

Northern States Power Request for Proposals Wind Energy Supply Resources December 17, 2007

A) Summary

Northern States Power, a Minnesota Corporation and wholly owned subsidiary of Xcel Energy Inc. ("NSP") seeks proposals for the development and asset ownership of wind energy resources through issuance of this Request for Proposals ("RFP").

<i>A Nonbinding Notice of Intent to Respond is due on or before January 16, 2008.</i> <i>Proposals are due on or before February 29, 2008.</i>
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NSP is a public utility under the laws of the state of Minnesota and is engaged in the generation, purchase, transmission, distribution and sale of electricity. NSP owns and purchases more than 44 million MWh of generation annually using a variety of technologies and fuels including coal, oil, natural gas, hydro, refuse derived fuel, nuclear, wind, landfill gas and biomass, and has over 1.5 million electricity customers in its upper Midwest service territory, which includes parts of Minnesota, Wisconsin, Michigan, North Dakota and South Dakota. More information on NSP/Xcel Energy is available at its website: www.xcelenergy.com.

Intent of RFP

NSP is subject to the Minnesota Renewable Energy Standard ("RES"), Minn. Stat. 216B.1691 (2007). The RES requires electric utilities to supply an increasing percentage of their energy sales from eligible energy technologies, reaching 30% for NSP by 2020. NSP anticipates fulfilling a significant portion of its RES requirement via development and ownership of wind resources.

NSP is seeking bids to develop and own up to 500 MW of new wind resources through a build-transfer ("BT") arrangement. The intent of this RFP is to solicit proposals for projects in which NSP will acquire under a BT arrangement. Resources with commercial operation start dates from 2009 (or earlier) through 2011 will be considered. NSP has a strong preference for developing and owning this tranche of 500 MW of wind projects, however, NSP will consider proposals for projects with a minimum of two-thirds of the offered MW under a BT arrangement and the remaining generation (up to one-third, or an additional 250 MW) being retained by the bidder and contracted under a long term Power Purchase Agreement ("PPA"). Projects offering greater ownership percentages and earlier in service dates are encouraged.

B) General Process and Schedule

Evaluation and Criteria

The objective of the NSP bid evaluation is to identify the proposal or proposals which best meet the resource needs identified in this solicitation.

The evaluation process will include an assessment of both economic and non-economic criteria. The economic evaluation will be conducted primarily using spreadsheet analysis tools. Non-economic factors will be assessed through a due diligence process that will gauge the relative risks and benefits of the proposal.

A bid evaluation team will evaluate and select bids, and subject matter experts may directly contact bidders during the bid evaluation stage.

Bids will be evaluated using a multi-step process as follows:

Step 1 – Eligibility Screening

The information provided in each initial bid will first be evaluated for completeness and consistency with the proposal content and bid requirements outlined in this RFP.

As a result of this screening review, NSP will eliminate bids that do not meet the requirements described in this RFP from further consideration. Given the short amount of time allotted to evaluate the bids, NSP will limit follow up contacts to clarify bids or request additional information only to those bids that meet the requirements described in this RFP.

Step 2 – Initial Economic Screening

NSP's bid evaluation team will undertake the initial economic screening analysis. If necessary, the initial economic screening will be split into two parts. Part one will be an initial cost evaluation of the ownership interests proposed to be sold to NSP (the "ownership portion"). Part two will be an initial cost evaluation of any PPA component of any proposal.

The initial cost evaluation of the ownership portion of any proposal will be performed using a simplified revenue requirements model developed by NSP to calculate the present value of the revenue requirement ("PVRR") of the NSP owned portion of the proposal. For the owned portion of any proposal, PTC and tax depreciation effects on the PVRR will be included as appropriate.

If a proposal includes a PPA component, an initial PPA evaluation will be done by calculating the cost to NSP's customers under the proposed PPA portion of the proposals. This will be done using the information provided for expected facility production and the proposed contract pricing provided in the proposals. In order to reflect the complete costs of wind generation over a twenty-five (25) year asset useful life, the initial cost analysis of the PPA component of a bid will also

NSP Wind RFP

include an evaluation of the costs associated with the imputed debt impact as well as an estimate of the cost to replace the wind generation after the proposed PPA would expire (if such proposed PPA is for a term shorter than 25 years). These will be used in the estimate of total project costs. No PTC or other tax benefits for NSP will be ascribed to the PPA portion of any proposal.

To the extent reasonably known, transmission and interconnection cost estimates provided by bidders must be clearly and specifically identified. A method for allocating these costs to the NSP owned portion of a combined BT and PPA proposal must be included.

If desired, bidders may propose terms and conditions under which they would provide short-term operations and maintenance services for the BT portion of the proposal.

For purposes of this evaluation, the initial cost analysis of each proposal will focus on the present value relative to other bids submitted utilizing a levelized cost per MWh calculation. In order to receive further consideration in this RFP process, each bid, whether or not such bid includes a PPA component in addition to the required ownership component, must be competitive relative to other bids on a total project basis.

NSP's bid evaluation team will continue to update the initial economic evaluation analyses as it receives additional information.

Step 3 – Non-Economic Analysis

This analysis will assess the non-price characteristics of the bids. Non-price factors that will be assessed include, as applicable and without limitation, the following:

- Financial strength of the bidder
- Development, construction and operation experience
- Scale of the project (minimum 100 MW to be eligible under this RFP, larger projects are preferred)
- Wind turbine generator technology, availability, and warranties
- Meteorological data and quality of the wind resource
- Environmental permitting and compliance
- Land use permitting and zoning
- Other permitting
- Real property acquisition/site control progress and plan
- Project operational characteristics
- Community support for the project
- Transmission access plan feasibility and arrangements
- Transmission upgrade schedule assessment

NSP Wind RFP

- Construction and equipment supply plans and arrangements
- Long-term maintenance and spare parts plans and arrangements
- Project execution planning
- Accredibility of capacity to meet reliability needs

If the non-economic analysis identifies bids that either are not likely to result in a project being developed or are clearly noncompetitive, NSP may eliminate such bids from further consideration and select a subset of original bids for further evaluation.

Step 4 – Detailed Economic Analysis and Ranking

Under this step of the analysis, NSP will perform more detailed project life-cycle economic analysis for the proposals. This process will be split into two steps. Part 1 will be a detailed economic evaluation of the customer impact of the ownership portion of the proposals. To the extent a bid includes a PPA component, Part 2 will be a detailed economic evaluation of the customer impact of such PPA component over the twenty-five (25) year life-cycle being used for wind assets. As noted in Step 2 above, Parts 1 and 2 will be combined, along with transmission and interconnection costs, and evaluated relative to other bids, and each bid must be competitive relative to other bids in order to receive further consideration in the RFP process.

Part 1 – Detailed economic evaluation of ownership portion

This portion of the evaluation will involve developing pro forma level documents estimating the total costs of ownership of the project over the twenty-five (25) year life of the wind generating facility. This will include detailed analysis of project construction payment schedules, O&M costs as well as other factors. This analysis will produce a PVRR for the NSP owned portion of the proposal.

Part 2 – PPA evaluation

This portion of the evaluation will be similar to the PPA evaluation discussed in Step 2 above. However, any additional data gathered during the due diligence process will be applied to the economic analysis. Again, this evaluation will include an imputed debt calculation as well as an estimate of the costs to NSP's customers associated with procuring replacement resources after the expiration of the PPA as discussed in Step 2.

The results from the modeling in this Step 4 will be evaluated together with the non-price factors set forth in Step 3 in order to identify a set of resources that consistently demonstrates cost-effective characteristics across a range of the potential future variables.

NSP Wind RFP

Notification of Bid Evaluation and Results

After completion of the final ranking of proposals, NSP will notify all bidders of its intention to pursue or not to pursue final negotiations with that bidder.

Final Negotiation and Contract Approvals

NSP intends to enter into final negotiations with selected bidders in order to complete the acquisition of resources and make the necessary filings. Bidders who enter into final negotiations with NSP will be required to:

- Demonstrate site and resource control by showing evidence of ownership, long-term lease, or an option for purchase or long-term lease;
- Provide a plan for working with the local community on project issues;
- Agree to grant a short (3 month) period of exclusivity for negotiating with NSP; and
- Identify all parties whose approval is required for execution of a contract and affirm all such parties will be directly represented in the subsequent negotiations;
- Demonstrate financial capability to bring the project to completion;
- Demonstrate a proven track record of completing projects on time and under budget.

Schedule

Activity	Date
RFP Issued	December 17, 2007
Nonbinding Notice of Intent to Respond	January 16, 2008
Proposals Due	February 29, 2008
Evaluation, Clarification, Initial Due Diligence	February 29, 2008 – March 30, 2008
Notification to Bidders of Short List	March 31, 2008
Evaluation, Clarifications, Additional Diligence and Negotiations	March 31, 2008 – May 30, 2008
Submission to MPUC for Approval	June 30, 2008 – July 31, 2008

NSP Wind RFP

C) Required Information

Proposals should be organized in the following format:

Tab 1 – Summary

1. Executive Summary Provide an overview of the proposal, including the project name, location, size, wind quality/capacity factor, development status, commercial operation date, transmission status and a brief description of the bidder(s). Include any additional information that is particularly noteworthy.

Tab 2 – General Project Description

2A. Description Describe the resource proposed, the capacity of the resource in MW, and the estimated annual energy production in MWh. If the capacity and production vary (e.g., seasonally), please characterize the variations.

2B. Equipment Indicate the wind turbine manufacturer, model, and size of the turbines, the order status of the turbines (e.g. ordered, in the manufacturer's queue, etc.), whether or not deposits on turbines have been made, schedule of turbine deposits needed to support bidder's project development schedule, the tower height, rotor diameter, and any other relevant equipment information, including estimated maintenance schedules. Alternatively, NSP will consider bids in which the turbines and other aforementioned equipment are provided by NSP

2C. Wind Data Provide the estimated net energy production from the facility using site-specific wind data and identifying data gathering equipment performance specifications. Describe equipment used to record data, provide any calibration certificates for equipment and indicate location, height and orientation of all sensors. Provide wind farm information (layout using latitude and longitude co-ordinates, topographic maps with turbine locations, etc.) and wind data verification and analysis, including predictions of site wind speed variations. Discuss the time period, methodology and sources of collecting data used in the analysis.

2D. Location Provide the project location and a detailed site description, including size(s) of parcel(s) of land. Describe bidder's right to acquire land ownership or a long-term lease.

2E. Interconnection Describe the interconnection arrangements for the resource, including as applicable:

- MW size of the interconnection
- Point of interconnection;
- Interconnection service provider;
- Interconnection queue number, project number, and group study number, if assigned;
- Type of interconnection service requested / received;
- MW of interconnection service;

NSP Wind RFP

- Estimated interconnection costs;
- Status of the interconnection request, including the status of any relevant studies and agreements;
- Expected in-service date; and
- Network upgrades required and their status.

If bidder has conducted its own interconnection study, please summarize or attach the results.

If the interconnection is not directly into the MISO market, describe how energy from the proposed resources will be made available to the MISO market.

Bidder should indicate who will be responsible for the various aspects of the project's interconnection, including but not limited to filing requests, funding studies, and executing and performing under the terms of interconnection and facility agreement(s) involving interconnection facilities, network upgrades, and third-party transmission impacts.

Proposals will be evaluated considering NSP's risk and exposure to transmission-related congestion costs, losses, and curtailment risks. Projects with Network Resource Interconnection Service (NRIS) will be evaluated more favorably than projects with Energy Resource Interconnection Service (ERIS). Projects with ERIS and firm transmission service will be evaluated more favorably than projects with ERIS alone. Projects with completed interconnection agreements will be evaluated more favorably than projects that are in earlier stages of the interconnection process.

2F. Transmission If, in addition to interconnection service, transmission service has been requested or reserved, describe the service, including as applicable:

- Type of service (e.g., network or point-to-point)
- Points of receipt and delivery;
- Transmission service provider;
- Estimated transmission costs;
- Date of request;
- Queue number and project number, if assigned;
- Period of service requested / reserved;
- MW amount;
- Status of the request or reservation, including the status of any relevant studies and agreements; and
- Network upgrades required and their status.

If bidder has conducted its own transmission studies, please summarize or attach the results.

Projects with less risk of transmission-related curtailments and congestion costs will be evaluated more favorably than those with more risk.

2G. Project Milestones and Capital Requirements Provide an overview of major milestones to complete the project, including completion dates and capital requirements for each milestone. Confirm how the capital requirements for each milestone will be funded.

NSP Wind RFP

2H. Regulatory Provisions Describe the status of the project with respect to regulatory approvals needed for its construction and operation. Describe plans for assessing local community siting issues and requirements with respect to the resource and any associated transmission.

Bidder is responsible for obtaining and satisfying the requirements of all federal, state and local permits, licenses, approvals, and variances that are required now and in the future for the construction and operation of the project and the delivery of energy from it and in the case of BTs identifying any approvals other than the Certificate of Need that it expects NSP to obtain.

Bidder is also responsible for providing all information required by NSP for any approvals they must obtain, including a Certificate of Need for the BT portion. Proposals with approved permits and indications of local support will be evaluated more favorably than those without.

Tab 3 – Proposing Entity

3A. Structure and Experience Identify all parties participating in the proposal and, if the proposal is for less than a 100% acquisition of the project by NSP, the subsequent ownership of the PPA portion of the project. Include an organization chart illustrating the relationships of the parties, along with their ownership percentages. Describe each party's corporate structure, including primary and secondary businesses. Provide an overview and description of the projects each party has developed over the last five years. For proposals that include a PPA component, NSP requires that bidders incorporate plans to provide full legal separation of the assets being proposed for NSP ownership from the assets that would be contracted for under a PPA.

3B. Financial Status For each party participating in the proposal and the subsequent ownership of the project, provide:

- Current annual report (If an annual report is not available, a listing of assets, liabilities and cash flow must be provided);
- Current quarter profit and loss statement;
- DUNS #;
- Debt rating by S&P, Moody's and/or Fitch; and
- Description of project financing.

Bidder must be able to demonstrate their ability to financially secure the project, including development and construction, and be willing to grant present and continuing security interest in any performance assurances. Alternatively, indicate how bidder will provide enhanced credit support. Bidder must be able to perform the BT portion and the bid must demonstrate the schedule of cash flows bidder would require from NSP for the BT portion.

3C. Build-Transfer Arrangement Describe the following components of the proposed BT arrangement:

- Experience with such projects.
- Service and warranty information

NSP Wind RFP

- Anticipated COD date
- Confirm that all current and future Production Tax Credits, renewable energy credits, and other green tag/carbon credits associated with the project will be assigned to NSP,
- Confirm NSP will be granted all accredited capacity from the project.

Tab 4 – Price and Terms

4A. Build-Transfer Arrangement Provide an overview of the proposed NSP acquisition of the project under a build-transfer arrangement, indicating the following:

- Proposed NSP ownership percentage of the project (minimum two-thirds owned by NSP),
- Proposed price in U.S. dollars,
- Proposed schedule of cash flows required from NSP,
- Proposed term, price and key components of operating agreement under which bidder will operate the project for a limited period of time following COD, before NSP assumes responsibility for operations,
- Other key terms and conditions.

Prices shall be quoted in U.S. dollars and shall be considered firm unless expressly stated otherwise.

Prices shall reflect the cost of transmission requirements described in Tab 2. Prices shall include all taxes and environmental charges.

4B. PPA Terms and Conditions In the event your proposal includes contracting for a portion of the generation from the project via a PPA, consistent with the limitations above (i.e., no more than one-third of the total MW of the project, lower is preferred), please identify key terms and conditions of the proposed PPA. Terms and conditions to address should include, but not be limited to the following:

- Percent of the project to be contracted through a PPA,
- Proposed starting and ending dates of energy delivery, including any flexibility in those dates, and significant contingencies that may affect them,
- One or more proposed pricing schedules in U.S. dollars in the year of occurrence

Prices shall be quoted in terms of current year U.S. dollars (also referred to as nominal or escalated dollars) and shall be considered firm unless expressly stated otherwise.

If the pricing involves escalation or an index, state the escalation terms or specific index to be used. If the bidder is proposing to use an index, it must be a known, published and widely recognized index closely related to the power industry. If the pricing is contingent on any state or federal incentives, indicate the price with and without the incentive.

Prices shall reflect the cost of transmission requirements described in Tab 2. Prices shall include all renewable energy credits, and other green tag/carbon credits and other environmental benefits associated with the project.

NSP Wind RFP

4C. Proposal exclusivity Indicate whether this project is or will be proposed or offered in any manner to other potential purchasers.

Tab 5 – Other

5. Other Information Describe any aspects of the proposal that may not fit into the other categories. Attach any supplementary information or exhibits that you wish to provide.

D) Terms of Proposal

Acceptance of Proposals

NSP reserves the right, without qualification, to select or reject any proposals and to waive any formality, technicality, requirement, or irregularity in the proposals received. NSP reserves the right to unilaterally revise, suspend or terminate this RFP process and any schedule related thereto at its sole discretion without liability to any respondent. NSP may request additional information to complete their evaluation. Persons who submit proposals do so without recourse against NSP for rejection or failure to execute an agreement for any reason. NSP will not reimburse any cost incurred in the preparation or submission of a proposal or any subsequent negotiations regarding a proposal.

Confidentiality

NSP will use reasonable efforts to protect bidder's confidential information provided that such information is clearly identified as follows:

- Mark "Confidential Information" on each page containing such information; and

Notwithstanding the foregoing, NSP may disclose information that has been designated as confidential if they determine, in their sole discretion, that disclosure is necessary to comply with any applicable law or order of a governmental authority with competent jurisdiction. NSP reserves the right to disclose proposals to its consultants, counsel, or financiers for the purpose of assisting NSP in evaluating proposals.

E) Submission Instructions

Questions

NSP prefers that questions pertaining to this RFP be submitted via email, to nspwindrfp@xcelenergy.com. In the email, please clearly indicate your company or organization, the name and title of the person asking the question, and an email address and telephone number where you may be contacted.

NSP Wind RFP

Notice of Intent to Respond (Due January 16, 2008)

Notices of Intent to Respond are due by 4:00 PM Central Daylight Time. All bidders must submit a written Notice of Intent to Respond (NOI) attached hereto as Exhibit A. Please submit the completed NOI to the individual identified below by confirmed email (in PDF format), Registered or Certified Mail, Return Receipt Requested, or overnight courier. It is the responsibility of the bidder to ensure NSP receives the NOI.

Proposals (Due February 29, 2008)

Please submit proposals to the individual identified below by Registered or Certified Mail, Return Receipt Requested, or overnight courier. Proposals must be received by the due date, and should include a signed, printed original, five printed copies of the proposal, and one electronic copy. Proposals are due no later than 4 PM Central Daylight Time.

NOI/Proposal Submission Information

In accordance with the instructions noted above, the NOI and proposals should be sent to the individual noted below:

Mr. Paras Shah
Xcel Energy Inc.
414 Nicollet Mall
Minneapolis, MN 55401
(612) 215-4567
email: nspwindrfp@xcelenergy.com

NSP Wind RFP

Exhibit A – Notice of Intent to Respond form (NOI)

NSP Wind RFP – Notice of Intent to Respond

Company Name		
Address		
City	State	ZIP
Company Representative Name		
Signature		
Phone Number	Fax Number	Email
Project Name		
% NSP Ownership Proposed	Turbine Manufacturer and Turbine Model	
Nameplate Capacity (MW)	Capacity Factor	Expected Annual MWh
Proposed In-Service Date	Project Location (County and Township)	
If PPA – Contract Term or Delivery Period		
Notes (May be left blank)		

Please submit the NOI by confirmed e-mail, Registered or Certified Mail, Return Receipt Requested, or overnight courier by 4:00 p.m. Central Time, January 16, 2008. It is the responsibility of the bidder to ensure receipt of the NOI. Voice telephone notices will not be acknowledged.