

NorthWestern Energy: 2020 CREP RFP Second Conference Call
Meeting Summary – July 15, 2020

Hosts: Carol Loughlin, Chris Parsons
Number of Additional Participants: 15

Note regarding summary: This summary of the July 15, 2020 NorthWestern Energy CREP RFP Bidders' Conference Call summarizes the discussion that occurred during the call and is not a verbatim transcription. Certain topics were reviewed with NorthWestern Energy staff following the call. The answers reflect NorthWestern's input and are the official responses to the questions raised during the call.

Carol Loughlin of Sapere Consulting opened the call shortly after 10:00 am MDT. Carol noted that Sapere is the NorthWestern Energy 2020 CREP RFP administrator and sole point of contact during the RFP process. Bidders were encouraged to contact Sapere with any questions regarding the RFP via the RFP e-mail (NWE2020CREPRFP@SAPERECONSULTING.COM) or by telephone using the phone numbers provided on the 2020 CREP RFP website. Carol introduced Chris Parsons, of Sapere, who will assist with the RFP facilitation and evaluation, and noted that their colleague, Steve Lewis, who was not able to attend the call is also a point of contact. Carol also made the following announcements:

- Sapere staff are on the phone today as the RFP administrator. NorthWestern staff assigned to implement the RFP are not on the call today.
- As you may have noted, NorthWestern may submit a self-build proposal. NorthWestern staff working on any self-build proposal have been excluded from the RFP process and may be in attendance on the call today in the same manner as any other interested party.
- This year's schedule has been extended due to the COVID-19 pandemic. The proposal deadline is August 20th, which we hope will provide sufficient time to prepare and submit proposals despite challenges you may face. We are also available to discuss any other questions or challenges that arise during preparation and submittal of CREP proposals.
- Some highlights of the CREP RFP:
 - NorthWestern is seeking 25-30 MW of additional CREP resources.
 - CREP, or Community Renewable Energy Projects, are specifically defined smaller qualified renewable projects that meet Montana-ownership requirements.
 - Last year's solicitation resulted in the selection of one small solar project as a Finalist. The Finalist and NorthWestern, however, were unable to complete a final contract.
 - Changes to note from last year's solicitation:
 - A safety questionnaire has been added to the response template this year. Please complete this section of the form as part of your proposal.
 - As noted in Sections 5.1 and 8.4 of the RFP, the cost of ancillary services will be deducted from the payment amounts under the Power Purchase Agreement. PPA pricing in your proposal should take this payment offset into account. The ancillary services that will be deducted from invoices are (current rate projections in parentheses):

NorthWestern Energy: 2020 CREP RFP Second Conference Call
Meeting Summary – July 15, 2020

- Schedule 3 – Regulation and Frequency Response VER (\$1.529/kw-mo)
 - Schedule 4 – Operating Reserve, Spinning (\$15.530/kw-mo * 1.5% = \$0.2329/kw-mo)
 - Schedule 5 – Operating Reserve, Supplemental (\$14.176/kw-mo * 1.5% = \$0.2126/kw-mo)
 - Schedule 11 – Flex Reserve, for wind projects only (\$2.502/kw-mo)
 - Rates and rate updates can be accessed at the NorthWestern OASIS site ([http://www.oatioasis.com/NWMT/ under the Formula Rate Posting folder, in the Corrected Templates subfolder](http://www.oatioasis.com/NWMT/under_the_Formula_Rate_Posting_folder_in_the_Corrected_Templates_subfolder))
 - Note that these rate estimates are currently subject to a settlement discussion and may change as a result.
- As mentioned earlier, another change from last year is that NorthWestern may submit a self-build proposal. Any NorthWestern proposal will be handled and evaluated in exactly the same manner as other proposals.
- Following the submission date, Sapere will review the proposals throughout an initial screening, a shortlist and a determination of finalists. During this process, Sapere will share certain information regarding proposals with NorthWestern on an anonymous basis. Identities will only be revealed to NorthWestern RFP staff after finalists are selected. All communications until that time should be with Sapere.
 - At the conclusion of the RFP process all submitted materials will be delivered to NorthWestern for their record-keeping and review.
 - All proposals must be submitted by uploading the documents to a Sapere-managed Google Drive. Respondents should contact Sapere to set up a drive for each proposal prior to the submittal deadline. The deadline of 5:00 pm MDT August 20, 2020 will be enforced by terminating respondent access the Google Drive at that time.

The call was then opened for questions from Bidders regarding the process of putting together their proposals, as well as for feedback on challenges they are encountering.

Questions & Answers

1. Q: The RFP notes that ancillary service costs should be taken into account in the proposal. Should these costs be included in the proposed PPA pricing?

A: Yes, the applicable ancillary services should be included in the proposed PPA prices accounting for the deductions that will be made in payments for the identified ancillary services under the PPA.
2. Q: Can you confirm that associated costs discussed in Section 6 of the RFP (such as transmission upgrades) should not be added to the proposed project cost?

A: The answer depends on the project's point of interconnection, as follows:

NorthWestern Energy: 2020 CREP RFP Second Conference Call
Meeting Summary – July 15, 2020

- a. If the project connects to the NorthWestern Balancing Authority Area (“BA”), interconnection and transmission upgrade cost information, if available to the respondent, should be described in the proposal. Interconnection costs that will be charged to the developer should be included in the proposed Build-Transfer or PPA pricing, but transmission upgrade charges should be excluded.
 - b. Projects that interconnect outside of the NorthWestern Balancing Authority Area (“BA”) must include all interconnection, transmission, and ancillary services costs to deliver the project output to a point on NorthWestern’s transmission system and into the NorthWestern BA.
 - c. Projects that interconnect within the NorthWestern BA, but onto facilities owned by another company, should include the cost of interconnection, transmission and related services necessary to deliver the project output from the point of interconnection to a delivery point on NorthWestern’s system within the NorthWestern BA.
3. Q: Is there a methodology for evaluating the capacity value provided by energy storage?

A: Yes. The capacity value for energy storage devices has been under review by NorthWestern and a methodology has been developed which will be applied to projects with energy storage components submitted in response to the CREP RFP. The methodology results in higher capacity values when dispatch control is assigned to NorthWestern. Projects that intend to dispatch their own storage devices are encouraged to provide a dispatch algorithm that will assist with NorthWestern’s evaluation of the associated capacity contribution.

The methodology has the following approach:

- For resources whose storage component is fully controlled and dispatchable by NorthWestern, the capacity contribution will be based on a calculation of the Effective Load Carrying Capability (ELCC) contribution of the resource to NorthWestern’s portfolio, optimizing the dispatch of the storage device within the constraints on the charging and discharging of the storage resource in concert with the generation of the associated renewable resource.
- For resources that are outside of NorthWestern’s control, we will need a detailed description of the dispatch algorithm. This will be applied when simulating the generation shapes for portfolio modeling and evaluation. The aggregated generation shape (renewable + storage) will be evaluated for its capacity contribution based on a comparison with similar resource types and load shapes and their associated capacity contributions.

NorthWestern Energy: 2020 CREP RFP Second Conference Call
Meeting Summary – July 15, 2020

4. Q: Can any details be shared as to why the Meadowlark Solar project terminated its PPA with NorthWestern that resulted from the 2018 CREP RFP or why the finalist selected in the 2019 CREP RFP did not finalize a contract with NorthWestern?

A: Sapere cannot share any confidential details related to prior CREP proposals or contracting matters but some information regarding prior years' CREP finalists may be available in the media or in the dockets published on the Montana Public Service Commission website.

No further questions were asked, and Carol closed the call with reminders that Proposals are due on August 20th at 5:00 p.m. (Mountain Time) and that Bidders will need to contact Sapere to establish folders for bid submittals. She encouraged Bidders to do this in advance of the submittal deadline.

Callers were urged to contact Steve, Carol, or Chris at Sapere with any additional questions, using the CREP email address or the telephone numbers below:

NWE2020CREPRFP@sapereconsulting.com

Steve Lewis
206-726-3695

Carol Loughlin
206-375-6754

Chris Parsons
509-524-2345