

We Energies

Request for Proposal
Renewable Energy Supply
2014

February 26, 2014



I. Introduction

A. Summary of Request for Proposals

Wisconsin Electric Power Company (We Energies) requests proposals (Proposals) for annual delivery of up to 150,000 MWh (megawatt-hours) of any of the following Products:

- Renewable Energy (energy plus all current and future associated renewable attributes including Renewable Energy Credits (RECs))
- Wisconsin RPS compliant – Renewable Resource Credits (RRCs)
- Michigan RPS compliant – Michigan Renewable Energy Credits (MRECs) .

Renewable Energy Sources must qualify under one or more of the following: (i) the current Wisconsin Renewable Portfolio Standard (WI-RPS), (ii) the current Michigan Renewable Portfolio Standard (MI-RPS) and/or (iii) any other governmental programs applicable to We Energies. Sources include but are not limited to wind, biomass, hydroelectric, solar/photovoltaic (PV) and geothermal energy.

All Bidders are responsible for demonstrating that the energy sources and RECs comply with all siting, certification and tracking requirements as specified in WI and MI law. The renewable energy source must be able to (1) receive authorization from the Public Service Commission of Wisconsin (PSCW) qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS and (2) deliver to and inject its energy into the Midwest Independent Transmission System Operator (MISO) network. All transactions must receive any required certifications and/or approvals, including cost recovery, from the PSCW and/or the Michigan Public Service Commission (MPSC), as applicable.

Proposals will be accepted for terms of up to and including five (5) years in length, beginning on or after January 1, 2015 and expiring no later than December 31, 2019.

Key Evaluation/Selection Criteria may be found in Section III – E: Key Evaluation/Selection Criteria.

Projects must have achieved a Commercial Operation Date (COD) of January 1, 2004 or later. Strong preference will be given to Proposals with an LMP plus REC pricing structure for the renewable energy.

We Energies intends to move carefully through the Request for Proposal (RFP) bid and evaluation process and ultimately negotiate a Power Purchase Agreement(s) (PPA) with one or more suppliers. The PPA shall be in the form of a Governing Agreement and Confirmation Letter utilizing the NAEMA (preferred) or the EEI structure.

Reference page 11 for a description of acronyms utilized in this document.

B. Background

We Energies serves more than 1.1 million electric customers in Wisconsin and Michigan's Upper Peninsula and 1.1 million natural gas customers in Wisconsin. We Energies is the trade name of Wisconsin Electric Power Company and Wisconsin Gas LLC, the principal utility subsidiaries of

Wisconsin Energy Corporation (NYSE: WEC). Visit the We Energies website at we-energies.com. Learn more about Wisconsin Energy Corporation by visiting wisconsinenergy.com.

Visit our service territory map located at: <http://www.we-energies.com/home/ServiceMap.pdf>

C. Renewable Capacity/Energy Acquisition, Location Preferences and Approvals

Typical renewable energy resources include, but are not limited to, wind, biomass, hydroelectric, solar/photovoltaic (PV) and geothermal sources. We Energies will consider all proposals whose renewable energy source is able to deliver to and inject its energy into the MISO network and is able to receive authorization from the PSCW qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS. All transactions must receive any required certifications and/or approvals, including cost recovery, from the PSCW and/or the MPSC, as applicable.

D. Reservation of Rights

Bidder's Proposal will be deemed accepted only when a definitive agreement with respect to such proposal has been executed by We Energies and the Bidder. Notwithstanding We Energies' desire to enter into transactions for renewable energy and all current and future associated renewable attributes pursuant to this RFP, We Energies reserves the right, without qualification and in its sole and absolute discretion, to (i) reject any and/or all proposals for any reason and without obligation to assign or disclose any reason(s) for rejection, (ii) waive any informality, technicality or deficiency in proposals received, and (iii) terminate negotiations at any time during the RFP process for any reason and without obligation to assign or disclose any reason(s) for rejection. We Energies reserves the right to consider proposals or alternatives outside of this solicitation, in its sole discretion, to satisfy its renewable energy supply requirements including, but not limited to capacity, energy and RECs. In addition, We Energies reserves the right, in its sole discretion, to modify or waive any of the criteria contained herein and/or the process described herein. Those who submit proposals agree to do so without recourse against We Energies for either rejection or failure to execute a PPA for any reason.

BY PARTICIPATING IN THE RFP PROCESS, EACH BIDDER AGREES THAT (A) EXCEPT TO THE EXTENT CONTAINED IN A DEFINITIVE AGREEMENT WITH BIDDER, ANY AND ALL INFORMATION FURNISHED BY WE ENERGIES IN CONNECTION WITH THIS RFP IS BEING OR WILL BE PROVIDED WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, INCLUDING, WITHOUT LIMITATION, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND (B) EXCEPT AS OTHERWISE PROVIDED IN A DEFINITIVE AGREEMENT, NEITHER WE ENERGIES OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY LIABILITY TO ANY BIDDER, ANY OF ITS AFFILIATES OR ANY OF RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, PARTNERS, EMPLOYEES, AGENTS, REPRESENTATIVES, ADVISORS, LENDERS, OR INVESTORS RELATING TO OR ARISING FROM THE USE OF OR RELIANCE UPON ANY SUCH INFORMATION OR ANY ERRORS OR OMISSIONS THEREIN OR OTHERWISE IN CONNECTION WITH THIS RFP.

E. Confidentiality

We Energies and the Bidder (collectively referred to as the “Parties”) agree to keep the Proposal(s) provided by Bidder in response to this RFP confidential and shall not disclose such Proposal(s) to a third party without the written consent of the other party. Notwithstanding the foregoing, the Parties agree that the Proposal(s) may be disclosed without the written consent of the other party if required by law or regulatory proceeding (including but not limited to, submittal to a Public Service Commission or to a party to a regulatory proceeding pursuant to a discovery request). Furthermore, the Parties agree to request confidential handling of the Proposal(s) during legal or regulatory proceedings, but acknowledge that such treatment is neither automatic nor guaranteed.

F. Bidder Costs and Expenses

Each Bidder is exclusively responsible for all costs and expenses it incurs in connection with the RFP process. Through its participation in this RFP, each Bidder agrees that under no circumstance, including, without limitation, We Energies’ withdrawal from or suspension, cancellation, or termination of the RFP process at any time, will We Energies or any of its affiliates or any of their respective directors, officers, employees, agents or representatives have any responsibility or liability of any kind to Bidder, any of its affiliates or any of their respective directors, officers, members, partners, employees, agents, representatives, advisors or lenders for any cost or expense directly or indirectly incurred by Bidder (no matter how incurred) in connection with the RFP process.

II. Summary of Key Activities

A. Process Schedule

The Process Schedule is as follows:

Description	Dates	Comment
Release of RFP	Wednesday, February 26, 2014	Distributed Electronically and at www.we-energies.com
Notice of Intent to Bid Submittal	Wednesday, March 5, 2014	Received at We Energies’ e-mail location, no later than 5:00 PM, Central Prevailing Time
Proposal Submittal Deadline	Wednesday, March 12, 2014	Received at We Energies’ e-mail location, no later than 5:00 PM, Central Prevailing Time
Short List Notification (Estimate)	April 2014	

PPA Negotiation and Execution (Estimate)	April 2014 – July 2014	
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- Exhibit 1 contains the Notice of Intent to Bid template. All Intent to Bid Notices are to be submitted by the date and time indicated. Following the Proposal Submittal Deadline, a review of all Proposals will be conducted and We Energies may develop a “short list” of Bidders. A further detailed evaluation of the “short list” Bidder Proposals may ultimately lead to contractual negotiations to enter into a PPA. We anticipate that the detailed evaluation, negotiations and potential PPA execution may take up to six (6) months from the Proposal Submittal Deadline. All Bidders will be contacted regarding the status of their Proposal by the completion of the process.

B. Submittals, Inquiries and Other Communication

- All Notices of Intent to Bid and completed Proposal(s) must be submitted electronically to the following e-mail address: RenewableRFP2014@we-energies.com by the respective deadlines and in the following manner:
 - (a) Exhibit 1: Notice of Intent to Bid - scan completed template into a PDF
 - (b) Proposal: A single PDF file for each proposal submitted

Note: There is a 10 MB size limit for e-mail attachments. As such, multiple e-mails may be required.

- **All inquiries and communications relating to any aspect of this RFP should be directed to the RenewableRFP2014@we-energies.com e-mail or via phone to Jim Sherman at 414-221-2473 or Aaron Cassidy at 414-221-4768.**
- Information related to We Energies, ATC and MISO can be found at the following websites:

<http://www.we-energies.com/home/aboutus.htm>
<http://www.atcllc.com>
<http://www.midwestiso.org>

C. Proposal Submittal

To ensure consideration, all Proposal(s) must be submitted by the Proposal Submittal Deadline. All costs associated with the development of the Proposal shall be borne by the Bidder. We Energies will not reimburse Bidder for costs incurred in responding to this RFP or for the costs incurred during any subsequent negotiations.

D. Proposal Clarifying and Due Diligence Questions

We Energies may ask clarifying and due diligence questions of any submitted proposal. Responses to questions, must be submitted in writing (e-mail response is acceptable) by Bidders within three (3) business days.

E. Performance Assurance

We Energies will review the Bidder's creditworthiness. Bidder may be required, at We Energies' sole discretion, to provide Performance Assurance, including but not limited to a Letter of Credit or Parental Guaranty should Bidder execute a PPA with We Energies. We Energies reserves the right to request additional information from Bidder or Bidder's Guarantor in order to evaluate creditworthiness.

F. Validation Period

Proposals and all elements including pricing provisions must remain valid until December 31, 2014. Proposals with indicative pricing will not be accepted and will be grounds for disqualification of further consideration under this RFP.

III. General Information

A. General Requirements

We Energies is requesting Proposals for supply of up to 150,000 MWh annually of (i) Renewable Energy (energy plus all current and future associated renewable attributes including RECs), (ii) RRCs and/or (iii) MRECs from renewable energy sources which qualify under the current WI-RPS, MI-RPS or other governmental program applicable to We Energies, with the intent of negotiating a PPA with a term of up to five (5) years in length.

Bidder's Proposals may be taken as a single project or be aggregated by We Energies to achieve the desired megawatt-hours (MWh) of supply. Proposals must be for (1) renewable energy projects whose output is considered deliverable to and injected into the MISO network and is able to receive authorization from the PSCW qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS, (2) RRCs transactions and/or (3) MRECs transactions. All transactions must receive any required certifications and/or approvals, including cost recovery, from the PSCW and/or the MPSC, as applicable.

Biomass electricity has the definition as defined in the WI and/or MI Statutes as applicable to their respective compliance programs. Projects using landfill gas will also be considered as part of this RFP. However, projects utilizing fuel sources that are excluded as per applicable WI and/or MI Statutes and their respective compliance programs will not be considered under this RFP.

We Energies shall have the right to: (1) the associated capacity and (2) all the energy and any and all current and/or future (a) renewable energy certificates, (b) renewable attributes and (c) emissions credits/offsets/allowances associated with the energy, from a project or portion thereof covered under a successful PPA associated with any project. If a portion of a project is offered as part of the Proposal, then it must be offered on a pro-rata share basis of the hourly generation output quantity as a fixed percentage of the name plate capacity. For example, if 60 MW of a 100MW project is offered, then the pro-rata share will be 60% of each hour's generation output quantity delivered to the MISO Commercial Pricing Node (CPN) of the project for the duration of the PPA.

The Bidder will be required to 1) procure and maintain appropriate amounts of all-risk property insurance on a replacement cost basis during both the construction and operational periods, 2) procure and maintain appropriate amounts of general liability insurance to cover the indemnification requirements covered under a successful PPA associated with the project, and 3) procure and maintain appropriate amounts of any other insurance as required by law or necessary to support the project.

The Bidder will be responsible for all costs to interconnect with the distribution or transmission system (as applicable), including the cost of any distribution system upgrades in the event the facility connects to the grid at sub-transmission voltages.

We Energies will accept delivery for all energy at the MISO CPN through which the project is interconnected.

All "short list" Bidders will be reviewed by We Energies for creditworthiness.

B. Confidentiality Agreement

Bidders selected to enter into preliminary discussions with We Energies will be required to execute a Confidentiality Agreement, supplied by We Energies, before any exchange of information, outside the initial RFP and Bidder response information, is conducted.

C. Power Purchase Agreement

We Energies expects to enter into a PPA(s) with one or more selected supplier(s). The term of the agreement will be for up to 5 years in length, beginning on or after January 1, 2015 and expiring no later than December 31, 2019 as outlined in Section I.A., and will include pricing commitments in year of occurrence in US dollars.

We Energies will provide the expected PPA documents to be executed to those Bidders selected to enter into negotiations and that have executed a Confidentiality Agreement with We Energies.

D. Regulatory and Environmental Compliance

We Energies reserves the right to inspect Bidder documents related to Regulatory and Environmental Compliance of the project submitted under this RFP. Such documents shall include, but are not limited to, federal, state, and local approvals, licenses, permits or variances, and the specific requirements for the construction and/or operation of the renewable electric generation facility(s).

E. Key Evaluation/Selection Criteria

The following **Key Evaluation/Selection Criteria** must be reflected in all Bidder Proposals:

1. Contract terms of up to five (5) years – beginning on or after January 1, 2015 with an expiration date of no later than December 31, 2019, as outlined in Section I.A.

2. Bidder must deliver either:
 - a) a product that is bundled with energy and renewable attributes/RECs from specified renewable resource; or
 - b) RRCs eligible for WI-RPS compliance that meet the requirements of Wis. Adm. Code PSC 118.04(2)(g)3 and an annual quantity that is created from generation produced in each of the respective years during the term of the PPA; or
 - c) MRECs eligible for MI-RPS compliance that meet the requirements of MCL 460.1011(e) and MCL 460.1041 and an annual quantity that is created from generation produced in each of the respective years during the term of the PPA.
3. We Energies has rights to the associated capacity and all energy and any and all current and/or future renewable energy certificates, renewable attributes, and emissions credits/offsets/allowances.
4. Renewable energy source(s) must qualify under the WI-RPS or MI-RPS including (1) the ability to receive authorization from the PSCW qualifying the facility as a renewable resource under Wisconsin Statutes applicable toward compliance under WI-RPS and (2) the ability to deliver to and inject its energy into the MISO network.
5. All transactions must receive any required certifications and/or approvals, including cost recovery, from the PSCW and/or the MPSC, as applicable.
6. Transaction Details
 - a. Bidder assumes all responsibility and risk to operate the facility in accordance with all applicable MISO requirements, tariffs and business practices, including but not limited to, any obligations arising out of facility DNR (Designated Network Resource) or DIR (Dispatchable Intermittent Resource) status. We Energies assumes no liability for operation of the facility or for MISO settlements, charges or penalties associated with the operation of the facility.
 - b. Strong preference given to those Proposals that reflect Bidder assuming the role as Market Participant.
 - c. Strong preference given to those Proposals that reflect We Energies' purchases of renewable energy via a MISO "finSched" transaction(s).
 - d. Strong preference given to Proposals with an "LMP plus REC" pricing structure or other alternative options for mitigation of We Energies' exposure to purchases during negative LMP hours in Day-Ahead and/or Real-Time MISO Markets.
 - e. In order to allow We Energies, at its sole option and discretion, to effectively offer its existing generation assets into the markets in response to Bidder's operation of the project, Bidder must provide We Energies with forecasts of expected energy output from the project for participation in regional markets.

- f. Bidder will be required to provide to We Energies, at Bidder's sole expense and acceptable to We Energies: (1) hourly access to real-time or near real-time meter data, (2) a daily downloadable file of project generation data as read from the revenue quality meter of the facility and (3) a daily downloadable file of project generation data submitted to MISO.
 - g. Delivery point will be at the project associated MISO CPN.
7. Registration and retirement of RECs will be conducted through the Midwest Renewable Energy Tracking System (MRETS), the Michigan Renewable Energy Certification System (MIRECS) for MREC purchases only and/or other applicable future systems. Bidder is required to register/maintain registration of their project and participate in MRETS and/or MIRECS or other applicable future systems at their sole expense.
 8. Project COD must be January 1, 2004 or later with strong preference given to projects that have already achieved commercial operation.
 9. We Energies requires audit rights which will include, but are not limited to, Bidder's facility operation, production data, environmental compliance, and market activities.

IV. Proposal Format and Content

A. Proposal Format

There is no specific format required of Bidders under this RFP.

B. Proposal Content

It is recommended that each Proposal contain the following minimum information in order for We Energies to adequately evaluate each Proposal.

- Overall description of the facility, location, Proposal capacity (MW), expected output being offered under the Proposal, and clearly identified Key Evaluation Criteria being addressed under the Proposal.
- The type of equipment, fuel source, COD, CPN for the facility, expected Capacity Factor, and Transmission Owner.
- Corporate/business organization structure of facility owner (i.e. parent company, affiliates, etc.) and any other documentation supporting Bidder qualifications.
- Bidder documents or web-site links to documents to support evaluation of Bidder's creditworthiness, such as: current audited financial statements including balance sheet, income statement, statement of cash flows, and a description of planned or future facility financing, as applicable.

- Details on terms of the proposal which includes proposed pricing structure including the REC value, COD, annual energy output expectation, Project Nameplate and Proposal capacity (MW), expected Capacity Factor and any options for providing We Energies with protection from negative MISO LMP risk, preferably with an “LMP plus REC” pricing structure.
- Description of the means of delivering energy to the MISO transmission system, including any distribution system related issues, if applicable. Bidder is responsible for all costs involved in interconnecting with the local utility and/or MISO transmission system. Please outline any unresolved interconnection issues with the local utility or MISO.
 - If the project is not located within the MISO footprint, please describe the transmission path that will be procured by Bidder from the Generator to the point of entry into the MISO system, including the MISO CPN for injection.
- Outline of any unresolved regulatory and environmental issues with details on the approval process, how the Bidder will address them and the expected resolution date.
 - The Bidder is exclusively and entirely responsible for meeting and satisfying all federal, state and local permits, licenses, approvals and/or variances that are currently, or become in the future, required for the operation of the project and the delivery of energy and associated renewable attributes including RECs in accordance with the PPA.

V. Evaluation Process

We Energies will assess all Proposals to determine which, in We Energies’ sole opinion, are potentially viable for continuation of further discussions and evaluation. Upon completion of this assessment, We Energies may develop a “short list” of qualified Bidders. After further analysis, We Energies may provide a selected group of Bidders with the expected PPA document to be executed.

We anticipate that the review process will take up to six (6) months from the Proposal Submittal Deadline to complete. All Bidders will be contacted regarding the results of this review within that time period.

Bidders who enter into preliminary discussions with We Energies will be required to execute a Confidentiality Agreement, which will be supplied by We Energies.

The commencement of negotiations between any potential Bidder and We Energies does not create or imply any commitment by We Energies to enter into a PPA with that Bidder.

Acronyms Used in This Document

ATC	American Transmission Company
COD	Commercial Operation Date
CPN	Commercial Pricing Node
EI	Edison Electric Institute
finSched	MISO Financial Bilateral Transaction Schedule Software
ITC	Investment Tax Credit
LMP	Locational Marginal Pricing
MB	Megabyte
MI-RPS	Michigan Renewable Portfolio Standard
MIRECS	Michigan Renewable Energy Certification System
MISO	Midwest Independent Transmission System Operator
MPSC	Michigan Public Service Commission
MRECs	Michigan RPS compliant - Michigan Renewable Energy Credit
MRETS	Midwest Renewable Energy Tracking System
MW	Megawatt
MWh	Megawatt-hour
NAEMA	North American Energy Markets Association
PPA	Power Purchase Agreement
PSCW	Public Service Commission of Wisconsin
PTC	Production Tax Credit
PV	Photovoltaic
RECs	Renewable Energy Credit
RFP	Request for Proposal
RRCs	Wisconsin RPS compliant - Renewable Resource Credit
WI-RPS	Wisconsin Renewable Portfolio Standard

