFP website (without disclosing the Respondent's name).

3.3 Schedule

The following schedule and deadlines apply to this RFP.

ACTIVITY	DATE/DEADLINE
Issue RFP	March 12, 2012
Questions/Answers posted on website	As Received
Notice of Intent to Bid due	March 30, 2012
RFP Response Package due	April 27, 2012
Short-listed proposals identified	June 22, 2012
Short-term resource selection	September 1, 2012
Long-term resource selection	December 31, 2012

Basin Electric reserves the right to unilaterally revise or suspend the schedule or terminate this RFP process at its sole discretion without liability to any Party. Any such changes will be posted on the RFP website (Section 3.2).

3.4 Notice of Intent to Bid

In order to identify persons or entities interested in submitting a proposal, and to assure that all those having such an interest receive any subsequent information distributed in the RFP process, interested parties are required to submit the first two pages (section 1) of the Response Package on or before 5:00pm CDT on March 30, 2012.

3.5 Proposal Content and Submission Instructions

Complete proposals, including all exhibits, must be received on or before 5:00pm CDT on April 27, 2012 by the Basin Electric Official Contact at the address below. Respondents shall submit via email or an electronic version on a compact disc. If sent via mail, the envelope must indicate “Response to Basin Electric 2012 Power Supply RFP.” Any proposals received after the scheduled date and time will be disqualified, and a notice will be sent to the Respondent. It is further required that multiple proposals submitted by each respondent be identified separately.

In addition to the information described elsewhere in this RFP, all Respondents must include as part of their proposal all relevant information requested in the Response Package. Proposals that do not contain all required information or do not fully reflect the bid requirements may be discarded at Basin Electric’s sole discretion. In addition to the required information, Respondents should include with their proposals any other information that may be needed for a thorough understanding or evaluation of their proposals.

Basin Electric Power Cooperative – 2012 Power Supply Request for Proposal

Mail to:

Response to Basin Electric 2012 Power Supply RFP
Marketing & Power Supply Planning
Basin Electric Power Cooperative
1717 E. Interstate Ave
Bismarck ND 58503

Or Email to:

With “Response to Basin Electric 2012 Power Supply RFP” in the subject line.

2012RFP@bepc.com

Respondents will be notified by June 22, 2012 if their proposal is being considered for more detailed evaluation. This date may be advanced or delayed at Basin Electric’s sole discretion. Respondents will be notified if the dates are changed. Respondents with proposals not selected for the short-list will be notified by Basin Electric. None of the material received by Basin Electric from Respondents in response to this RFP will be returned. All proposals and exhibits will become the property of Basin Electric.

Prior to signing any sales contracts or agreements that may result from this process; Respondents will be required to submit to Basin Electric a written and executed assurance of the approval of their board of directors or similar governing body as to the binding nature of the proposal.

Prices and dollar figures must be clearly stated in US dollars.

4 Proposal Evaluation Methodology

4.1 Proposal Review

4.1.1 Evaluation Factors

Factors considered in Basin Electric’s evaluation of proposals will include total cost, unit technical characteristics, operational performance, reliability, efficiency, deliverability, scheduling flexibility, environmental impacts, credit, contract considerations, Respondent experience and other criteria. Therefore, the lowest price submittal may not be selected. Proposals must include sufficient detail to allow evaluation of all factors. Proposals that include acquisition of an ownership interest in a resource will be compared with internal estimates of new self build options.

Evaluation of unit based proposals may require one or more site visits by Basin Electric or its authorized representatives to conduct its due diligence. Basin Electric will require reasonable access to documentation, including as-built drawings and specifications, construction and operating permits, operating logs, and maintenance history and schedules. If a selected proposal involves a generating unit not yet operational, the Respondent may be asked to provide Basin Electric with all information related to construction, including contracts, specifications, and permit applications. In addition, Basin Electric may require access to additional information deemed pertinent to evaluation of proposals.

4.1.2 Proposal and Selection Information

Basin Electric reserves the right to accept or reject any or all proposals for any reason at any time after submittal without explanation to the Respondent, or to make an award at any time to a Respondent who, in the sole opinion and discretion of Basin Electric, provides a proposal Basin Electric deems favorable. Selection and elimination of proposals and subsequent notification of Respondents at all stages of the evaluation will remain entirely at Basin Electric’s discretion.

4.1.3 Legal

Those Respondent’s who submit proposals do so without legal recourse against Basin Electric or its directors, management, employees, agents or contractors based on Basin Electric rejection, in whole or in part, of their proposal or for failure to execute any agreement tendered by Basin Electric. Basin Electric shall not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to Basin Electric acts or omissions arising out of or in connection with the RFP.

4.1.4 Financial Guarantee

If a selected proposal involves a generating unit not yet in operation, the Respondent will be asked to provide Basin Electric with a full financial guarantee, including performance bonds and/or letters of credit, up to the level of product commitments and in an amount and at a level determined by Basin Electric in its sole discretion, expressly including replacement power costs and any related penalty fees, in the event the generating unit does not become commercially operational as scheduled.

4.1.5 Credit and Risk Concerns

In reviewing and considering proposals, Basin Electric will analyze potential credit and/or risk concerns in any comparison of proposals. As part of the detailed evaluation, Basin Electric may specifically weigh the credit- and risk-related factors and/or costs underlying each of the proposals. The pricing provided shall expressly include the costs of credit support. Basin Electric will review and assess the sufficiency and adequacy of the proposed credit support and may request additional credit support sureties, as determined at Basin Electric's sole discretion.

4.2 Minimum Proposal Requirements

The Respondent should provide complete and accurate information to ensure that its proposal satisfies the minimum requirements listed below. Basin Electric, at its sole discretion, may reject a proposal for further consideration if it fails to meet the minimum requirements or provides incomplete and/or inaccurate responses.

4.2.1 General Threshold Requirements

- The proposal is received on time and complies with the submission instructions.
- The Respondent (or its guarantor) has sufficient financial capacity to support the proposal.
- Complete and accurate answers are provided to all questions in the Response Package.
- Capacity must be available for delivery by the start of its proposed delivery date.
- The capacity is available and deliverable to Basin Electric's areas outlined in subsection 2.1.
- The capacity offered is at least 15 MW and not greater than a 500 MW Basin Electric interest in any single generating unit⁶.

4.2.2 Required Operating Thresholds

- The Respondent must certify that it has or will have all necessary permits in effect for the identified generating unit.
- The Respondent must certify that any identified generating unit(s) is or will be built and maintained in good working order, free of material defects, and has been and will be

⁶ Some areas have less than 15 MW capacity requirement and have a lower threshold of minimum capacity bid.

operated in accordance with good utility practice and applicable maintenance schedules and is in compliance with all applicable laws and regulations.

- Basin Electric requires that its interest in the identified generating unit(s) capacity be fully dispatchable and have an Automatic Generator Control that is tied into an Energy Control Center that serves the Basin Electric within the areas outlined in subsection 2.1.
- The generating unit(s) is not an improvement or addition to Basin Electric's existing owned generation facilities.
- If a PPA, the Respondent must be willing to coordinate the generating unit's maintenance schedule with Basin Electric.

4.2.3 Transmission Interconnection Approach

- If the generating unit(s) is or will be located outside the area serving Basin Electric load, the Respondent must provide a transmission plan for firm wheeling services from those utilities that would be required to wheel the resources to the Basin Electric delivery point. The complete terms of any wheeling agreement must be provided to Basin Electric. Transmission costs to get to the Basin Electric system are the responsibility of the Respondent and should be included in the proposals pricing.
- The Respondent is responsible for determining the cost of system upgrades, if any, required to the existing transmission system serving Basin Electric load due to the addition of the proposed facility. Such cost will be added to arrive at the total cost of such proposal for evaluation purposes.
- If the generating unit is not in service, but has a completed Generator Interconnection Study, a copy of this agreement should accompany the Respondent's proposal.
- If the generating unit is not yet operational and will be interconnected to the transmission system serving Basin Electric areas, the Respondent will be responsible for completing an Application for Generator Interconnection. A copy of this request should accompany the Respondent's proposal or be provided as soon as it is available.
- For an unfinished resource, any final agreement between Basin Electric and the Respondent will require the Interconnection Study, or will be contingent upon a completed study.
- It is the Respondent's responsibility to acquire transmission data through the respective OASIS site.

4.3 Final Selection

By June 22, 2012, Basin Electric intends to select proposals that will be included on a short-list. This date may be advanced or delayed at Basin Electric's sole discretion. Through the short-listing process, those proposals that are inferior to other proposals, at Basin Electric's sole discretion, will be eliminated from further consideration. Basin Electric will notify all short-listed Respondents that they have been included on the short-list. Similarly, Basin Electric will notify

Respondents of those proposals that have been eliminated from further consideration. Basin Electric will not be required to provide any Respondent with the basis for its decision.

Basin Electric plans to use production cost models in the proposal evaluation process. Respondents must be able to provide information adequate for Basin Electric to model the total impact of each proposal on Basin Electric's system costs and compatibility with Basin Electric's resource needs.

For any short-listed asset purchase proposal, Basin Electric has the right to perform (a) a facility operational due diligence review of the short-listed Respondent's in-service facilities or (b) an operational and engineering review of any generating facility that is not yet operational. Similarly, Basin Electric has the right to witness and will receive data of any pre-commercial operation testing of any short-listed generating facilities that have not yet achieved commercial operations. The Respondent (or Respondents) will be required to facilitate due diligence efforts by Basin Electric, including through immediate site access and the Respondent's compilation and production of related necessary documents.

Basin Electric may schedule meetings or conference calls with Respondents to review and clarify its proposal as is necessary to do so. After the selection of the short-listed proposal(s), Basin Electric will begin bilateral discussions with such Respondent(s).

Basin Electric may select a final Respondent(s) based on its detailed evaluation of the short-listed proposal(s). The price and non-price attributes described in part in this RFP solicitation document will be considered in their totality for each proposal. Basin Electric will use its sole discretion, judgment and analysis in making the final selection(s) in the RFP Process. Basin Electric will not be required to provide any Respondent with the basis for its decision to accept or reject a proposal.

Basin Electric would request that all proposals be a firm offer price good through the end of the year (Dec 31, 2012).

5 Proposal Content Requirements

5.1 General

The Respondent(s) whose proposal is selected for continued evaluation will be responsible for acquiring and/or verifying that it is in compliance with all necessary licenses, permits, certifications, reporting requirements and approvals required by federal, state and local government laws, regulations and policies, including if applicable, for the design, construction and operation of the project. In addition, the Respondent shall fully support the regulatory approval process associated with any potential acquisition arrangement.

Respondent's shall be liable for all of its costs, and Basin Electric shall not be responsible for any of the Respondent's costs incurred to prepare, submit or negotiate its proposal, or any other related activity.

5.2 Consents and Approvals Process

Any definitive agreement entered into will be conditioned upon regulatory actions and/or approvals by regulatory authorities. Basin Electric reserves the right to seek any additional regulatory consents and approvals of third parties or governmental authorities as a condition to consummation of any transaction. All consents or approvals must be in form and substance satisfactory to Basin Electric. Respondents will be required to support Basin Electric's efforts in securing all consents and approvals.

5.3 Collusion

By submitting a proposal to Basin Electric in response to this RFP, the Respondent certifies that the Respondent has not divulged discussed or compared its proposal with other Respondents and has not colluded whatsoever with any other Respondent or parties with respect to this or other proposals.