**Bid Security Agreement**

This Bid Security Agreement *(“Security Agreement”)* is entered into by NorthWestern Corporation d/b/a NorthWestern Energy (“*NorthWestern*”) and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“*Respondent*”). Respondent and NorthWestern may hereinafter be referred to individually as a “*Party*” or together as the “*Parties*”.

WHEREAS, Respondent has submitted a bid for consideration in the NorthWestern Energy 20\_\_\_ Montana Community Renewable Energy Project Request for Proposal process (the “*CREP RFP*”) and NorthWestern has named Respondent’s project as a finalist for additional consideration; and

WHEREAS, Respondent has agreed to submit Bid Security (as hereinafter defined) to NorthWestern to maintain its status as a finalist in the CREP RFP;

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Bid Security. Respondent shall deliver to NorthWestern bid security in an amount of $2,000/MW of the proposed nameplate capacity of Respondent’s project (“*Bid Security*”) within 10 days Respondent’s execution of this Agreement. Bid Security must be in the form of an irrevocable letter of credit satisfying the requirements outlined in *Appendix A* to this Agreement and in a form acceptable to NorthWestern. In lieu of a letter of credit, Bid Security may be in the form of a cash deposit; provided, however, that NorthWestern will not pay any interest on a cash deposit and the same shall be interest free.

2. Return of Bid Security. Unless otherwise agreed by the Parties, the Bid Security will be returned to Respondent upon the earlier of: (i) the delivery of performance security if NorthWestern and Respondent execute a [power purchase agreement (“*CREP PPA*”) or definitive build-transfer agreement (“*Build-Transfer Agreement*”)]; or (ii) within 10 days of NorthWestern’s execution of a power purchase agreement or build-transfer agreement with a third party; provided NorthWestern terminates negotiations with Respondent. Notwithstanding the foregoing, if, after the expiration of 120 days following the date of this Agreement (such period subject to extension upon mutual agreement of the Parties) the Parties have not executed a [CREP PPA or a Build-Transfer Agreement], and such failure did not arise out of or result from bid forfeiture conduct set forth in Section 3 below, NorthWestern shall return the Bid Security. Respondent shall provide specific instructions specifying the name and address of the person or entity to properly receive the returned Bid Security. Absent such information, NorthWestern will mail the Bid Security to the address provided in Respondent’s CREP RFP proposal.

3. Liquidated Damages. Respondent will forfeit its Bid Security to NorthWestern, as liquidated damages, upon the occurrence of any of the following:

* 1. Respondent engages in any fraudulent practice or conduct;
  2. Respondent withdraws its CREP RFP proposal prior to: (i) NorthWestern’s termination of negotiations with Respondent; or (ii) 120 days after the date of this Agreement, whichever occurs first;
  3. Respondent seeks to increase the purchase price, extend the substantial completion date or materially and adversely amend the scope of the proposal, except to the extent the price increase, extension of dates or change in scope of the project results from an act or omission of NorthWestern; or
  4. Respondent executes a [CREP PPA or Build Transfer Agreement] and fails to provide the required performance security pursuant to such agreement.

4. Execution Deadline. This Security Agreement is offered to Respondent for a limited time and must be signed and returned to NorthWestern no later than \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ to be considered for countersignature and execution by NorthWestern.

5. Miscellaneous. Respondent shall not assign this Agreement, in whole or in part, without the prior written consent of NorthWestern, which consent may be withheld at NorthWestern’s discretion. A waiver by either Party of any default or breach by the other Party of any covenants, terms or conditions of this Agreement will not limit the right of a party to enforce such covenants, terms or conditions or to pursue rights in the event of any subsequent default or breach. If any portion of this Agreement is held to be void or unenforceable, the balance will continue to be effective. This Agreement is binding upon and inures to the benefit of the heirs, legal representatives, successors and assigns of the parties. This Agreement will not be modified, amended or changed in any respect except by a written document signed by the Parties. Each Party represents that it has full power and authority to enter into and perform this Agreement and the person signing this Agreement on behalf of each Party has been properly authorized and empowered to sign this Agreement. This Agreement constitutes the entire agreement of the Parties as to the subject matter herein. Covenants or representations not contained or incorporated therein are not binding upon the Parties. This Agreement may be executed in counterparts, which together constitute one instrument. Copies of this fully executed instrument have the same force and effect as the original.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective the day and year first above written.

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| NORTHWESTERN ENERGY  By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title:\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | RESPONDENT  By:\_\_\_\_\_ \_\_\_\_\_  Name: \_\_\_\_\_  Title:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
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**Appendix A – Bid Security Letter of Credit Requirements**

Letters of Credit offered under the Bid Security Agreement must include the following attributes:

1. Beneficiary Information:

NorthWestern Corporation d/b/a NorthWestern Energy

600 Market S. West

Huron SD 57350

Attention: Credit Manager

Dennis Heinz

Phone – 605.353.7517

Fax – 605.353.7560

2. Requirements:

* Issuing bank must have a senior unsecured rating of A3or better from Moody’s, and A- or better from S&P, or an acceptable rating from another rating agency
* Letter of Credit must be issued by a United States bank
* One year term with an annual automatic renewal without amendment
* Electronic copy of required documentation is acceptable when drawing on the letter of credit
* Letter of credit must state: “If this Letter of Credit renewal or replacement security has not been received by beneficiary 45 days prior to expiry date then a draw for the entire amount may be submitted for payment.”
* Partial and multiple drawings are permitted
* Applicant is responsible for all bank charges related to the letter of credit
* Letter of credit must state: “Except as otherwise expressly stated herein, this letter of credit is issued subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce Publication No. 600.”