



Combustion Turbine Siting Frequently Asked Questions

Q. The RFP has a due date of June 30, 2008, for submission of the NOIB on page 5. Exhibit A has a due date of the week of July 3rd, which date is the NOIB due?

A. Please submit your NOIB by July 3rd. Thank you.

Q. As follow-up from our brief conversation regarding the Dairyland RFP, per your suggestion I am highlighting a key issue hoping for further clarification.

On page two the RFP states that “Tolling arrangements will not be considered.” However, DPC is soliciting peaking resource(s) of nominally 100 MW, and is understandably precluded from furnishing bidders the dispatch frequency, duration or energy requirement over the term. Given our resulting inability to anticipate our peaking unit’s timing or duration of fuel demand, it is not clear how we could supply the RFP’s Fuel Price Schedule requested by the Appendix C Term Sheet (since we would be unable to procure a forward gas strip, or contract for transportation, balancing and/or incidental gas services).

Please clarify whether I may have misunderstood the information furnished within the RFP. Lacking same, suggest reconsideration of the position with regards tolling arrangements, i.e., where the peaker’s reimbursement would be tied to gas at appropriate nearby index (along with the unit’s heat rate, start-up cost, capacity payment, escalation, etc.).

A. Dairyland does not have a gas desk and is currently not capable of scheduling and delivering gas on a daily basis. Therefore, Dairyland is interested in a traditional PPA structure (gas*heat rate plus other costs) in which the gas price is tied to a nearby gas index; or alternatively, the gas price could be tied to Henry Hub plus or minus a basis differential.

Q. Does DPC anticipate participating in the MISO Day Ahead and/or Real Time market with the energy sought under the current RFP?

A. The short answer is Yes. The long answer is Yes but additional costs will need to be considered in the evaluation.

Currently DPC has 170 MW of load within the MISO market. It also has 159 MW of generation within the MISO market and is expected to have an additional 25 MW by June

2009. The balance of DPC's capacity needs are met by resources within its BA (external to MISO).

DPC through its marketing entity GEN~SYS Energy has 164 MW of firm transmission to export its 159 MW of generation out of MISO should it elect to do so (remove it as a MISO DNR).

A key issue for DPC regarding generation within MISO will be "deliverability" of the resource for the term of the agreement, congestion and loss charges between the resource and its loads in MISO, as well as congestion and losses to deliver its existing resource to the DPC BA as costs are higher to deliver to DPC BA than its current load in MISO.

Also the term of the point-to-point reservation held by GSE ends in 2013 (has roll-over rights). The ability to avoid point-to-point transmission charges would need to be considered in adding additional resources within MISO.

Also as a member of MAPP, MAPP currently limits the accreditation of generation without firm transmission reservation (does not accept MISO deliverability above 10%) to 10% of one's load + reserves. For DPC that figure is estimated at 158 MW for 2013 summer. Assuming the current point-to-point transmission is "rolled over," DPC would have the ability to accredit an additional 100+ MW in MISO in 2013.