

Springer Electric Cooperative, Inc

REQUEST FOR PROPOSALS
FOR UP TO
500 kW RENEWABLE ENERGY RESOURCES

Springer Electric Cooperative, Inc
Request for Proposals for Renewable Energy Resources
Beginning July 1, 2009

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1.0 Purpose of Request for Proposals

Springer Electric Cooperative, Inc (Springer), is seeking Proposals for a supply portfolio of energy and capacity generated from new (placed in service on or after July 1, 2009) renewable or existing NM Green Power sources including:

- Wind
- Solar
- Biomass,
- Landfill Methane
- Biogas Digesters
- Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.
- Geothermal

Springer is seeking up to 500 KW of capacity by 2010 to help meet expected Renewable Portfolio Standard (RPS) obligations from State regulations. Springer reserves the right to revise this RFP to align with developing RPS requirements.

General characteristics applicable to any proposed resources:

- The supply resource can be intermittent in nature; however, peak supply may be assigned a capacity value in the review process.
- Resources must be capable of being delivered to the Springer distribution system directly or through Springer's power supplier, Tri-State G&T. Springer may give preference to (but not limited to) those assets within New Mexico.
- Resources must be operational and delivering power by July 1, 2009.

Springer desires to diversify its supply portfolio through the addition of competitive renewable and environmentally friendly sustainable resources. As such, Springer is accepting bids from any and all renewable resource options that meet the RFP criteria and RPS standards as apply in New Mexico. Springer seeks bid proposals that provide the greatest value to Springer and its customers. Value, for purposes of this solicitation, is the combination of price, reliability, and flexibility. Flexibility includes, but is not limited to, bid proposal structure and physical resource characteristics (delivery peak requirements, etc). The bid proposals that have greater value to Springer and its customers may not necessarily be the lowest price proposals.

Bid proposals may be in the form of:

- a. power purchase
- b. power purchase and buyout option, and
- c. sale/purchase of generating facility.

Bid participants should prepare offers with the understanding that the offer is binding and may result in a Power Purchase Agreement, a Purchase/Sale Agreement, or both. Springer retains the right to reject any or all offers on the basis that the bids do not provide sufficient customer benefits or would impose conditions that Springer determines are impractical or inappropriate.

2.0 Instructions to Bidders

2.1 General Information:

- 2.1.1 Nothing contained in this Request for Proposals (RFP) shall be construed to require or obligate Springer to select any proposals or limit the ability of Springer to reject all proposals in its sole and exclusive discretion. Springer further reserves the right to withdraw and terminate this RFP at any time prior to the execution of a contract.
- 2.1.2 The submission of a proposal to Springer shall constitute a the Bidder's acknowledgement and acceptance of all the terms, conditions and requirements of this RFP. Supplier's acknowledgment and acceptance of all terms, conditions and requirements of this RFP.
- 2.1.3 Subject to 2.1.4, all proposals submitted to Springer pursuant to this RFP shall become the exclusive property of Springer and may be used for any reasonable purpose by Springer.
- 2.1.4 Springer shall consider materials provided by Bidders in response to this RFP to be confidential only if such materials are clearly designated as "Confidential". Bidders should be aware that their proposal, even if marked "Confidential", may be subject to discovery and disclosure in regulatory or judicial proceedings that may or may not be initiated by Springer. Bidders may be required to justify the requested confidential treatment under the provisions of a protective order issued in such proceedings. If required by an order of an agency or court of competent jurisdiction, Springer may produce the material in response to such order without prior consultation with the Bidder.
- 2.1.5 Bidders shall be responsible for all costs and issues associated with bids; contract negotiations; completion of the contract; all taxes, duties, fees and other charges associated with the delivery of capacity and energy under the contract; and compliance with all local, state and federal laws that may affect the contract.
- 2.1.6 Springer anticipates that transmission access and capacity will be a factor in selection of the final bid(s). All costs and coordination required for any applicable Transmission Service Requests to the point of delivery is the responsibility of the Bidder.

2.2 Overview of Process

- 2.2.1 Springer has designated an individual to manage the RFP process and to collect all internet communication from potential bidders as well as to provide uniform communication including updates and specific detail as may be provided from time to time through this bidding process. Please address all questions and communications to David Spradlin at the following e-mail address: spradlin@springercoop.com.
- 2.2.2 The bid process will include the activities and events as indicated on the schedule in **Exhibit A**. Following the release of the RFP, interested Bidders will be required to submit a Notice of Intent to Bid form with credit information and product experience. Proposals will be screened and offers that do not meet the requirements of this RFP will be rejected as non-conforming. Bidders on any short list developed will be invited to begin negotiations of final details of the offers. Final evaluation of the offers, considering contract terms and transmission service requirements, will then be performed.

2.3 Notice of Intent to Bid

- 2.3.1 Each potential Bidder is **required** to advise Springer by December 1, 2007 of its intent to submit a proposal by submitting a Notice of Intent to Bid, attached hereto as **Exhibit B**. Only those bidders that submit a Notice of Intent to Bid form will be eligible to submit a final proposal. Bidders are asked to provide information on the makeup of the company and its parent organization along with the most current annual financial reports and SEC Form 10-K as applicable. A credit screening of all potential Bidders will be performed by Springer's Management prior to entering into any negotiations. Bidders who fail the initial screening shall be given an opportunity to cure credit deficiency by providing additional financial assurances, such as a letter of credit, cash, or a parent corporation guarantee accompanied by an appropriate credit rating from a major credit-rating agency in a form and format acceptable to Springer.

2.4 Deadline and Method for Submitting Proposals

- 2.4.1 Proposals must be submitted in the complete name of the party expecting to execute any resulting contract with Springer. The proposal must be executed by a person who is duly authorized to bind the Supplier to a contract.
- 2.4.2 All proposals submitted in response to this RFP must be received no later than 4:00 PM EST February 4, 2008.
- 2.4.3 **Springer will not accept proposals received after the specified date and time set forth in Section 2.4.2 for any reason, and said proposals will be disqualified from further evaluation.**

2.4.4 Bidders are required to provide three (3) bound sets of all documents, including exhibits, as part of its proposal. It is further requested that multiple proposals submitted by each Supplier be identified separately. Proposals must be delivered to the following address:

David Spradlin
Springer Electric Cooperative, Inc
P.O. Box 698
Springer, NM 87747

Only hard copies of the proposals will be allowed. Emailed proposals will not be accepted as meeting the time requirements for submission.

2.5 Questions and Interpretation of RFP

Springer requests that all questions concerning this RFP be submitted in writing to the e-mail address indicated in Section 2.2.1. Answers will be provided through written email correspondence or an addendum to the RFP to all bidders who have passed the prescreening process. Springer is not responsible for other explanations or interpretations of the RFP. Written questions will be accepted until 7 days before the proposal submittal deadline. Answers will be provided by e-mail to all bidders as quickly as possible.

It shall be the obligation of the bidder to identify any conflicting statements, need for clarification, or omissions of pertinent data from the RFP before bids are due. Any questions not resolved by the bid date shall be identified in the proposal and a statement made as to the basis of the proposal.

2.6 Requirements of the Proposals

Springer Electric Cooperative, Inc (Springer) is seeking Proposals for a supply portfolio of energy and capacity generated from existing or planned renewable and/or environmentally friendly sustainable sources including:

- Wind
- Solar
- Biomass
- Landfill Gas
- Biogas Digesters
- Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber

- 2.6.1 Springer is interested in bids for both purchase power agreements (PPA) as well as asset acquisitions. However, Springer reserves the right to include a “regulatory out” provision in any PPA that will allow Springer, in it’s sole discretion, to terminate or modify the agreement if the agreement does not receive appropriate regulatory treatment.
- 2.6.2 Springer does not propose to conduct interconnection studies or develop estimates of interconnection charges for bidders in the initial response phase of this RFP. Therefore, initial bids do **NOT** need to have submitted a Generator Interconnection Request or Transmission Service Request under the OATT. However, bids that pass the initial screening may be required to submit an interconnection request or Transmission Service Request and provide the results to Springer to be included in the evaluation of the bids.
- 2.6.3 Springer desires up to 500 KW of capacity by July 2009 to help meet its RPS requirements. There is no predetermined limit on the amount of KWs that will be obtained pursuant to this RFP other than managing the RPS requirements. However, Springer will only obtain those resources that provide value to the Springer portfolio of RPS resources and its customers. In the determination of such value, Springer will consider the financial impact on Springer and its customers as compared to investing in more traditional generation alternatives.
- 2.6.4 Bids can be from assets both inside and outside the Springer Distribution Area with preference given to assets in New Mexico.

Springer Preferred Distribution Area

- 2.6.5 Bidder shall provide delivery to the Springer distribution system. All issues and costs associated with delivery to the delivery point, including congestion risk, losses, transmission costs, interconnection costs, or any other delivery costs, will be the responsibility of the Bidder.

- 2.6.6 The minimum contract acceptable term for any PPA is three (3) years. Contract terms up to 30 years will be considered.
- 2.6.7 Any bids containing assets or projects that qualify under any existing rate schedules have the option of participating in the RFP or participate on the existing eligible rate schedule.
- 2.6.8 Qualifying projects must have a nameplate capacity of 10 KW or greater and must be capable of delivering at least 25,000 KWH per year at the interconnection point.
- 2.6.9 Qualifying projects must be operational and delivering power no later than July 1, 2009.
- 2.6.10 Bidders are advised that prior to Springer signing a power supply agreement, the Bidder will be required to provide substantial evidence of credit assurance. All forms of credit assurance will be approved by Springer before entering into an agreement. The form and quality of credit assurance shall be approved by Springer and its lending institutions, as applicable, prior to further negotiations.
- 2.6.11 Proposals must be provided in the format outlined in Section 3.0. The content of proposal(s) shall be subject to the requirements of this RFP. Springer requests that all exhibits, documents, schedules, etc. submitted as a part of a proposal be clearly labeled and organized in a fashion that facilitates easy location and review. All proposals should conform, as applicable, to the requirements within this RFP.

3.0 Proposal Organization

All Proposals should include the following minimum components in the order provided:

3.1 Executive Summary

An "executive summary" of the highlights and special features of the Proposal.

3.2 Statements

3.2.1 A statement from the Supplier must be provided clearly indicating the time period during which the proposal will remain effective.

3.2.2 A signed Certification and Indemnity Agreement must be provided, which is to be completed entirely by the Supplier, a copy of which is attached hereto as **Exhibit C**.

3.2.3 All documentation and signatures required depending on the nature of the proposal must be provided.

3.3 Contract Terms

A comprehensive listing and description, including a rationale if warranted, of all contract terms and conditions that the Bidder would seek during contract negotiations.

3.4 Proposal Limitations

A listing of any economic, operational or system conditions that might affect the Supplier's ability to deliver energy as offered.

3.5 Relevant Experience

A description of transaction experience with similar products as well as references for similar transactions.

3.6 Cost Proposal

Information on the cost of the product or acquisition price must be provided. Information shall be included as discussed in Section 4.1.

4.0 Proposal Content

For consideration in the evaluation process, proposals must contain the information outlined in the following paragraphs and any applicable information as specified in **Exhibit D**.

4.1 Price Proposal

Proposals must provide a detailed description of the pricing terms and conditions. For consideration in the evaluation process, proposals must contain the information outlined in the following paragraphs, as applicable.

4.1.1 Contract Purchase

The Bidder must demonstrate that it has the requisite regulatory authorization to make sales contemplated by its proposal.

4.1.1.1 The fixed cost for the bid shall be provided for each year of the agreement.

4.1.1.2 Proposed energy rates shall include all fuel, start up, losses, ancillary services, transmission and other charges associated with delivery to designated delivery point.

4.1.1.3 The Bidder shall provide the initial energy rate and applicable formula for escalation, if any, with proposed indices or a schedule of energy rates for the proposed contract term. Where the energy rate is a function of the price of coal, natural gas, or any other commodity, Bidders shall use an industry accepted standard basis to build the energy rate, and shall specify the index, type of fuel, and any transportation costs.

4.1.1.4 The actual hourly delivered energy, in any month, shall be determined in accordance with the metering procedures as set forth in the contract which will be negotiated between Springer and the successful Bidder.

4.1.1.5 As applicable, the Bidder's proposal should include all formulae that will be used to calculate the full energy rate, or any other rate that the Bidder may specify with all its respective components well defined. A sample calculation illustrating the application of each formula is also required.

4.1.1.6 The Bidder must provide a printed schedule projecting for each contract year, quarter, or month, as appropriate, depending upon how frequently the Supplier's rate(s) or its respective components will be updated, for the full term of the proposed contract of the following:

4.1.1.6.1 energy and/or capacity payment:

It is the Supplier's obligation to provide sufficient explanatory information to allow Springer to replicate this schedule.

4.1.1.6.2 projections of any independent variables
that is to be used in the calculation of payments

5.0 Proposal Evaluation and Contract Negotiations

5.1 Screening

5.1.1 After the proposal submittal deadline, the proposals will be reviewed for completeness and responsiveness.

5.1.2 An initial screening will be developed to identify those proposals that meet the minimum criteria. These minimum criteria will include the following:

a. The proposal is from a Bidder that submitted a Notice of Intent to Bid form and successfully passed the credit screening.

b. The proposal provides substantially all the information outlined in Part 3.0 and Part 4.0.

c. The proposal designates a specific delivery point.

Those proposals not considered to meet the required threshold will be rejected. Notification will be provided to the unsuccessful Bidders.

5.1.3 Springer may request that a Bidder provide additional information or clarification to its original proposal. Springer shall make such requests in writing and will also specify a deadline for compliance. Failure to provide the requested information or clarification by the deadline will result in the disqualification of the proposal.

5.1.4 Springer may select any number of proposals for further consideration. Further, Springer may at any time withdraw and terminate this RFP pursuant to Section 2.1.1, as it, in its sole and exclusive judgment deems appropriate.

5.2 Short List Development

- 5.2.1 After the initial screening, the remaining proposals will be evaluated based on present value economic analysis, cost of delivery, contract extension options, relevant experience, or other evaluation criteria. The short list will be developed based upon the results of this initial analysis.
- 5.2.2 During the evaluation process, Springer may choose to initiate discussions with one or more Bidders and to obtain refreshed pricing. For purposes of this RFP, discussions shall simply indicate Springer's interest in a particular proposal and its desire to obtain from the Supplier additional detailed information that may not necessarily be contained in the proposal. Discussions with a Bidder shall in no way be construed as commencing "negotiations" with a Bidder. Springer intends to use such discussions as a method of reducing the number of proposals to those, if any, that it determines warrant further evaluation and, possibly, contract negotiations. If Springer intends to initiate discussions, it will notify the Bidder of such intention and require the Bidder of such proposal to confirm, in writing, the offer and representations contained in its original proposal.
- 5.2.3 If Springer is not interested in a particular proposal, it will notify the Bidder as soon as practical after such determination is made.

5.3 Contract Negotiations

- 5.3.1 The Bidder will be notified in writing of Springer's interest in commencing contract negotiations with that Bidder. Springer's commencement of and active participation in such negotiations shall not be construed as a commitment from Springer to execute a contract. If, however, a contract is successfully negotiated, it shall not be effective unless and until fully executed by Springer in accordance with its procedures and any and all required regulatory approvals have been received.
- 5.3.2 Springer reserves the right at any time, during contract negotiations, at its sole discretion, to terminate or, once terminated, to resume negotiations with a Bidder.
- 5.3.3 Springer may require that certain provisions be included in its contracts. Such provisions may include, but are not limited to, financial assurance (depending on the financial means and historical performance of the Bidder), indemnification, liquidated damages for non-performance, ability of Springer to reassign its entire rights, or a portion thereof, to the contract to another party, and a "regulatory out" provision.

5.3.4 This RFP contains general guidelines and requirements for developing and submitting proposals. Nothing herein shall be construed to bind Springer unless and until a contract with a Bidder has been successfully negotiated, executed, and is effective. Once effective, the contract will govern the relationship between and responsibilities of the parties.

5.3.5 The costs for responding to the RFP are the responsibility of the Bidder.

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Exhibit A Schedule

The schedule as outlined below and referred to throughout this document is based on Springer's expectations as to the release date of this RFP.

Release of RFP September 15, 2007

Notice of Intent to Bid December 1, 2007

Bidder Conference TBD

Proposal Submittal Deadline February 4, 2008

Initial selection of Short List May 31, 2008

Springer and Bidders negotiate and execute Agreements by September 30, 2008.

Springer reserves the right to extend or otherwise modify any portion of the schedule or terminate the RFP process at its sole discretion. All parties that have submitted an Intent to Bid as described in Section 2.3 will be notified in writing of any changes to the schedule that occur prior to completion of the evaluation phase.

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Exhibit B NOTICE OF INTENT TO BID

Due December1, 2007

CONTACT INFORMATION

Company

Contact:

Name

Title

Telephone / Fax

E-mail

Mailing Address

Signature of Respondent Date

Springer Electric Cooperative, Inc

Attn: David Spradlin

Springer Renewable RFP

Email: spradlin@springercoop.com

Exhibit C Certification and Indemnity Agreement

THIS CERTIFICATION AND INDEMNITY AGREEMENT ("Agreement") is made and entered into this day of, 20__, by and between Springer Electric Cooperative, Inc ("Springer") and, ("Supplier").

WHEREAS, Supplier has submitted a Proposal to Springer in response to Springer's Request for Proposals for Renewable Energy Resources Beginning July 1, 2009 ("RFP"), and

WHEREAS, the RFP provides general guidelines for the development and submission of such Proposal and entails the evaluation of such Proposal on the basis of its individual characteristics, as assessed by Springer in accordance with economic assessments and operational considerations, and other pertinent factors, and

WHEREAS, Springer will rely on the information set forth in the Proposal when making its assessments and determinations.

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Supplier hereby certifies and agrees as follows:

Certification

Supplier hereby certifies, represents and warrants Springer as follows:
The Supplier understands that Springer will rely on the representations contained in the Proposal and this Agreement in its evaluation and consideration of proposals submitted pursuant to the RFP. The Supplier further understands that its inability to substantiate and verify any such representation may result in the termination of further consideration and/or evaluation of the Proposal. All such representations made in the Proposal are true and accurate to the best of the Supplier's knowledge and belief.

Covenants

The Supplier covenants that:

At its own cost and expense (including reasonable attorney fees), Supplier shall defend Springer and its respective subsidiaries, affiliates, successors and assigns, and each and every one of its respective past, present, or future officers, directors, trustees,

officers, directors, trustees, employees, shareholders, executors, administrators, successors, and assigns, from and against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statement in the Proposal or breach of any covenant or representation set forth in this agreement by the Supplier it's Successors and/or Assigns. If the Supplier transfers the ownership, or an interest therein, in the Supplier's rights, interests or property, whether real or personal, the Supplier warrants that such transfer shall be pursuant to a transfer agreement that shall provide Springer, subsidiaries, affiliates, successors and assigns, and each and every one of its respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as their heirs, executors, administrators, successors and assigns with a degree of protection at least equivalent to that afforded them under this Agreement.

Certified and Agreed:

By:

Title:

Date:

Attest:

Exhibit D Bidder Response Package

A. General Information

Project Name: _____

Project Location: _____

Offer Type (PPA or Sale/Purchase): _____

Project Status: (New or existing) _____

Project Term (Start/Stop): _____

Technology: _____

Electrical Interconnection Location (Owner of interconnection point, transmission or distribution line) _____

Delivery: Springer Energy Control Area

Term: _____

(A minimum of 3 years)

Brief project Description (include proposal overview, current facility status, expected facility life, general description of agreements or rights in place, facility size, type, and manufacturer of technology, current project developer experience, and environmental benefits of project:

B. Operational Information

Net Capacity (based on Summer peak conditions on 3:00 PM – 7:00 PM):

(At minimum of 10 KW)

Expected Annual Energy: _____

(At minimum of 25,000 KWH)

Baseload/Intermittent/Peaking: _____

Dispatchable/Nondispatchable (must take): _____

Expected Capacity Factor: _____

Primary Fuel Source: _____

Secondary Fuel Source: _____

Availability (%): _____

Heat Rate (BTU/kwh (HHV)): _____

Forced Outage Rate (%): _____

Minimum Run Time (hrs): _____

Minimum Down Time (hrs): _____

Planned Outage Rate (%): _____

C. Energy Profile

Please provide a generation profile forecast of each month's average-day net output energy production, stated in KWHs by hour and month.

D. Pricing Information:

a. Purchase Power Agreement (PPA)

Capacity Pricing (\$/kw)/year _____

Capacity Price Escalation per year (% or index) _____

Energy Pricing (\$/kwh) _____

Energy Price Escalation/year (% or index) _____

b. Sale/Purchase

Capital Cost: _____

Closing Date: _____

Primary Fuel Pricing: _____

Secondary Fuel Source: _____

Secondary Fuel Pricing: _____

Variable O&M (\$/kwh): _____

Start Cost (\$/turbine/start): _____

Fixed O&M (\$/kw-yr): _____