

NorthWestern Energy: 2017 CREP RFP Conference Call

Call Summary – May 25, 2017

Steve Lewis of Sapere Consulting opened the call shortly after 10:00AM MDT. Steve introduced Carol Loughlin and Andrew Bulmer who will assist with the RFP facilitation and evaluation. Steve also announced that NorthWestern would not be in attendance. Additionally, Steve made several announcements:

- The appendices to the RFP were published May 24, 2017 on the RFP website. The appendices include the PPA template, build-transfer term sheet, and bid security agreement.
- Any questions that cannot be answered on the call will be brought to NorthWestern and answers will be provided in the notes from this call; notes will be published the week of May 29th.
- Responses to the RFP will be electronically submitted as they were last year, requires respondents to have a Google hosted email account and to contact Steve, Carol, or Andrew to create a private submission site prior to the closing of the RFP.
- RFP responses will be closed precisely at 5pm MDT on June 28, 2017.
- For the 2016 CREP RFP process there were two finalists that entered into contract negotiations with NorthWestern, but both were unsuccessful in those contract negotiations. The negotiations were unsuccessful for two separate reasons unrelated to the CREP RFP process itself.

Questions & Answers

1. Q: What are the specific reasons the 2016 CREP respondents were unable to complete their agreements with NorthWestern?

A: NorthWestern is not providing the specific reasons publicly at this time. In both cases, the reasons were specific issues related to those projects and proposals that created a condition which prevented the successful completion of the agreements.

2. Q: Who should I speak to regarding the charging of storage equipment off the NorthWestern grid, if storage is included as part of a combined renewable with storage proposal?

A: If the Respondent wishes to charge the storage device solely from the renewable resource, the storage device will be treated as Behind-the-Meter and will not need to go through the NorthWestern process for load service. However, if the Respondent intends (at any time) to charge the device from energy transmitted over the NorthWestern grid, the Respondent will be required to complete the load interconnection process via NorthWestern's OASIS site. Note that all respondents who propose storage combined with a renewable generator will need to describe in detail how the storage device will be charged. All Respondents are encouraged to contact Sapere with any additional questions.

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3. Q: Is there a transmission constraint map?

A: In the past NorthWestern has provided a transmission constraint map with RFPs, but has found the complexity of reducing transmission issues to a simple geographic map to be difficult. Due to this complexity, this RFP does not include a zonal transmission map. Respondents should contact the NorthWestern transmission department to discuss details specific to their project.

4. Q: Has the transmission constraint map changed significantly since the 2014 RFP?

A: Some transmission issues remain the same, but there have been significant changes since the 2014 RFP. It is recommended that respondents speak with the NorthWestern transmission department regarding the specific details of their project.

5. Q: Is completion of a Phase 1 environmental site assessment necessary prior to submitting the proposal?

A: No, NorthWestern wants to see the project's state in the development process. Proposals should include the information detailing the state of their project development, which will be taken into account as part of the evaluation process. Projects without a Phase 1 Environmental Site Assessment will be evaluated accordingly. Additionally, NorthWestern will consider projects with CODs after the desired COD.

6. Q: Was a fee paid by NorthWestern in 2016 for non-compliance with the CREP requirement?

A: CREP is a requirement that is part of Montana statute. For each year NorthWestern has not had enough CREP resources online they have gone through a process with the Montana PSC to request a waiver. The results of those proceedings are available to the public.

Follow Up Question: Is there a fee/dollar amount?

Follow Up Answer: NorthWestern takes the CREP obligation very seriously, and satisfying it is the purpose of this RFP. To understand the details of the waivers please review the waiver requests on the Montana PSC website.

7. Q: Is there a preference for a project if the COD is in 2017, 2018 or 2019?

A: If the project is online by the end of the calendar year, then it counts for that calendar's CREP requirement. If a project is completed before the end of a calendar year, it will be considered as part of the compliance obligation for that year and viewed favorably.

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8. Q: Please provide comment on the note in the RFP for seeking Advanced Approval from the PSC.

A: NorthWestern has evaluated this topic extensively. Due to some recent activities, NorthWestern anticipates the need to file advanced approval to the PSC as more likely this year than in previous years.

In an advanced approval filing, NorthWestern submits projects to the PSC to receive advanced approval before the project is constructed. Respondents should factor in the advanced approval process which takes approximately 9 months. The PPA and B-T contracts will be conditioned upon a successful advanced approval.

9. Q: Is there a cost effectiveness benchmark for this RFP? Is it a simple number or more complicated?

A: Yes, proposals will be assessed for cost effectiveness. The proposals are tested using a complex portfolio model to determine all associated cost effectiveness, so a single number cannot be provided.

10. Q: If none of the proposals meet the cost effectiveness threshold, will that be the end of the process?

A: Yes.

11. Q: Who is responsible for paying for interconnection? Is there any favorability for interconnecting with NorthWestern?

A: Securing the interconnection details on the grid is required for the proposal including where you are in the interconnection process. Projects that connect directly to NorthWestern's system should contact NorthWestern's transmission group as there is an established process for interconnection of generation projects.

12. Q: Can you comment on what NorthWestern Energy's plans are in regard to closing down portions of Colstrip and whether they plan to replace with wind, natural gas, solar.

A: We are not prepared today to comment on Colstrip retirement, but NorthWestern's IRP is posted online.

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13. Q: Is there an opportunity to ask follow-up questions prior to the due date, but after this call?

A: Yes, any questions can be directed to Steve Lewis, Carol Loughlin, or Andrew Bulmer. Their contact information is included in the RFP and is on the RFP website.

14. Q: Regarding the ownership structure of the project, there are some details provided on page 6 of the RFP. If a project is under ownership of an LLC organized in the state of Montana, would it be expected that at least 50% of the voting rights in that LLC are owned by Montana residents?

A: The 50% ownership approach is the on the right track, but you should review the requirements for in-state ownership in the statute and as interpreted by the Montana PSC in their rulings. Developers need to ensure that their projects are CREP compliant, including meeting the ownership requirements. PSC rulings on this issue are referenced in the RFP and should be reviewed carefully.

15. Q: In RFP section 8.12.2 it states the proposals should include conditions “on or near” the project, but “near” is not defined. Can you define it?

A: Near enough to potentially impact construction, operation or maintenance of the project in any fashion.

16. Q: In RFP section 8.12.2 it says, “documenting the evaluation of all critical environmental conditions on or near the project which may affect construction or operation and maintenance of the project including”. Is the intention here to communicate how the environment is impacted or the constructions and operations?

A: How these conditions may potentially affect construction, or maintenance of the project.

17. Q: In RFP section 8.12.4, the guidelines for wind, the third bullet suggests that all the items should be completed and included with the proposal. Is NorthWestern looking for raw data results, summary of results, or potential identified impacts?

A: Proposals should include study reports including protocols, conclusions, and any identified impacts or potential impacts. If selected as a finalist NorthWestern may request the raw data.

It is acceptable to provide a schedule plan if the studies have not been completed. Projects with completed studies provide greater confidence in the level of development risk during the evaluation. Proposals with completed evaluations also demonstrate a commitment to the project development.

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18. Q: In RFP section 8.12.4 eagle and raptor nest surveys have guidance referenced in the RFP that include how to perform the surveys. There is no guidance referenced for avian point count or bat acoustic survey. Can NorthWestern provide guidance on completing those surveys?

A: Competent Environmental Consultants should have staff familiar with recognized protocols. Consultation with Montana Fish Wildlife and Parks and United States Fish and Wildlife Service can also confirm this information.

19. Q: In RFP section 8.12.4, does the eagle point refer to gold eagles or bald eagles?

A: Both

20. Q: If a survey has already been completed, how old can the survey be to still be applicable? The industry standard has shifted so does it need to be done based on timing.

A: More recent surveys will provide greater value during the evaluation. Depending on the age, the older a survey, the less valuable. Surveys following current protocols will be assigned greater confidence during evaluations.

21. Q: There was no reference to a federal or state NEPA or MEPA. Should that information be included?

A: If you have information related to those items in the proposal please include it. It will be reviewed as part of the evaluation process. If the project is on a state or federal land or if there is a state or federal nexus of any type which could affect construction, operation, or maintenance of the project these should be included.

Close Out

The call was closed at 10:48am MDT