

Montana-Dakota Utilities Co.

**Request for Proposal for
Capacity and Energy Supply**

January 17, 2020

Montana-Dakota Utilities Co.
Request for Proposal - Capacity and Energy Supply

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1. INTRODUCTION

1.1. Purpose

Montana-Dakota Utilities Co., a Subsidiary of MDU Resources Group, Inc. (“Montana-Dakota”), is a public utility with retail electric load in parts of North Dakota, South Dakota, Montana, and Wyoming. During the normal course of its business operations, Montana-Dakota continuously evaluates alternatives to fulfill its need to maintain reliable and cost-efficient capacity and energy resources for its customers.

In this Request for Proposal (“RFP”), Montana-Dakota requests competitive proposals (“Proposals”) for capacity and energy resources totaling at least 10 megawatts (MW) and no more than 100 MW beginning June 1, 2023. Persons or entities responding to this RFP are referred to as “Respondents.”

1.2. Product Description and Requirements

Montana-Dakota is seeking Proposals involving the purchase of capacity and energy resources beginning June 1, 2023 totaling at least 10 megawatts (MW) and no more than 100 MW. Company’s most recent load forecast shows a need for 25 MWs of MISO Zone 1 accredited capacity for the 2023-2024 MISO Planning Year growing to 50 MWs for the 2027-2028 MISO Planning Year.

All capacity and energy offered in a Proposal must be deliverable to Montana-Dakota’s integrated system, which consists of its service territories in North Dakota, South Dakota and Montana, in order to serve Montana-Dakota retail load customers. Bid pricing should reflect the capacity and energy at the designated delivery point and include all costs to deliver the capacity and energy to such delivery point.

Montana-Dakota’s entire customer load under this RFP is located within the Midcontinent ISO (MISO) Local Resource Zone #1.

Montana-Dakota will consider all Proposals that meet the aforementioned requirements. Montana-Dakota will evaluate the reliability, cost, and customer rate impacts of all Proposals.

If a Proposal involves a generating unit not yet fully operational, in addition to the other requirements outlined in this section, the Respondent must provide Montana-Dakota with sufficient data to establish that the proposed generating unit(s) will achieve the commercial operation date designated in the Proposal, and at that date will be fully capable of producing the capacity and energy stated in the Proposal. The Proposal must provide an overview and detailed description of the proposed generating unit, including status of any and all necessary permits and regulatory approvals, in a separate attachment as part of the Respondent’s response package.

Montana-Dakota is particularly interested in proposals for energy storage, customer demand side management, and energy efficiency programs.

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Montana-Dakota reserves the right to require additional information not identified in this RFP to fully evaluate the costs, impacts, and viability of any Proposal.

1.3. Changes to RFP, Schedules, and Addenda

Montana-Dakota reserves the right to unilaterally revise or suspend the schedule, or terminate this RFP process at its sole discretion without liability to any Respondent.

2. BID SUBMITTAL

2.1. General Instructions

Montana-Dakota's Official Contact for this RFP is:

Mr. Brian Giggee
Montana-Dakota Utilities Co.
400 North 4th Street
Bismarck, ND 58501
701-222-7907 OFFICE
701-222-7872 FAX
E-mail: brian.giggee@mdu.com

Respondents should 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 and submit all relevant documents. It is the Respondent's responsibility to advise the Official Contact 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. **Failure to provide all the information requested in the RFP process or failure to demonstrate that the Proposal satisfies all of the Montana-Dakota requirements may be grounds for disqualification.** Prior to the short-listing of Proposals, all correspondence and communications from the Respondent to Montana-Dakota must be made in writing through the Official Contact.

2.2. Respondent's Qualifications

Montana-Dakota will consider Proposals from any qualified Respondent, including electric utilities (e.g., investor-owned, municipal, cooperative, or tribal), independent power producers, qualified developers of generation (including renewable resources generation, distributed generation, demand side management (DSM)), and power marketers.

Each Respondent shall respond fully and accurately to the Statement of Financial Conditions and Creditworthiness Qualifications included in Exhibit A to the RFP. In addition to that information, during the Proposal review process, Montana-Dakota may require each Respondent to provide further credit and financial information in order to assist Montana-Dakota in addressing and weighing the creditworthiness of each Respondent.

Montana-Dakota invites Proposals from all potential suppliers who are capable of meeting the conditions of the RFP, and Montana-Dakota will evaluate all responsive bids.

2.3. RFP Communications

Prior to the Proposal submission deadline, all communications should be directed to the Official Contact's e-mail. Based upon the nature and frequency of questions received, Montana-Dakota may respond to questions individually or to all bidders.

2.4. Schedule

The following schedule and deadlines apply to this RFP:

ACTIVITY	DATE*
Issue RFP	January 17, 2020
Bidder's Conference	None
Notice of Intent to Bid Due	January 31, 2020
RFP Responses Due	February 28, 2020
Shortlist Notification	March 27, 2020
Selection Process Complete	April 30, 2020

* Dates may be advanced or delayed at Montana-Dakota's sole discretion.

2.5. Bidder's Conference

Montana-Dakota does not plan to hold a Bidder's Conference for this RFP. Questions regarding this RFP should be sent directly to the Company's Official Contact.

2.6. 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 requested to submit via e-mail or FAX, a non-binding notice of intent to bid (NOIB) on or before 5:00 P.M. CDT on January 31, 2020. The form for the NOIB is included in Exhibit B to this RFP.

2.7. Proposal Content and Submission Instructions

2.7.1 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 not be considered at Montana-Dakota'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.

2.7.2 Complete Proposals, including all exhibits, must be received on or before 5:00 p.m. CDT on February 28, 2020 by Montana-Dakota's Official Contact. Respondents shall submit one hard copy of the original Proposal as well as one electronic version of their response package on a compact disc or DVD. **Montana-Dakota will not accept late Proposals or Proposals delivered by**

e-mail, FAX or other electronic means. Only sealed Proposals will be accepted. On the envelope, Respondent shall indicate **“Response to Montana-Dakota 2020 RFP re. Capacity and Energy Supply Resources.”** Any Proposals received after the scheduled date and time will be disqualified and a notice will be sent to the Respondent.

2.7.3 All Proposal terms, conditions, and pricing should be valid through the completion of the selection process, currently planned for the close of business (5:00 p.m. CST) on April 30, 2020. Any accepted Proposal will become binding in accordance with the executed definitive agreement (see Section 4.3), including through the Regulatory Approval Process described in Section 4.4.

2.7.4 Respondents will be notified by March 27, 2020 if their bid has been selected for the short list and further negotiation. This date may be advanced or delayed at Montana-Dakota’s sole discretion. Respondents will be notified if the date is changed. Respondents with Proposals not selected for the short list will be notified. None of the material received by Montana-Dakota from Respondents in response to this RFP will be returned. All Proposals and exhibits will become the property of Montana-Dakota, subject to the confidentiality provisions of Section 2.8.

2.7.5 Prices and dollar figures must be stated in U.S. Dollars.

2.8. Confidentiality

With each Respondent’s Proposal, Montana-Dakota will require all parties to sign the Confidentiality Agreement, contained in Exhibit C to this RFP. Montana-Dakota will sign and execute the Confidentiality Agreement upon receipt from each Respondent. Montana-Dakota will use commercially reasonable efforts, in a manner consistent with the Confidentiality Agreement, to protect any claimed proprietary and confidential information contained in a Proposal, provided that such information is clearly identified by the Respondent as “PROPRIETARY AND CONFIDENTIAL” on the page on which proprietary and confidential material appears.

2.9. Requirements of the Proposals

2.9.1 Proposals should be provided in the format outlined in Section 2.9. Montana-Dakota 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.

2.9.2 All proposals must conform, as applicable, to the requirements within this RFP.

2.9.3 Proposals must be for the sale to, and purchase by Montana-Dakota, of a firm, unit-contingent supply of capacity and energy, and/or system participation capacity and energy. The proposals must identify the resource and location supplying the capacity and any special regulatory status that may be claimed.

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- 2.9.4 A single Respondent may submit more than one proposal.
- 2.9.5 The pricing, as set forth in Section 2.9.11.5, contained in each proposal shall reflect all present applicable local, state, and federal environmental regulations and requirements. Montana-Dakota reserves the right to estimate the impacts of future environmental regulations on the Respondent's proposal. Montana-Dakota will not be responsible for any "stranded costs" that the Respondent may incur, but are not identified in the proposal. Any exit fees must be explicitly stated in the Respondent's proposal.
- 2.9.6 Proposals that rely upon supply resources located outside of the Montana-Dakota system must provide for the delivery of the full capacity amount to Montana-Dakota's system.
- 2.9.7 Transmission service that the Respondent acquires for the purpose of delivering said capacity should be Firm, Point-to-Point, or Network service. Said transmission service shall be continuously reserved for the duration of the capacity transaction. If Firm, Point-to-Point, or Network Transmission service is not obtained prior to the time the Respondent submits his proposal, the burden will be on the Respondent to identify all known fixed and variable costs for delivery to Montana-Dakota's system as well as any known transmission constraints.
- 2.9.8 The Respondent shall be responsible for the providing and contracting of all transmission related services for delivery to the Montana-Dakota system. At some point during the evaluation process, Montana-Dakota, in its sole discretion, will require a Respondent to demonstrate the ability to acquire transmission services if necessary. If the Respondent is unable or fails to demonstrate such ability to obtain transmission services, or if obtaining such service requires system upgrade or interconnection costs that Montana-Dakota, in its sole discretion, determines to be excessive, Montana-Dakota may terminate further consideration of the Respondent's proposal.
- 2.9.9 Proposals should address any contractual and operational constraints such as cycling, minimum load, minimum run time, minimum down time, start-up fees, etc., that the Respondent intends to impose under its proposal.
- 2.9.10 Respondents are advised that prior to Montana-Dakota signing a power purchase agreement, the Respondent will be required to provide substantial evidence of credit assurance as detailed in Section 2.9.11.9 of this RFP. Montana-Dakota will approve all forms of credit assurance before entering into the agreement.
- 2.9.11 All Proposals must include the following minimum components in the order provided:

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- 2.9.11.1 "Executive summary" which indicates the highlights and special features of the Proposal including a description of the source for the capacity and energy.
- 2.9.11.2 Statement from the Respondent which clearly indicates the time period during which the proposal will remain effective. Montana-Dakota requires that proposals remain effective at least until April 30, 2020.
- 2.9.11.3 Comprehensive listing and description, including a rationale if warranted, of all material contract terms and conditions that the Respondent would seek during contract negotiations.
- 2.9.11.4 Listing of any economic, operational, or system conditions (including sensitivities to anticipated dispatch levels) that might affect the Respondent's ability to deliver capacity and energy, as proposed.
- 2.9.11.5 Information on the cost of the capacity and energy shall be provided including:
 - 2.9.11.5.1 Designated delivery point including applicable MISO Local Resource Zone.
 - 2.9.11.5.2 Firm price bid. The capacity price must be fixed for the time period(s) quoted and the energy price must be either fixed or based on known and easily measurable indices.
 - 2.9.11.5.3 In addition to a firm price bid, the Respondent may submit alternative non-firm price bids. However, these bids must specifically describe the risks that the Respondent is passing on to Montana-Dakota and its customers.
 - 2.9.11.5.4 The Respondent should specify the basis (i.e. annually, quarterly, monthly, etc.) and type of all payments it expects to receive. In the case of a fully dispatchable generating resource, such payments might include start-up payments (\$/start) or spinning and supplemental reserve payments (\$/operating hour).
 - 2.9.11.5.5 As applicable, the Respondent's proposal should include all formulas that will be used to calculate the full capacity and energy rate, or any other rate that the Respondent may specify, with all its respective components well defined. A sample calculation illustrating the application of each formula is also required.

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- 2.9.11.5.6 The Respondent must provide a printed schedule projecting for each contract year, quarter, or month, as appropriate, depending upon how frequently the Respondent's rate(s) or its respective components will be updated, for the full term of the proposed contract of the following:
- a. Full capacity rate and all components (\$/kW-month, etc.).
 - b. Contract capacity amount in MW.
 - c. Capacity payment (\$/month).
 - d. Total energy rate and all its components (\$/MWh).
 - e. Projected values of any independent variables (e.g. fuel price, heat rates, operating hours, and number of starts) that are to be used in the calculation of payments.
 - f. Sufficient information to allow Montana-Dakota to replicate the proposed contract term data.
 - g. Any proposed revisions to the pricing scheme if the Respondent intends to offer a contract extension option.
- 2.9.11.6 Information on the makeup of the Respondent and its parent organization, if any, shall be provided along with the more recent financial report, the current audited annual financial report, and if Respondent or its parent organization is publicly traded, SEC Form 10-K.
- 2.9.11.7 Site locations of the proposed generating units and other drawings that are helpful in describing proposed generation resources shall be included.
- 2.9.11.8 The Respondent must certify that any identified generating unit is or will be built and maintained in good working order, free of material defects, and has been and will be operated in accordance with good utility practice and applicable maintenance schedules and in compliance with all applicable laws and regulations.
- 2.9.11.9 Montana-Dakota requires secure and reliable physical delivery of the capacity and associated energy corresponding to all proposals. Security and reliability of physical delivery will be guaranteed by either (1) contractual credit assurance by a third party, (2) corporation commitment accompanied by an investment level credit rating from a major rating agency, or (3) combinations of 1 and 2. All forms of credit assurance will be approved by Montana-Dakota before entering into a power purchase agreement. (Credit Assurances shall include a letter of credit or performance bonds for an amount equal to the costs associated with one year of the contract or as mutually agreed.)
- 2.9.11.10 The Respondent must certify that it has or will have all necessary permits in effect for the identified generating unit. The Respondent

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shall provide a description of the resource's ability to comply with all presently applicable and anticipated environmental regulations and requirements (including, but not limited to, EPA Greenhouse Gas Clean Air Act permitting requirements for New Source Performance Standards, New Source Review and Prevention of Significant Deterioration, and the Affordable Clean Energy Rule or replacement rule) and any additional environmental benefits that the resource would, or presently does, afford; a listing of expected emissions (as applicable) and the status of all permit applications; and a listing of any and all potential and known environmental liabilities that may be associated with the generating unit or its sites. If the Respondent is unable or fails to obtain permits, or if obtaining a permit or certification requires costs or fees that Montana-Dakota, in its sole discretion, determines to be excessive, Montana-Dakota may terminate further consideration of the Respondent's proposal.

2.9.11.11 Montana-Dakota prefers proposals offering full dispatchability of energy for all hours during the term of the contract. This would permit Montana-Dakota to schedule quantities of energy, from a minimum of zero to a maximum equal to the quantity stated in the Respondent's proposal. Montana-Dakota prefers to have the option of connecting any generating units whose output may be offered as part of this solicitation to its automatic generation control system. However, full dispatchability is not a requirement for any proposals.

2.9.12 Montana-Dakota encourages Respondents to provide Proposals for year-round capacity and energy.

2.9.13 Proposals for variable capacity resources such as DSM, wind, solar, run-of-river hydro, and landfill gas should include, for each calendar month, a schedule of expected capacity factors, maximum capacity, and hourly capacity (for each hour of the month).

2.9.14 Montana-Dakota will entertain proposals which contain the provision for an asset sale or option for an asset sale from the Respondent to Montana-Dakota as part of the Respondent's bid.

3. EVALUATION PROCESS

3.1. Proposal Review

3.1.1. Respondents are advised that price will be a major factor in Montana-Dakota's evaluation, with due consideration given to dispatchability, operational performance, reliability, deliverability, credit, environmental impacts, contract considerations and other criteria. Respondents shall include sufficient detail to evaluate all costs associated with the Proposal(s). To ensure that Proposals will provide customer benefits, Montana-Dakota will

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compare Proposals with the benefits, including costs and reliability, of alternative resource scenarios. Proposals also will be compared and evaluated in terms of other non-price characteristics; therefore, the lowest price submittal may not necessarily be selected. The evaluation of Proposals will be based on the information provided by the Respondent and available industry information, with special emphasis on Montana-Dakota being able to provide reliable service and maximize the economic value to its customers. Montana-Dakota shall evaluate all Proposals in terms of price and non-price attributes and may reject any Proposal that, in Montana-Dakota's sole discretion:

- a)** Does not meet the minimum requirements set forth in the RFP;
- b)** Is not economically competitive with other Proposals or resource alternatives;
- c)** Is submitted by Respondents who are determined by Montana-Dakota to have insufficient creditworthiness, insufficient financial resources and/or insufficient technical qualifications to provide dependable or reliable service; or
- d)** Fails to meet the resource and reliability needs of Montana-Dakota.

In order to assess the feasibility and viability of the Proposals, the evaluation will determine the technical, physical and operational capability of the applicable generating unit(s) to meet the operating parameters specified in the Proposal. Such technical analysis will include, but not be limited to, a review of transmission access (including existing transmission contracts), fuel access and transportation (including existing fuel contracts), environmental conditions, certification and permit conditions and/or restrictions, unit location, maintenance history and schedules, and operational flexibility and history.

- 3.1.2. Montana-Dakota shall evaluate responsive Proposals and select for further review and negotiation a Proposal or Proposals, if any, that Montana-Dakota believes provides the greatest value to its customers. In the event negotiations with a Respondent or Respondents do not produce a final and fully executed contract satisfactory to Montana-Dakota, Montana-Dakota reserves the right to pursue any and all other resource options available to it.
- 3.1.3. Montana-Dakota 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 Montana-Dakota, provides a Proposal Montana-Dakota deems favorable. Montana-Dakota also reserves the right to make an award to other than the lowest price Respondent, if Montana-Dakota determines that to do so would result in the greatest value to its customers.

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- 3.1.4. All Proposals related to renewable resources, energy storage, distributed generation and DSM are invited to participate in this RFP process and will be evaluated in a consistent manner with all other bids, with consideration given to projections as to life-cycle costs, operational compatibility, reliability and availability of the resource(s).
- 3.1.5. Those Respondents who submit Proposals do so without legal recourse against Montana-Dakota or its directors, management, employees, agents or contractors based on Montana-Dakota's rejection, in whole or in part, of their Proposal or for failure to execute any agreement tendered by Montana-Dakota. Montana-Dakota shall not be liable to any Respondent or to any other party, in law or equity, for any reason whatsoever relating to Montana-Dakota's acts or omissions arising out of or in connection with the RFP.
- 3.1.6. If a selected Proposal involves a generating unit not yet operational, the Respondent must provide Montana-Dakota 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 Montana-Dakota in its sole discretion, expressly including replacement capacity and energy costs and any related penalty fees, in the event the generating unit does not become commercially operational as scheduled.
- 3.1.7. In reviewing and considering Proposals, Montana-Dakota will analyze potential credit and risk concerns in any comparison of Proposals. As part of its detailed evaluation phase, Montana-Dakota will specifically weigh the credit- and risk-related factors and costs underlying each of the Proposals. To assist Montana-Dakota in this review, Montana-Dakota requires that each Respondent include with its response package a detailed description of the proposed credit support. The pricing provided shall expressly include the costs of such credit support. Montana-Dakota will review and assess the sufficiency and adequacy of the proposed credit support, and if Montana-Dakota, in its sole discretion, determines such credit support is insufficient, it shall assess additional costs and/or expenses to any such Proposal.
- 3.1.8. Selection and elimination of Proposals and subsequent notification of Respondents at all stages of the evaluation will remain entirely at Montana-Dakota's discretion.
- 3.1.9. Montana-Dakota reserves the right to award multiple contracts if combinations of proposals provide the lowest overall cost, highest level of reliability, and greatest value to its customers.

3.2. Proposal Threshold Requirements

The Respondent should provide complete and accurate information to ensure that its Proposal satisfies the Threshold Requirements listed below. Montana-Dakota, at its sole discretion, may reject a Proposal for further consideration if the Proposal fails to meet the Threshold Requirements or provides incomplete and/or inaccurate responses. Montana-Dakota may seek clarification and/or remedy of a Respondent's Proposal.

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3.2.1. General Threshold Requirements

- a. The Proposal is received on time and complies with the submission instructions.
- b. The Proposal is bona fide, and the Respondent (or its guarantor) has sufficient financial capacity to support the Proposal.
- c. Complete and accurate answers are provided to all questions in the RFP.
- d. Capacity and energy must be available for delivery no later than June 1, 2023 and fully deliverable to Montana-Dakota's system.
- g. The project size is at least 10 MW and no more than 100 MW.
- h. PPA's of a term shorter than twenty years will be considered in this RFP. Preference will be given to Proposals with an initial term of twenty years or longer.

3.2.2. Operating Performance Thresholds

- a. The Respondent must certify that it has or will have all necessary permits in effect for the identified generating unit.
- b. The Respondent must certify that any identified generating unit is or will be built and maintained in good working order, free of material defects, and has been and will be operated in accordance with good utility practice and applicable maintenance schedules and in compliance with all applicable laws and regulations.
- c. If a PPA, the Respondent must be willing to coordinate the generating unit's maintenance scheduling with Montana-Dakota.

3.2.3. Transmission Threshold

- a. Deliverability to Montana-Dakota's integrated system, which consists of its service territories in Montana, North Dakota, and South Dakota, will be taken into account.
- b. Preference will be given to generating unit(s) which connect to Montana-Dakota's integrated system. If the generating unit(s) is or will be located outside of Montana-Dakota's integrated system, the Respondent must provide a transmission plan for deliverability to wheel the generating unit's power to Montana-Dakota's integrated system. Transmission costs to deliver to Montana-Dakota's integrated system are the responsibility of the Respondent.

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- c. If the generating unit is not yet in-service, but has a completed Generator Interconnection Study, a copy of this study must accompany the Respondent's Proposal.
- d. If the generating unit is not yet in-service and will be interconnected to Montana-Dakota's transmission system, the Respondent must complete an Application for Generator Interconnection Request with MISO. A copy of this application must accompany the Respondent's Proposal.
- e. For an unfinished resource, the final agreement between Montana-Dakota and the Respondent will require the Interconnection Study to be completed, or will be contingent upon such a study being completed.

3.3. Screening Process

On or before March 27, 2020, Montana-Dakota intends to select Proposals that will be included on a short list. This date may be advanced or delayed at Montana-Dakota's sole discretion. Through the short-listing process, those Proposals that are inferior to other Proposals in terms of overall cost and level of reliability, in Montana-Dakota's sole discretion, will be eliminated from further consideration. Montana-Dakota will notify all short-listed Respondents that they have been included on the short list. Similarly, Montana-Dakota intends to notify Respondents of those Proposals that are eliminated from further consideration within a reasonable amount of time.

Montana-Dakota plans to analyze the short-listed Proposals in detail by assessing their impact on its customer electric service rates, comparing their costs to those of other resource alternatives, and examining their compatibility with Montana-Dakota's resource needs.

Montana-Dakota may elect to schedule meetings or conference calls with each short-listed Respondent to review and clarify its Proposal. After the selection of the short-listed Proposals, Montana-Dakota will begin contract negotiations with such Respondent(s).

Montana-Dakota may select a final Respondent(s) based on the detailed evaluation of the short-listed Proposals. This selection will not automatically be based on the lowest price alternatives available amongst the Proposals. The price and non-price attributes described in part in this RFP solicitation document will be considered in their totality for each Proposal. Montana-Dakota will use its sole discretion, judgment and analyses in making the final selection(s) in the RFP process. Montana-Dakota's objective is to select resources that have the potential to offer the maximum reliability and value, based on cost and non-cost attributes.

4. CONTRACTS AND REGULATORY APPROVAL

4.1. General

The Respondent(s) whose Proposal is selected, if any, will be responsible for acquiring and verifying that they are in compliance with all necessary licenses, permits, certifications, reporting requirements and approvals required by federal, state and local government laws,

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regulations and policies, including if applicable, for the design, construction and operation of the generating unit. In addition, the Respondent shall fully support the regulatory approval process associated with any potential acquisition or power supply arrangement.

The Respondent shall be liable for all, and Montana-Dakota shall not be responsible for any, of the costs that the Respondent incurs to prepare and submit its Proposal, negotiate any subsequent contract, and any related activity including applicable permitting and governmental approvals.

4.2. Contract Modifications

It is anticipated that the contract format for an award in response to this RFP will be based on the North American Energy Markets Association (NAEMA) Capacity and Energy Tariff which can be found at <https://www.naema.com>. Respondents may expressly identify and include proposed changes to the NAEMA Capacity and Energy Tariff in their response packages. Such proposed revisions will allow Montana-Dakota to assess in its evaluation process the significance and impact to any Proposal of the changes requested by Respondents. Montana-Dakota reserves the right to utilize a different contract format, based on its sole discretion, for power purchase agreements under this RFP.

4.3. Definitive Agreement

As soon as practicable after Montana-Dakota completes negotiations, Montana-Dakota expects the selected Respondent(s), if any, to execute a definitive agreement. Failure of the Respondent(s) to promptly execute a definitive written agreement after notification of an award will result in rejection of the Proposal.

4.4. Regulatory Approval Process

At Montana-Dakota's sole discretion, any final negotiated contract may be conditioned upon regulatory actions and approvals by regulatory authorities. All consents and approvals of governmental authorities required for the consummation of the contemplated transactions shall have terms and conditions acceptable to Montana-Dakota.

4.5. Collusion

By submitting a Proposal to Montana-Dakota in response to this RFP, the Respondent certifies that the Respondent has not divulged, discussed or compared its Proposal with any other Respondents and has not colluded whatsoever with any other Respondents with respect to this Proposals.

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Exhibit A – Form of Statement of Financial Conditions and Creditworthiness

The following information shall be completed as appropriate and will be used to assess the applicant's financial conditions and creditworthiness.

1. Company Information

Type of Business

- Corporation
 Limited Liability Company
 Partnership
 Other (describe)

Applicant Organization

Legal Corporate Name:

Street Address:

City, State, Zip Code:

Dun & Bradstreet Number:

Federal Tax ID Number:

Applicant Credit Contact

Name:

Title:

Phone Number:

Email Address:

For Corporation/Limited Liability Companies

Date and State of Incorporation/Registration:

Street Address:

City, State, Zip Code:

For General Partnerships

Name of General Partner:

Address of General Partner/Registered Agent:

City, State, Zip Code:

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2. Guarantor

Guarantor Company

Legal Corporate Name:

Street Address:

City, State, Zip Code:

Dun & Bradstreet Number:

Federal Tax ID Number:

3. Credit Information

The company and/or company's guarantor (if applicable) is required to submit the most recent 2 years of audited financial statements and accompanying notes. Indicate below what statements are being submitted.

10K

8Ks to the extent they address any information set forth in the 10Ks
or 10Qs

10Q

Other (describe)

All submitted information must be in the English language, and financial data denominated in United States currency, and conform to generally accepted accounting principles (GAAP) in the United States. If the offering entity's financial information is consolidated with other entities, then it is the offering entity's responsibility to extract and submit as separate documents all data and information related solely to the offering entity. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP.

Has the offering entity or predecessor company declared bankruptcy in the last 5 years?

Yes

No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the offering entity?

Yes

No

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If the answer is “Yes” to either of the above questions, please provide an addendum to this application describing the situation and how it affects the offering entity’s ability to meet or not meet its credit obligations.

Respondent/Guarantor Credit Rating

Standard & Poor’s

Last Rating Date:

Corporate Rating:

Senior Unsecured Long term Debt Rating:

Other:

Moody’s

Last Rating Date:

Corporate Rating:

Senior Unsecured Long term Debt Rating:

Other:

Fitch

Last Rating Date:

Corporate Rating:

Senior Unsecured Long term Debt Rating:

Other:

In the event the above information is inadequate or fails to completely meet Montana-Dakota’s need for financial security for a given bid, the entity must provide evidence of its capability to provide collateral instruments.

Please detail all credit related issues and concerns that Montana-Dakota should be aware of prior to negotiation of a formal power purchase agreement document:

Bank Reference Information

Bank Name:

Street Address:

City, State, Zip Code:

Contact Name:

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Phone Number:

Fax Number:

Account Number:

4. Project-specific Information

For project-specific supply proposals, please provide the following information:

Owners and percentage of ownership in generation unit(s):

Amount and source(s) of equity financing:

Amount and terms of financing, including:

- Amount of loan(s)
- Term of loan(s)
- List of conditions
- Amortization schedule

5. Authorization

The Offering Entity hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Offering Entity's knowledge and belief. The undersigned authorized official of the Offering Entity warrants that the Offering Entity agrees to be bound by these representations. The Offering Entity authorizes the above listed entities to release data requested by Montana-Dakota necessary to perform a credit check in connection with Offering Entity's interest to bid on this RFP.

Offering Entity's Company Name: _____

Signature of Authorized Official: _____

Name of Authorized Official (print): _____

Title of Authorized Official (print): _____

Date Signed: _____

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Exhibit B – Form of Notice of Intent to Bid

Date: _____

Our organization intends to submit a proposal in response to the Montana-Dakota Utilities Co. Request for Proposals for Capacity and Energy Supply.

Contact Name: _____

Name of Firm: _____

Address: _____

Phone: _____

E-mail: _____

Alternate Contact: _____

Address: _____

Phone: _____

E-mail: _____

Project Description: _____

Signature: _____

Exhibit C – Form of Confidentiality Agreement

MUTUAL CONFIDENTIALITY AGREEMENT

Montana-Dakota Utilities Co., a Subsidiary of MDU Resources Group, Inc., having its principal place of business at 400 North 4th Street, Bismarck, ND 58501 ("Montana-Dakota") and _____, having its principal place of business at _____ ("Respondent"), are discussing details related to the Respondent's reply to a Request for Proposal ("RFP") that Montana-Dakota has issued regarding the purchases of capacity and energy dated January 17, 2020. In the course of the discussions about the RFP each party may disclose certain confidential or proprietary information ("Proprietary Information") to the other party.

For purposes of this Mutual Confidentiality Agreement, Proprietary Information shall mean all information, technical data or know-how, whether written, oral, visual, electronic or in any other form (which may include, without limitation, strategic project development plans, financial information, business plans and records, and project information and records,) disclosed, acquired, or generated as a result of or in connection with the RFP process. Proprietary Information shall also include this Mutual Confidentiality Agreement and the terms and conditions set forth herein.

A. In consideration of Montana-Dakota and Respondent agreeing to supply each other Proprietary Information relating to the RFP process and in consideration of both parties entering into the exchange of information and/or discussions relating to the RFP process, Montana-Dakota and Respondent each agree that it, its corporate affiliates, and each of their respective directors, officers, employees, lenders, and professional advisors (each individually "Representatives"):

1. Will keep secret and confidential the Proprietary Information supplied to the other party and any discussions and negotiations about the RFP process except as herein provided and in a manner no less restrictive than the manner that the receiving party protects its own confidential information;
2. Will use the Proprietary Information only for the purpose of participating in, evaluating and negotiating the RFP process;
3. Will disclose the Proprietary Information only to its Representatives who need to know the Proprietary Information for the purpose of participating in, evaluating and negotiating the RFP process;
4. Will not, whether or not the Parties enter into definitive agreements, disclose to any third party (other than its Representatives) any of the

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Proprietary Information, other than the Proprietary Information which is in, or independently comes into, the public domain;

5. Will not, engage in any transactions of any kind or description whatsoever with regard to or using the Proprietary Information during the term of this Agreement without the written consent of the other party;
 6. Will, if requested in writing, promptly destroy or return any of the Proprietary Information provided without keeping any copies, except portion of the Proprietary Information that is found in analyses, compilations, studies or other documents prepared by Montana-Dakota and its employees, representatives, consultants and counsel may be held by Montana-Dakota and kept subject to the terms of this Agreement, or destroyed; and
 7. Will promptly notify the other party if any of the Proprietary Information conveyed to it is required to be disclosed by reason of law or legal process and will cooperate with the other party regarding any action which the other party (at the other party's sole cost and expense) may elect to take to challenge the legality or validity of such requirement.
- B. Montana-Dakota and Respondent also acknowledge and agree:
1. Proprietary Information which is provided will not be considered to be Proprietary information if that information is (i) in the other party's possession prior to disclosure, (ii) is in the public domain prior to disclosure, or (iii) lawfully enters the public domain through no violation of this Mutual Confidentiality Agreement.
 2. No agreement for a power purchase agreement or other transaction shall be deemed to exist unless and until a Definitive Transaction Agreement has been executed and delivered by the parties. The term "Definitive Transaction Agreement" does not include this Mutual Confidentiality Agreement, a letter of interest or any other preliminary written agreement, nor does it include any verbal agreement;
 3. Neither party makes any representation or warranty regarding the completeness or accuracy of any information provided to the other; any and all such representations and warranties shall be made in a written, executed agreement and will then be subject to the provisions thereof;
 4. Money damages would not be a sufficient remedy for a breach of this Mutual Confidentiality Agreement and the injured party is entitled to specific performance and injunctive or other equitable relief and remedies for any breach; such remedies shall not be the exclusive

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remedies but shall be in addition to all other remedies available at law or in equity;

5. Neither party will make any announcement of the status of the Respondent's reply to the RFP or of any negotiations with respect to a possible power purchase agreement without the prior written consent of the other;
6. This Mutual Confidentiality Agreement is governed by the laws of the state of North Dakota; and
7. The obligations under this Mutual Confidentiality Agreement shall be continuing and shall survive the termination of the RFP process and any discussion or negotiations between the parties, but that all obligations of the parties hereunder will expire two years from the date of this Mutual Confidentiality Agreement.

The parties have executed this Mutual Confidentiality Agreement as of _____, 2020.

MONTANA-DAKOTA UTILITIES CO.
a Subsidiary of MDU Resources Group,
Inc.

By: _____

By: _____

Jay Skabo

Title: _____

Title: Vice President Electric Supply