



VIRGINIA PUBLIC UTILITIES

Request for Interest in Purchasing Power Supply

July 6, 2018

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1. Summary of Needs

Virginia Public Utilities (“VPU”), working together with Central Municipal Power Agency/Services (“CMPAS”), is requesting expressions of interest in purchasing power supply for a baseload contract. This reverse Request For Proposals (“RFP”) intends to find a buyer for medium-term supplies of capacity, energy, and Renewable Energy Credits (“RECs”). Each of these 3 products may be bundled together in any combination the potential buyer requests, including individually.

VPU has 5 MW of firm baseload energy available, with a corresponding volume of RECs, and is available anytime starting July 2018.¹ VPU has 10 MW of MISO Zone 1 capacity credits available beginning with the start of Planning Year 2019/2020. Proposals are requested to have a contract term of between 2 years and roughly 5 years. Multiple proposals from the same bidder are welcome. Delivery point for all products offered must be in MISO and must be specified in the bid, but is otherwise negotiable.

VPU reserves the right to reject all offers and to not sell to any bidder within this RFP process. CMPAS will serve as VPU’s agent in evaluating the RFP responses, and will not make any bids to VPU in this process in any way. Please direct all bids to CMPAS per the contact info provided below. Bidders may not lobby VPU directly without informing CMPAS and risk disqualification if they do.

We will only consider proposals to buy baseload energy, capacity, or RECs. We will not consider proposals to supply power to VPU or to provide demand-side resources. This RFP - and any addenda - can be found by clicking on the RFP link featured at www.cmpasgroup.org/projects.

A Pre-Bid Conference Call is scheduled for **Thursday, July 19, 2018**. A call-in number is available upon registration. Bids are due **Friday, August 10, 2018**.

We look forward to hearing from you.

2. Description of Seller and Resource

Virginia Public Utilities (VPU) is the municipal utility for Virginia, MN, and is located in the Iron Range of Minnesota. VPU has provided electric, water, steam, and gas services since 1913 and currently serves over 5,300 electric customers. In 2016 VPU had a winter peak load of 22 MW, a summer peak of 21 MW, and had sales of approximately 120,000 MWH. VPU’s load is in the Minnesota Power (“MP”) Load Balancing Area at the load node MP.MP.

Central Municipal Power Agency/Services (CMPAS) is the agent providing professional services for (among others) the joint action agency Central Minnesota Municipal Power Agency (CMMPA). CMPAS provides services including transmission ownership, power supply planning, and MISO market scheduling services. CMPAS is a MISO market participant under its previous name of Utilities Plus, and has offices in Blue Earth, MN and Eden Prairie, MN.

¹ We expect a yearly output - assuming no outages, renewable biomass feedstock, and 365.25 days per year - of 43,830 MWH of energy and 43,830 RECs

3. RFP Schedule

The timetable for this RFP process is shown below. The dates and times shown are approximate and may be changed at any time at the discretion of VPU. All times of day in this RFP are set to be Central Prevailing Time (“CPT”), and unless otherwise noted may be understood to be 5:00 PM CPT.

Release RFP	-	July 6, 2018
Pre-Bid Conference Call	-	July 19, 2018 (10 a.m.)
Proposals Due	-	August 10, 2018
Recommendations	-	September 14, 2018
Contract Approval Date	-	Fall 2018

4. Power Supply Offer

VPU is looking for medium-term proposals to buy energy, capacity, and RECs. Energy will be available only in a firm 7x24 block with a 5 MW size. We solicit offers for a volume of RECs corresponding to this energy block – a yearly average of 43,830 MWH - but will consider purchases that do not offer to buy RECs. Energy and RECs are both available starting anytime beginning in July 2018. VPU has 10 MW of MISO Zone 1 capacity credits available beginning with the start of Planning Year 2019/2020 in June 1, 2019. We’re looking for a contract term length of no less than 2 years and no more than approximately 5 years.

We encourage bidders to supply multiple offers - particularly if their offers vary by term - and individual offers may be for more than one product. For offers for multiple products, we encourage (but do not require) a separate itemized price for each component (for example, an energy offer made at \$___/MWH, a capacity offer made at \$_/MW-year, and a REC offer made at \$___/MWH.)

Pending the results of the RFP, VPU reserves the right to decide that no offers meet its needs in this process. No reasons need to be given by VPU for any offer’s acceptance or rejection.

5. Transmission and Market Requirements

VPU has a strong interest in ensuring that we can most appropriately compare the pricing of all diverse resource options. VPU therefore asks that all proposals must comply with MISO Module E resource adequacy requirements. For the same reason, and regardless of which party will be ultimately financially responsible for transmission arrangements, the Bidders are expected to work collaboratively and transparently with VPU to resolve all transmission arrangements including interconnection studies, transmission service requests with associated delivery studies, and facilities studies. While delivery costs are traditionally the responsibility of the buyer, VPU encourages Bidders to discuss and identify the anticipated provisions for delivery to the Bidder’s loads in their Proposals.

Delivery Point

While VPU’s load node is MP.MP, VPU wishes to leave flexibility for buyers to specify their Financial Delivery Point (“DP”) so as to allow Bidders to use any hedging abilities available from Auction Revenue Rights (“ARR”) or Financial Transmission Rights (“FTR”). Bidders can designate whatever DP they feel best allows them to make their most economically competitive offer. However, VPU requires that the proposed DP must be within the MISO footprint, and that all proposals clearly indicate the DP. VPU will be responsible for the cost of congestion and marginal loss from the source to the DP, and the Bidder shall be responsible

for the cost of congestion and marginal loss from the DP to the sink(s).

6. Bidder Qualifications and Experience

VPU will accept proposals from any electric utility, independent power producer, qualifying facility, exempt wholesale generator, non-utility generator or electric power marketer that has been appropriately certified by the Federal Energy Regulatory Commission, an electric cooperative, or an electric cooperative generation and transmission company. VPU and CMPAS reserve the right to request qualifications from Bidders.

7. Pre-Bid Conference Call, Interpretations and Addenda

VPU and CMPAS will have a Pre-Bid Conference Call at 10:00 a.m. Central time on **Thursday, July 19, 2018**. The purpose of the Pre-Bid Conference Call is to provide any required clarifications to this RFP, and to provide any additional information deemed necessary so that Bidders may submit their best proposal. Participation in the Pre-Bid Conference Call is optional. Please RSVP to the information below so that we may provide you with the call-in number.

All questions regarding interpretation of this RFP, technical or otherwise, must be submitted to:

Kyle Haemig
Central Municipal Power Agency/Services
6870 Washington Ave S, Suite 240
Eden Prairie, Minnesota 55344
Phone: (763) 710-3934
Email: kyleh@cmpasgroup.org

CMPAS is VPU's agent in carrying out this RFP and evaluating offers. CMPAS will not provide a bid in any way. Only written or emailed responses provided by VPU's agent CMPAS will be considered official. A verbal response by either VPU or CMPAS will not be considered an official response. Responses to questions will only be provided to the Bidder who submitted the questions unless the questions are determined by VPU to be applicable to the RFP process in general. In this case, CMPAS (on behalf of VPU) will provide a written response to all qualified Bidders in the form of addenda to the RFP. Neither VPU nor CMPAS is obligated to respond to questions and requests received from Bidders. Any changes to the RFP schedule shown in Section 3 or additional information that VPU or CMPAS wishes to communicate to Bidders will be included in published addenda.

All addenda issued in connection with this RFP will be placed on the official RFP Website (www.cmpasgroup.org/projects) at the time of issue, and it shall be the responsibility of Bidders to regularly check the Website for addenda.

8. Form and Submission of Proposal

The proposal should contain the standard components of a term sheet (such as buyer's desired quantity, term, and pricing). No other formal forms are required. Bidders are required to submit to the address shown in Section 7 both an electronic copy and a paper copy of the

proposal. The electronic copy of the proposal must be submitted in a commonly compatible format. The paper copy must be clearly marked “PROPOSAL TO BUY POWER FROM VPU” and shall clearly state the name of the Bidder. A Bidder may submit more than one proposal. Each proposal submitted by a Bidder must meet all the requirements of this RFP on an individual basis.

9. Reserved Rights

At any stage in the RFP process, VPU reserves the right to:

- a) Reject any and/or all proposals received in response to this RFP with no reason provided;
- b) Waive errors or omissions by Bidders in any proposal if corrected to our satisfaction;
- c) Reject any proposals not received on or before the proposal due date and time;
- d) Not disclose detailed reasons for rejecting a proposal;
- e) Accept other than the lowest price proposal due to non-price considerations;
- f) Negotiate arrangements to supply power with one or more Bidders;
- g) Request clarifications from Bidders at any time; and
- h) Amend this RFP at any time.

10. Disqualification of Proposal

A proposal may be disqualified at any point in the evaluation process if VPU determines, in its sole discretion, that the Bidder has attempted to gain an advantage through conduct deemed unethical, conflict of interest, interference, or any such means. Bidders may not lobby VPU directly to intervene on behalf of proposals here without also informing CMPAS and risk disqualification if they do.

11. Proprietary Confidential Business Information

Unless required to be disclosed, and/or not protected under exceptions to the Minnesota Right to Know Act, all materials submitted by the Bidder will be held in confidence by VPU and CMPAS. If any request for Bidders submitted information results in litigation seeking that information’s release, the Bidder will defend and hold harmless VPU and CMPAS. Any failure to so defend and hold harmless will be deemed permission for VPU to release such information to the requesting party. If requested by a Bidder for treatment as a “Competitor or Bidder” exception to the Minnesota Right to Know Act, any information must be clearly labeled “PROPRIETARY CONFIDENTIAL BUSINESS INFORMATION”. Each page of information in the proposal to which the Bidder would like VPU to give such treatment must be clearly labeled “PROPRIETARY CONFIDENTIAL BUSINESS INFORMATION” at the top of the page. VPU reserves the right to disclose all information submitted with the proposal to its consultant(s), attorneys, employees and agents for the purpose of evaluating the proposals. VPU will require the consultant(s), attorneys, employees and agents to maintain the confidentiality of documents so marked.

12. Minimum Requirements

Each proposal must satisfy these minimum requirements to be included in the evaluation process. Failure to meet the specified minimum requirements may result in rejection of the proposal. These minimum requirements are intended to demonstrate, to the reasonable satisfaction of VPU and CMPAS, that the Bidder has the ability to meet the needs of VPU as presented in this RFP.

1. Bidders must identify what their desired term, quantity, products of interest (*i.e.* which of capacity, energy, or RECs), and itemized prices by product.
2. Proposals must meet all MISO Module E resource adequacy requirements. Point of delivery for contracts must be located within MISO.
3. All proposals shall specify if and where the Bidder must supply transmission.
4. Bidders shall identify the proposed delivery node for the power, so that all can identify responsibility for (among other items) their respective costs of congestion and marginal loss.