



ALPENA POWER COMPANY

Requests for Proposals
to Provide
Full Requirements/Partial Requirements
Capacity and Renewable Services



Alpena Power Company Request for Proposals

1. INTRODUCTION:

Alpena Power Company (Alpena) is a private investor-owned Michigan utility corporation with its principal office located in the City of Alpena, Michigan, supplying electric service to its customers (approximately 16,400). Alpena is wholly owned by Alpena Power Resources, Ltd. (Alpena Resources), a privately held exempt public utility holding company. Alpena Resources also owns Alpena Power Generation, LLC (Alpena Generation). Alpena Generation was awarded market-based rate authority from the Federal Energy Regulatory Commission (FERC) in 2005, however Alpena Generation does not currently transact within the wholesale energy markets.

Alpena is issuing this Request for Proposals (RFP) to enable it to select a new electric supplier, and is considering a delivery term beginning either June 1, 2022 or January 1, 2025. Alpena's current long-term Purchased Power Agreement (PPA) is fulfilled at the end of the day on December 31, 2024, and renewal is not anticipated. In addition, Alpena and Alpena's current supplier are considering early termination of the current supply arrangement and therefore are seeking an alternative supply term commencing June 1, 2022. Alpena would like to consider options for a new full requirements PPA, which will include a combination of capacity, energy, renewable products and associated services in order to ensure full requirements service to sufficiently meet Alpena's future electric power needs. Alpena's preference is for full requirements service, however Alpena will proceed with the most economic and beneficial option(s) to its ratepayers which could include a combination of product categories. Bidders are encouraged to participate in any and all categories. Alpena owns no generation assets of its own and purchases 100% of its power requirements.

Alpena recognizes Michigan's clean energy goals including the public act 342¹. Bidders must comply with the Clean and Renewable Energy and Energy Waste Reduction Act 295 as set forth in Section 5e of this RFP. Bidders must comply with all MPSC requirements, however non-mandatory goals are not a requirement for any bidder response.

1a. Purpose

Proposals received from qualified Bidders for this RFP (Bidders) will be reviewed for technical, economic and non-economic factors as more fully described herein. Alpena will select the

¹ <http://www.legislature.mi.gov/documents/2015-2016/publicact/pdf/2016-PA-0342.pdf>

proposal that is best suited to provide Alpena customers with high quality, reliable and cost-effective load service.

1b. Description of RFP Document

RFP Content

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1c. RFP Communications

This RFP is being conducted by GDS Associates, Inc. (GDS). GDS will also provide the supporting analysis when submitting the top proposal for review by the Michigan Public Service Commission (MPSC). All submittals, inquiries and communications relating in any manner to this RFP will require a written response and should be directed to the following GDS point of contacts. Communication by e-mail should be submitted to the e-mail address listed below:

GDS Associates, Inc.

1850 Parkway Place, Suite 800
Marietta, GA 30067

Direct all emails to:

AlpenaRFP@gdsassociates.com

Garrett Cole, P.E.	Phone: 770.799.2393
Kimberly Gentle	Phone: 509.671.5583
Steven Spiegel	Phone: 770.799.2373

1d. Confidentiality of Responses

Alpena will consider all proposals and other information submitted by Bidders to be confidential in nature only if such materials are clearly designated as "Confidential". Bidders should be aware that information received in response to the RFP will be subject to review by MPSC and its staff. Information submitted in response to the RFP may become subject to state laws pertaining to

public access to information as a result of any reviews by the agency. Except as required by regulatory reviews, Alpena will use reasonable efforts to avoid disclosure of such confidential information to persons other than those directly involved with the evaluation and selection of an electric supplier for Alpena.

2. SYSTEM DESCRIPTION AND LOAD CHARACTERISTICS

Alpena's service area includes: the City of Alpena; the townships of Alpena, Green, Long Rapids, Maple Ridge, Ossineke, Sanborn, Wellington and Wilson in the County of Alpena; the Township of Presque Isle in Presque Isle County; the Township of Caledonia in Alcona County; and the Village of Hillman and Township of Hillman in Montmorency County, all in the State of Michigan.

2a. Points of Interconnection

Alpena has two points of interconnection to the MISO.

Four Mile Interconnection - Alpena's first interconnection with Michigan Electric Transmission Corporation (METC) Four Mile Substation located on Four Mile Dam Road, which runs south off Long Rapids Road. The substation is situated near the Four Mile Dam located on the Thunder Bay River in Alpena Township, in the County of Alpena. Alpena's substation is immediately adjacent to the existing METC's substation, separated by a common metal fence. Construction of the new METC substation at Four Mile will be complete in 2022.

Progress Interconnection - Alpena's second interconnection with METC's transmission system is the Consumers Energy Company (Consumers) Progress Street Substation located on Progress Street in the Village of Hillman in Montmorency County. Alpena is currently evaluating options for interconnection to METC at Progress.

Both Four Mile and Progress are defined in a single MISO Commercial Pricing Node ("CP Node"), CONS.ALPTHBA. The point of delivery should be CONS.ALPTHBA, and Alpena prefers delivery at this location to avoid financial congestion. Alternatively, Alpena may consider alternate points of delivery, such as Michigan Hub or other locations. Bidders should outline alternatives to mitigate any potential exposure to congestion costs.

2b. Distribution System Overview

Alpena owns no generation assets; however, Alpena Generation does own generation infrastructure which currently does not include generation engines. Alpena receives its electric power supply at 138,000 volts operated as a Grounded WYE system. Alpena then transmits power at the 138,000-voltage level at its Four Mile Substation to two other transmission substations located within its service territory which step it down to 34,500 volts three phase delta (not grounded). Those three transmission substations (including Four Mile Substation), in turn, supply power to all its distribution substations at the 34,500-voltage level where it is stepped down to its operating distribution voltage level of 13,200 volts three phase grounded WYE with the exception of its largest industrial customers.

Thunder Bay Power, a subsidiary of Eagle Creek Renewable, owns and operates a total of four (4) hydroelectric dams within Alpena’s power system. The Thunder Bay Power facility’s combined nameplate capacity is 7850 kilowatts and delivers over 32 million kilowatt hours of electricity per year. Alpena has no rights to generation from Thunder Bay Power, however the energy is wheeled through Alpena’s distribution system and sold to a third party outside of the Alpena system.

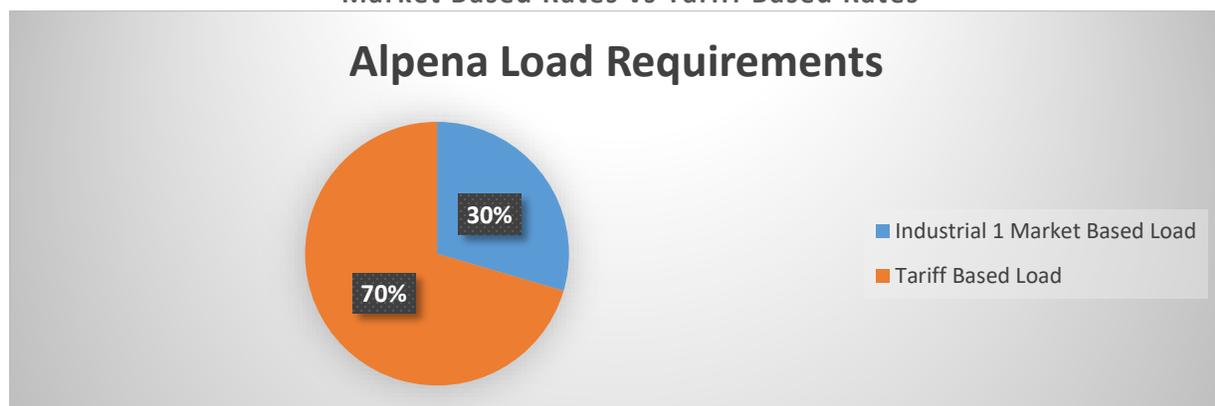
Alpena Generation constructed thirty separate diesel-fueled electric generators with an aggregate capacity rating of approximately 54 MW. These diesel generators were constructed in two phases in 1999 and 2000. The diesel-fueled generation facility was fully operational; however, the diesel engines have since been removed. Alpena Generation has retained ownership over the buildings which housed the generators and the associated electric infrastructure (Potential Generation Facility).

Alpena’s largest industrial customer receives electric power from a dedicated substation that Alpena owns located on the customer’s property, which steps its voltage down from 138,000 volts Grounded WYE to 13,800 volts Delta. Alpena’s second largest industrial customer owns the substation located on their property and Alpena transmits electric power on the high side of the transformer at the 34,500 three phase delta voltage level, which the customer then steps down to an operating voltage level of 4,160 volts grounded WYE.

2c. Load Characteristics

Alpena’s 2019 total retail load was 335 gigawatt hours (including losses). Alpena has three large industrial contracts. Two of the industrial contracts are at tariff rates. The remaining industrial contract is structured to pass through energy supply at market prices. Of the 335-gigawatt hours of retail load, 99 gigawatt hours was supplied to Alpena’s largest industrial customer (Industrial 1). The remaining 236-gigawatt hours of load supplied in 2019 was supplied at tariff-based rates. Figure 1 breaks out Alpena’s Load into market-based retail supply between the Industrial 1 and tariff-based retail supply.

Figure 1
Market Based Rates vs Tariff Based Rates



The monthly load shape, and non-coincident peak by month are set forth in Figure 2 and Figure 3.

Figure 2
Monthly Load Shape

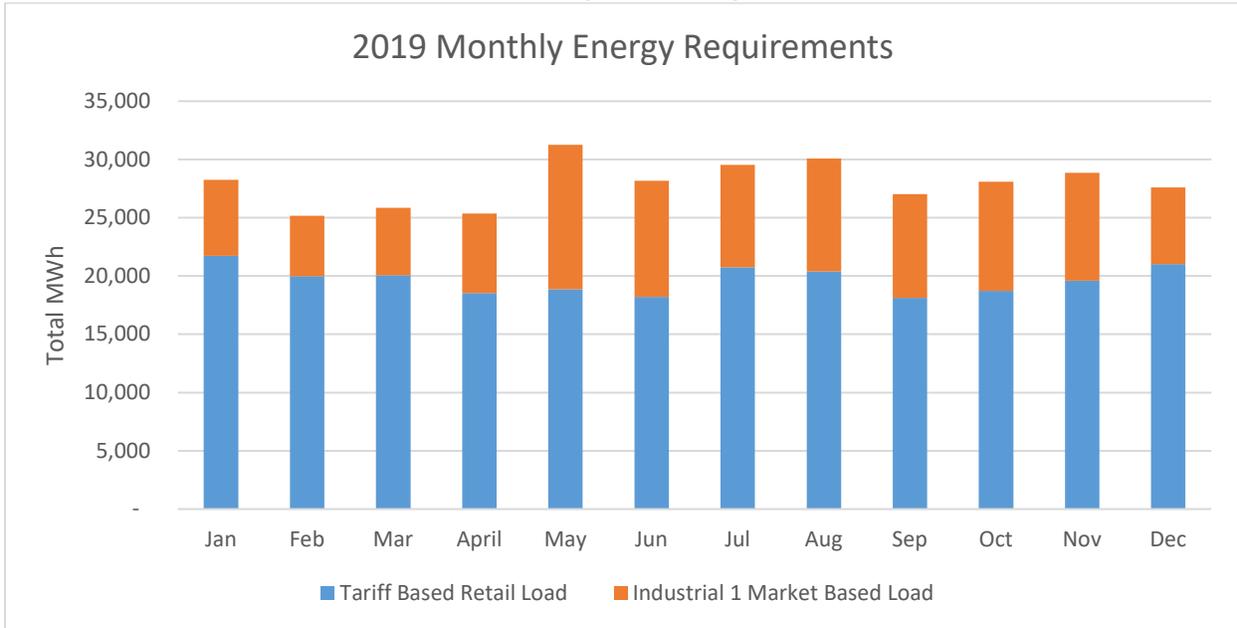
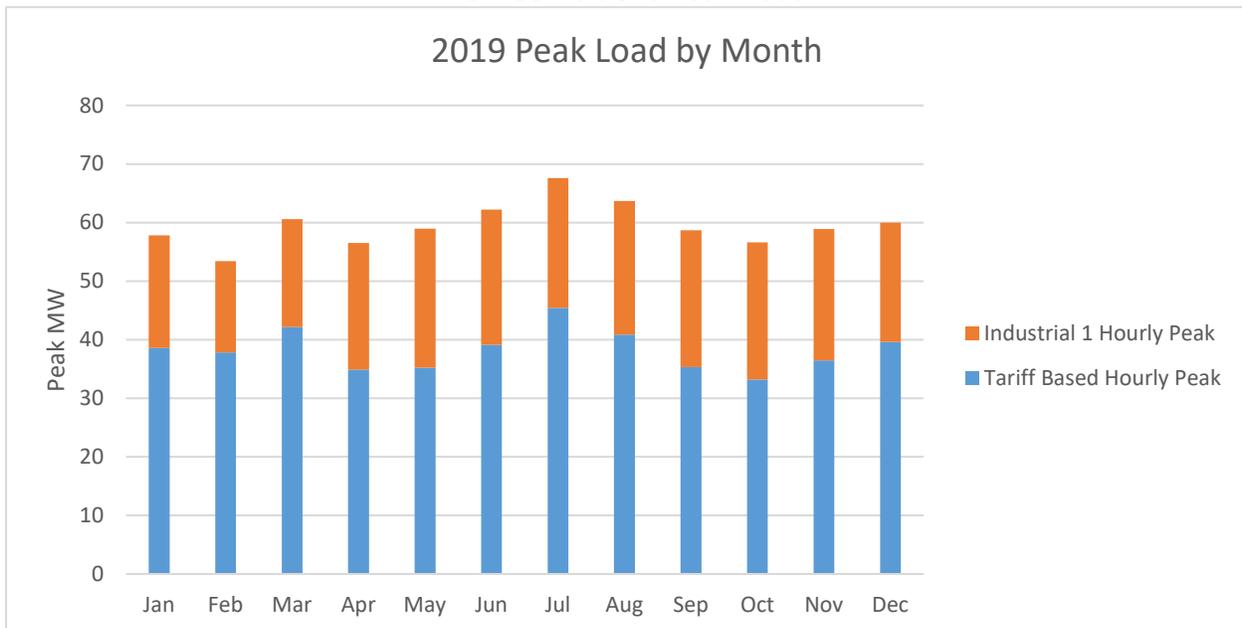


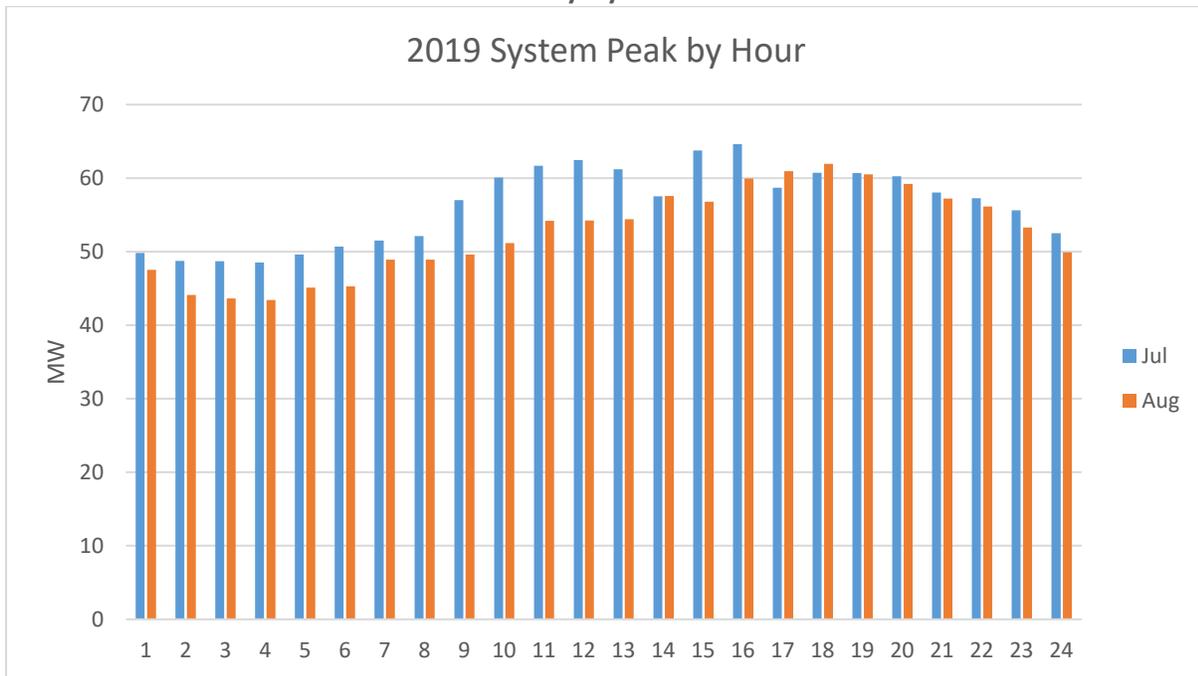
Figure 3
Non-Coincident Peak Load



2d. Historical Monthly Peak Load data

Alpena tariff-based load peaks in the summer. Historically, peaks have occurred in July or August. Figure 3 provides the 2019 hourly peak shape for July and August

Figure 4
Hourly System Peak



2e. Load Growth

Alpena load has decreased over the last few years. Although the residential sector has seen minimal load growth, the industrial sector has decreased in load. The offsetting decrease has resulted in an overall decrease in load. Bidders must recognize that as Alpena's Electric System's loads grow over the course of the contract with Alpena, their energy and capacity requirements would grow accordingly. Bidders must also recognize that Alpena's Electric System loads may decrease over the course of the contract with Alpena, thereby potentially reducing supply requirements for energy and capacity. Under either scenario, Bidders should set forth any limitations to load that would impact pricing under a load following energy proposal, such as a new large single load or loss of load.

2f. Current Power Supply Contract(s)

Full Requirements Contract

Alpena entered a 30-year, full requirements PPA with its major energy supplier in September 1994. That contract is due to expire at the end of the day on December 31, 2024 or by mutual

agreement on May 31, 2022. Under its current contract, Alpena purchases 35 MWs of capacity. The PPA structure includes (1) a fixed capacity payment to cover operations and maintenance costs and (ii) a variable fuel charge (Tolling PPA). The Tolling PPA is purchased from supplier's generation facilities and has both forced dispatch capacity and optional dispatch capacity. 20 MWs of forced dispatch capacity is reserved for the entire term of the contract, with an additional volume of 15 MW's of optional dispatch capacity, reserved upon one-months' notice. Once the capacity was reserved at the higher 35 MW level, the new 35 MW was locked in and cannot be reduced back to the previous 20 MW level. Accordingly, Alpena currently received 35 MW of capacity. The pricing for the tolling arrangement includes a fuel charge, plus operations and maintenance charge. Any remaining full requirements energy was purchased, from that same supplier, as weekly or hourly energy (Supplemental Energy and Short-Term Energy). Supplemental Energy and Short-Term Power was provided at market-based pricing from the applicable MISO market plus a standalone capacity charge.

Zonal Resource Credits

In addition to the current full requirements PPA, Alpena contracts for 10 MW of capacity of Zonal Resource Credits (ZRCs) from MISO zone 7. The current ZRC contract renews annually, with a term from June 1 – May 31. If Alpena selects a term commencing on January 1, 2025, then Alpena will need to consider a stand alone ZRC PPA in order to bridge the gap in terms between the expiration of the all requirements contract (December 1, 2024) and the ZRC contract expiring either May 31, 2024 or May 31, 2025 at Alpena's discretion. Bidders should propose a bridge solution in the event they are bidding on the January 1, 2025 commencement date of the PPA.

2g. Future Power Supply Contract

Alpena is soliciting proposals for another long-term, supply contract to meet all of Alpena's daily loading requirements. Alpena prefers full requirements service; however, Alpena may consider layering in more than one provider to meet Alpena's full requirement needs. Alpena is seeking proposals for long-term services (20 years) but will also consider services with an initial term of 7 or 10 years (Initial Term) that contemplates the ability to extend the term in additional 5-year increments (Extended Term(s)). In addition to a long term, supply contract, Alpena is soliciting interest in a supplemental ZRC PPA similar to the current ZRC supply.

Alpena will consider a proposal to reenergize the Potential Generation Facility. The Potential Generation Facility should be used to meet Alpena's power requirements and should be bundled with energy management services as described in Section 5.

3.SCHEDULE

The following schedule and deadlines apply to this RFP.

MPSC Review of RFP	June 8, 2020 – July 16, 2020
RFP Issuance Date	July 17, 2020
Final Submission of Questions Due Date	August 30, 2020
Responses to Questions Due Date	September 15, 2020
Proposal Due Date	September 30, 2020
Shortlist Notification Date	November 15, 2020
Final Proposal Review Dates	November 15, 2020 – December 31, 2020
MPSC review of Recommended Proposal	January 1, 2021 – January 15, 2021
Tentative Date for Execution of Purchase Power Contract*	March 30, 2021

*Any contract approval date will be contingent upon receipt of MPSC regulatory approval.

Alpena reserves the right to modify, cancel or withdraw this RFP and/or revise the above schedule if, in the sole discretion of Alpena, such changes are necessary. At the earliest possible dates, Alpena will inform all prospective Bidders, that have been sent or requested an RFP, of any schedule changes that would affect their submittal of an RFP to Alpena.

3a. RFP Issuance

Alpena will have RFP advertisements published in circulating newspapers in the following cities in Michigan: Detroit, Lansing, Grand Rapids, Cadillac, Traverse City and Marquette. Alpena will also have the RFP advertised through S&P Global. On the date of its RFP issuance, Alpena will post a notice of its RFP on its website, and GDS will post the RFP with all necessary documents and data on its website at: (<https://www.gdsassociates.com/requests-for-proposals/>)

3b. Final Submission of RFP Questions

All final questions related to the RFP are to be submitted in writing via e-mail as per the requirements of Section 1.3 RFP Communications and must be received by Alpena on or before 4:00 pm Eastern Standard Time on August 30, 2020.

3c. Responses to RFP Questions

All questions and answers will be made publicly available. Alpena will prepare written responses to all questions received and periodically distribute the questions and answers on the GDS website under the RFP link. All questions received by August 30, 2020 will be answered by Alpena by 4:00 pm Eastern Standard Time on or before September 15, 2020 to allow prospective Bidders adequate time to incorporate them into their proposal submission.

3d. Due Date for Proposal Submission

All proposals **MUST** be received electronically at the specified GDS e-mail **by 4:00 pm Eastern Standard Time on September 30, 2020.**

3e. Short-list Notification

Following a detailed review of all proposals received, Alpena will consider which proposals best meet key objectives (technical, economic and non-economic) for further consideration on a short-list and will then submit their detailed analysis to the MPSC staff for their review and concurrence. Alpena will target short-list notification to Bidders by November 15, 2020.

3f. Final Proposal Reviews

Alpena may request face-to-face meetings with the short-listed Bidders to take place during the final proposal review period if helpful, at its office located at 401 N. Ninth Avenue, Alpena, Michigan 49707 to review their proposals and assess any issues that may have arisen following the MPSC staff's initial review of the short-listed proposals.

3g. Proposal Validity

Each Bidder must hold their proposals open and valid for a period of 90 days following their initial submittal. Additionally, a short-listed Bidder must hold its submittal open for an additional period of 120 days after being notified of being a short-listed Bidder. This timing allows for an exhaustive review of all proposals by Alpena and initial filings for regulatory approvals of the short-listed Bidders and final selection of the successful Bidder for the contract to be awarded. Notwithstanding the foregoing, all Bidders will be given the opportunity to provide final repricing to Alpena to reflect market conditions prior to finalizing any agreement. Alpena, at its discretion, may request short-listed Bidders to extend the validity of their proposals for an additional time period if more time is needed to go through the regulatory review and approval process. Short-listed Bidders would be advised of this request in writing.

3h. Tentative Date for Execution of Electric Supply Contract

The tentative target date for execution of a new contract for supplying electric power to Alpena is March 30, 2021. Any contract between Alpena and a Bidder will be contingent upon Alpena securing the appropriate MPSC regulatory approvals for it. Alpena reserves the right to reject

any or all proposals that result from this RFP if it is unable to secure the required regulatory approval needed from the MPSC or if Alpena chooses not to proceed.

4. SUBMITTAL REQUIREMENTS

Alpena is seeking bids on the Initial Term plus any Extended Term(s). Bidders should provide how pricing and terms would be negotiated or structured, including applicable market indices for any Extended Term.

Any long-term supply arrangement must be submitted to the MPSC for approval and must be consistent with the electric provider's renewable energy plan. Approval of any long-term supply arrangement requires that Alpena demonstrate a commercially competitive bid process. In order to ensure competitive bids, Alpena requests all Bidders propose a bid in one or more of the following categories:

RFP CATEGORIES

1. FULL REQUIREMENTS SERVICE

2. CAPACITY SERVICE

3. ENERGY SERVICE

4. RENEWABLE SERVICE

5. ENERGY MANAGEMENT SERVICE

4a. Bidder Requirements

Alpena will identify potential Bidders and will retain contact and qualification specifications on each Bidder invited to participate in this RFP process. Any Bidder must demonstrate creditworthiness through 2 years of published financial statements. Alpena prefers an investment grade credit rating or better by two of the following (i) Moody's (ii) S&P and (iii) Fitch. Alpena may limit Bidders participation for some, or all the RFP based on:

1. Creditworthiness
2. Experience in providing similar services
3. Past performance
4. Ability to deliver
5. Conformance with State and Federal Laws

Although Alpena prefers a full requirements contract, Alpena reserves the right to and will evaluate Bidders based on these qualifiers for EACH bidding categories. Any Bidder should specify qualifications for each service unless the qualifications are consistent across all services

bid. Designation between qualifications per service should be clearly communicated in any response.

4b. Transmission and Ancillary Requirements

Alpena has Network Integration Transmission Service (“NITS”) and can receive delivery of all supply based on that service. All transmission charges from ITC Holdings Corp. will be a pass-through to Alpena, along with any other MISO ancillary service charges required under the MISO Tariff. Alpena prefers delivery of energy at its LMP (CONS.ALPENTHBA) with no congestion, but Bidders should clearly specify if energy congestion could exist in their proposal and how price exposure might be mitigated during the delivery term.

Additionally, Alpena expects that its supplier will be its MISO Market Participant and interface to the MISO market, while also providing necessary day-ahead scheduling and load forecasting services.

4c. Future Backup and/or Renewable Generation Sources

Alpena owns no generation assets and has no immediate intentions of doing so. Alpena anticipates that any supply arrangement for energy and/or capacity will reserve Alpena’s right to construct some generation or storage capability. Notwithstanding this reservation of the right to construct backup generation, Alpena will commit that any additional generation, renewable or otherwise, will not in and of itself, reduce the energy or capacity obligation under the supply arrangement.

4d. Financial Capability of Bidder

Bidders under this RFP must demonstrate past financial stability and future financial viability when being considered for a PPA. Bidders shall submit copies of the Bidders past three years of annual reports (2016-2018) with their proposal in hard copy or on electronic media.

5. BIDDING CATEGORIES

Alpena is seeking proposals from Bidders for long-term power supply services. Alpena desires a long-term power supply arrangement and responses to this RFP are subject to MPSC oversight and approval. Power supply services should be bid according to service categories. A proposal for services in any category should separately address the pricing for Industrial 1 supply at market-based rates. Alpena will retain contract privity with its Industrial 1, however the energy, capacity, renewable products and services provided by this RFP will be passed through.

Bidder should include the proposal for the Initial Term and any Extended Terms for each category in which Bidder is proposing to provide services. Although Alpena prefers pricing for the Initial Term and each Extended Term, Alpena recognizes that some Bidders may be unable to provide

full contract terms and prices for the Extended Term(s). In lieu of pricing and terms for the Extended Term(s), Bidder should detail the process, timing and structure of pricing and terms for each Extended Term(s). Bidders may respond to one or all the following bidding categories.

5a. Full Requirements Service

Full requirements service includes capacity, energy, renewable products and energy management services as necessary to fully supply all the necessary support services to ensure delivery including scheduling, ancillary and administrative services necessary for delivery within the MISO (Full Requirements Service). Full Requirements Service is a product to meet multiple services and therefore must meet the requirements for capacity, energy, renewable and energy management services categories. Full Requirements Service pricing should include pricing for the Initial Term and any Extended Term(s).

Full Requirements Service can be structured as (i) a tolling arrangement similar to the Tolling PPA, dispatched to meet some or all of Alpena's load needs, (ii) a fixed price all hours block purchase plus a monthly call option plus a variable market price for balancing energy or (iii) a market-based price for Industrial 1 load with the remaining Alpena load served at a fixed price, or (iii) a fixed price block energy proposal plus a variable price proposal for balancing energy.

Energy should be delivered to CONS.ALPTHBA. If a Bidder believes they can substantially improve the proposed products and/or prices by offering a product that would include some financial risk to Alpena, associated with congestion exposure or by offering a product that would include a contract opener or change in law provision as a result of a congestion exposure, Alpena will consider these provisions; such provisions are not Alpena's preference.

Any Bidder submitting a proposal for Full Requirements Service should provide pricing for both the Initial Term and Extended Term(s). Bidder should also provide, at a minimum; (i) a detailed description of the services provided, (ii) a detailed description on any fixed price vs. variable price component; (iii) demonstrated understanding of and experience providing each of the Capacity, Energy, Renewable and Services categories; (iv) any special conditions or alternative structures or products along with a detailed explanation of the benefit to Alpena.

5b. Potential Generation Facility

Alpena has retained the infrastructure to support generation within Alpena's distribution system. This Potential Generation Facility is lacking the generation units but otherwise was operational and has been maintained. Alpena has investigated the potential of reinstalling generation and the last quote was for Caterpillar G3520 engines. The heat rate for G3520 is 9,100 at max and 10,350 at 50%. The minimum run is 50% capacity. There are newer models that are 7,800-8,400 heat rate, however. Any Bidder submitting a proposal for a Potential Generation Facility should provide, at a minimum; (i) a detailed description of the services provided, (ii) a detailed description of supply arrangement for fuel for the units, (iii) any special conditions or alternative structures or products along with a detailed explanation of the benefit to Alpena.

5c. Capacity Service

Capacity service includes resource sufficiency and capacity service as required by MPSC² (Capacity Service). Capacity Service must meet the resource sufficiency requirements for Industrial 1, and Alpena's tariff-based retail load. Any Bidder responding to the capacity category must demonstrate understanding of MPSC's capacity requirements per MISO zone. Alpena is in MISO zone 7. Bidders should provide pricing for Capacity Services for the Initial Term and any Extended Term(s).

Alpena has industrial load that is willing to participate as a demand response capacity resource. Bidders wishing to utilize demand response as Capacity should specify the benefit and the requirements for participation.

Alpena will consider MPSC compliance through the MISO capacity auction, a firm capacity transaction, tolling arrangement or generation resource sharing arrangement. If a tolling or generation resource sharing arrangement is proposed, please include the capacity payment, tolling or operations charge, fuel charge, fixed and variable costs. Please detail operational restrictions, outage information, dispatch rights and dispatch process, ramp characteristics and heat rate (if applicable). Bidder should specify how the Capacity Service will comply with MPSC, including MPSC's state reliability mechanism (SRM), in which Alpena must annually demonstrate sufficient generation capacity to meet load for four years into the future. Alpena will incorporate pricing assumptions to capture the value of standalone capacity or tolling arrangements when evaluating proposals. Alpena will also assume additional costs for Energy Management Services to dispatch capacity unless the Bidder is providing Full Requirements Service or providing additional Energy Management Services.

Alpena must pass through the pro-rata cost of Capacity Services to Industrial 1. Any responder to the capacity category must detail the proposed mechanism for compliance and the proposed break out of capacity costs between Alpena's Industrial 1 and remaining retail load.

5d. Energy Service

Energy service includes the supply of energy sufficient to meet Alpena's power supply needs (Energy Service). Bidders on Energy Service should include the pricing for the Initial Term and any Extended Term(s). Energy Service should include a market price component and a fixed price component. The pricing structure can be a (i) market-based price for Alpena's Industrial 1 load, plus a fixed full requirements price for Alpena's remaining system load; or (ii) fixed volume fixed price transaction, plus variable, market price for all energy above the fixed volume; or (iii) a fixed

² Michigan Public Service Commission Act 3, Section 460.6w

price, fixed volume price plus a capacity plus energy price for the peak demand; or (iv) alternative pricing not set forth above.

Alpena prefers that energy is delivered at CONS.ALPENTHBA. If any other point of delivery is used, please explain why an alternate point of delivery is being used and describe how to mitigate congestion risk.

5e. Renewable Service

Renewable service includes the supply of renewable products necessary to fulfill the state's renewable energy standards (Renewable Service). Alpena owns no generation resources. Alpena will consider any Renewable Service proposal that complies with Michigan's standards. Pricing for Renewable Service should include pricing for the Initial Term and the Extended Term(s). Any Bidder must fully comply with the MPSC renewable portfolio standards as part of its proposal.

The state's renewable energy standard will be stepping up to 15% of Alpena's annual retail sales of electricity in 2021³. Bidders must commit to provide all future RECs needed by Alpena to meet all current and future annual state renewable energy goals throughout the duration of the new contract. Any REC produced must be applied to Alpena's state compliance targets within 5 years after the end of the month for which the REC was produced⁴. Alpena prefers to retain responsibility for tracking and administering RECs in the Michigan Renewable Energy Certification System (MIRECS).

Alpena also administers a Voluntary Green Pricing Program for its customers. The Voluntary Green Pricing Program currently is limited to ~180 RECs annually. The Voluntary Green Pricing Program is prohibited from being used to meet Alpena's annual state renewable energy standard goal⁵. Any Bidder responding in the renewable category should include a proposal to meet Alpena's renewable standard goals and to annually provide sufficient RECs to fulfill the Voluntary Green Pricing Program.

Since the inception of the State of Michigan's Energy Optimization Program (EO)⁶ Alpena has chosen to use the state's contractor, MCAAA (Efficiency United), to administer its program to its customers. Alpena has been successful in meeting or exceeding its mandated energy waste reduction goals using MCAAA. Due to Alpena's limited staffing level, it intends to continue to use the state's contractor to administer its program for the foreseeable future and does not anticipate any major changes to its program that would materially affect the company's peak loading projections or annual retail sales volumes. Bidders should not consider energy waste reduction program administration.

³ Clean and Renewable Energy and Energy Waste Reduction Act 295 460.1028 section 1 (c)

⁴ Clean and Renewable Energy and Energy Waste Reduction Act 295 460.1039 section 3 (d)

⁵ Clean and Renewable Energy and Energy Waste Reduction Act 295 460.1039 section 1 (b)

⁶ required as part of PA 295 of 2008 and now titled its Energy Waste Reduction Program (EWR) as referenced in PA 342 of 2016,

5f. Energy Management Services

Alpena requires the power supply services to complete scheduling and delivery of energy, capacity and renewable products to Alpena (Energy Management Services). Any proposal must comply with MISO regulations, MPSC, state law, industry standards, and regulatory compliance standards. Energy Management Services includes, at a minimum, the administrative tasks associated with MISO Market Participant service and corresponding interaction with MISO, load following procurement services, scheduling, risk mitigation, settlements and billing.

The successful Bidder will be responsible for all daily, weekly, monthly or annual coordination, communication and reporting tasks required by MISO to allow it to use the transmission grid to supply electric power to Alpena. Alpena does not operate a 24/7 Control Center to monitor the receipt of power at the Alpena system.

Bidders should detail the Energy Management Services that are being proposed and include scope, timing and cost. Energy Management Services pricing should include pricing for the Initial Term and Extended Term(s). If Services are included in pricing of any of the other categories, please price service at \$0 and indicate which category includes the service. If Bidder is responding only in the Services category, then Bidder should specify that separate capacity, renewable products or energy service will be required.

6. Submittal Format

Bidders should generally follow the submittal format set forth in this section.

6a. Executive Summary

The executive summary in the Bidders' proposal should provide an overall description and history of the company proposing to supply the electric power required by Alpena under their RFP. The description should provide a list of the generation resources (owned or under contract) to be used in supplying power to Alpena and indicate where they are located and what their fuel type is. It should include a brief summary of all pricing options (if more than one) submitted in their proposal. The summary should be limited to no more than three pages.

6b. Pricing and Category Proposals

Proposals shall clearly detail which categories Bidder is responding to. Full Requirements Service should clearly state the pricing associated with Capacity Services, Energy Services, Renewable Services and Energy Management Services categories, along with the rolled up Full Requirements Service price and structure. Bidders shall provide proposed pricing for energy, capacity, renewable energy surcharges, ancillary costs and other MISO fees (if any), all federal, state or local taxes, any metering costs and including any weekly, monthly or annual costs associated with administration of the contract and preparation of monthly billings. All transmission charges and MISO ancillary and administrative service charges will be passed through to Alpena at cost.

6c. Technical Information

Bidders must provide detailed information describing the generation resource(s) to be used to supply electric power to Alpena. This information should include all sites owned (or partially owned) by the Bidder and/or any sites not owned but under contract to the Bidder. Describe their location, fuel type (including secondary fuel type if applicable), heat rate, net capacity rating (MWs), operational history including the number of scheduled or emergency outages at those facilities within the past five years and including the cause of any emergencies that occurred at them. Include evidence of ownership if currently operating or if providing a bid on a future generation facility, include evidence of land ownership, transmission queue status or transmission rights, easement rights and projected timeline to energization. Bidders should describe all fuel supply arrangements for those facilities and what backup plans are in place for them in the event of a disruption in the fuel supplies for them.

Bidders should describe any limitations on the output of each generation source with respect to severe weather conditions, time of year, time of month, time of day, peak demands or any other reasons.

6d. Qualifications

Bidders must submit qualifications for each category in which they are submitting a proposal, unless qualifications are consistent across all services. Qualifications are demonstrated through creditworthiness and supporting financial documentation, experience in providing similar services, past performance in providing similar services, the Bidders ability to deliver, and demonstration of conformance with state and federal laws. Bidder should address these qualification requirements at a minimum and may provide additional qualifications if needed.

6e. NOTES TO BIDDERS:

Bidders are encouraged to provide multiple alternative pricing scenarios for Alpena's review and consideration. All pricing presented in the Bidder's proposal, shall be submitted in nominal U.S. dollars. Bidders may include price expiration limitations.

If Bidder anticipates future escalation steps (years, etc.) in their proposed costs, then escalation information must be provided in their proposal. If proposed with annual escalation steps based on a known inflation index, Bidders must indicate which index is being proposed to be used, a rationale as to why it is the most appropriate index to use and must provide a ten-year history (2010 – 2019) of that index for use in reviewing the Bidders pricing proposals.

Alpena expects any successful Bidder to invoice monthly.

7. EVALUATION PROCESS

This Section 7 generally describes Alpena's evaluation process. Notwithstanding this section, Alpena may, at its discretion deem any proposal incomplete. Any proposal deemed materially

incomplete or deficient relative to Alpena's ability to perform a complete economic evaluation may be excluded from further consideration. Alpena also reserves the right to seek clarification of proposal information provided or to seek additional proposal information to allow for proper review of any proposal submitted by a Bidder. In the event the least cost conforming bid from a qualified Bidder is of a quantity or term that exceeds Alpena's needs, Alpena may negotiate a reduction in quantity or term. Any Bidder should clearly state how a reduction in volume or term may impact the proposed bid.

7a. Threshold Evaluation

Alpena will initially review each proposal submitted to determine whether they were submitted within the RFP Due Date and Time, whether they are materially complete, have followed the guidelines set forth in the RFP, include all information required under the submittal guidelines listed in the RFP, have included all outside materials requested (company annual reports) and have provided all detailed cost or pricing information requested.

7b. Pricing Evaluation

Proposals that pass the initial threshold evaluation will then be analyzed in detail based on the pricing information provided in the proposals. It is Alpena's intent to analyze and compare each proposal based on a calculated annual cost for purchased power for each proposal submitted using Alpena's actual load history. Alpena has need of Full Requirements Service, and any proposal that is not Full Requirements will naturally carry risk and cost for Alpena's customers that must be considered. This risk and cost is associated with procuring the other supply categories, the contractual risk associated with multiple supplier arrangements and the cost to administer multiple PPAs. Escalation factors or step changes proposed will be considered when determining the overall cost effectiveness of the proposal for the Initial Term and each Extended Term(s).

Variable, market-based pricing will be estimated using industry standard assumptions to forecast future pricing. The forecasted prices may include both historical and forward pricing.

Alpena may also consider the following non-economic criteria not incorporated into the economic analyses in evaluating each proposal received. Non-economic criteria include but are not limited to: (i) generation location, (ii) operational limitations and remaining life on any generation, (iii) benefits and risks of contracting with multiple suppliers, (iv) reliability, (v) outage management, (vi) load growth and economic development flexibility and strategies.

7c. Michigan Public Service Commission Approval of Contract

Once Alpena has completed its review of all proposals received, it will prepare a detailed presentation of its final recommendation for submittal to the MPSC's staff that would provide them with copies of all proposals, a detailed financial review of each proposal complete with all

spreadsheets and historical information (on indexes or LMP's, or other pertinent information) used to arrive at Alpena's recommendation.

Upon submittal of a recommendation from Alpena, approval of a Bidder to become Alpena's new electric power supplier will require the approval of the MPSC. Once a new supplier has been approved, Alpena will prepare a new purchased power contract for review and approval by the new supplier which will then be submitted to the MPSC for their final approval.

8.0 NOTICE OF DISCLAIMER

Alpena has prepared the information provided in this RFP to assist interested persons and entities in deciding whether to respond with a proposal. Alpena reserves the right to modify, change, supplement or withdraw the RFP at its sole discretion. No part of this document or any other correspondence from Alpena, its employees, officers or consultants shall be taken as legal, financial or other advice, nor as establishing a contract or any contractual obligations. All communications between Bidders and Alpena shall be conducted in writing.

Alpena makes no representations or warranties regarding the completeness of the information contained within the RFP and does not purport that this RFP contains all the information needed for Bidders to determine whether to submit a proposal. Neither Alpena nor its employees, officers or consultants will make, or will be deemed to have made, any current or future representation, promise or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information contained with the RFP or any other information provided to Bidders.

Bidders who submit proposals do so without legal recourse against Alpena, or Alpena's directors, management, employees, agents or consultants, due to Alpena's rejection, in whole or in part, of their proposal or for failure to execute any agreement or contract with Alpena. Alpena shall not be liable to any Bidder or to any other party, in law or equity, for any reason whatsoever related to Alpena's acts or omissions arising out of or in connection with the RFP process.

Alpena reserves the right to reject, for any reason, any and/or all proposals. Alpena further reserves the right to waive any irregularity or technicality in proposals received. In addition, Alpena reserves the right, at its sole discretion, to modify or waive any of the criteria contained herein and/or the process described herein.

No Bidder will have any claim whatsoever against Alpena, its employees, officers, or consultants arising from, in connection with, or in any way relating to this RFP. Without limiting the generality of the foregoing. Each Bidder agrees, by and through its submission of a proposal, that rejection of a proposal will be without liability on the part of Alpena, its employees, officers or consultants, nor shall a Bidder seek recourse of any kind against any of the foregoing on account of such rejection. The filing of a proposal shall constitute an agreement of the Bidder to each and all

these conditions. Each Bidder and recipient of this RFP is responsible for all costs incurred in evaluating, preparing and responding to this RFP. Any other costs incurred by any Bidder during Alpena's and the Commission's review and approval process are also the responsibility of the Bidder.