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September 3, 2025

Mr. Mike Bull
Acting Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East
Suite 350
St. Paul, MN 55101-2147

**RE: In the Matter of Otter Tail Power Company's Petition for Approval of the
Distributed Solar Energy Standard Projects
Docket No. E017/M-25-338
Independent Auditor Report**

Dear Mike Bull:

Otter Tail Power Company (Otter Tail or Company) respectfully submits its Independent Auditor's Report produced by Leidos Engineering, LLC to the Minnesota Public Utilities Commission (Commission or MPUC) in the above-referenced docket.

Otter Tail has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for these dockets. A Certificate of Service is also enclosed.

If you have any questions regarding this filing, please contact me at 218-739-8444 or at dhaugen@otpc.com.

Sincerely,

/S/ DEREK HAUGEN
Derek Haugen
Rate Analyst
Regulatory Economics

kde
Enclosures
By electronic filing
c: Service Lists

INDEPENDENT AUDITOR'S REPORT
OTTER TAIL POWER COMPANY
2025 DISTRIBUTED SOLAR
SOLICITATION
Final

Report Prepared for:

**Otter Tail Power Company
215 S Cascade St
Fergus Falls, MN 56537**

September 2, 2025



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This Report has been prepared for the use of the client for the specific purposes identified in the Report. The conclusions, observations and recommendations contained herein attributed to Leidos Engineering LLC (Leidos) constitute the opinions of Leidos. To the extent that statements, information and opinions provided by the client or others have been used in the preparation of this Report, Leidos has relied upon the same to be accurate, and for which no assurances are intended and no representations or warranties are made. Leidos makes no certification and gives no assurances except as explicitly set forth in this Report.

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Executive Summary

Otter Tail Power Company (“OTP”)¹ retained Leidos Engineering LLC (“Leidos” or “Independent Auditor”) to perform an independent audit of OTP’s 2025 solicitation of distributed solar resources through a request for proposal process (the “Solicitation Process”). OTP seeks to procure 16 megawatts (“MW”) alternating current (“AC”) of cost-effective distributed solar projects through either:

1. a power purchase agreement (“PPA”) with one or more solar projects;
2. a build-own-transfer (“BOT”) approach under which one or more solar projects are built by the developers and the solar projects are sold to OTP; or
3. one or more “Self-Build” solar projects proposed by OTP.

Each solar project responding to the Solicitation Process is to have the following high-level characteristics:

- Greater than 1 MW-AC and less than 10 MW-AC;
- Achieve commercial operations by December 31, 2030;
- Located within OTP’s Minnesota service territory;
- Interconnect to the OTP distribution circuits, which typically have a nominal voltage of 12.5 kilovolts (“kV”); and
- May, but is not required to, include battery energy storage systems (“BESS”).

This report (“Report”) describes the Solicitation Process followed by OTP, presents the findings and conclusions of the Independent Auditor, and fulfills the requirement established by the Minnesota Public Utilities Commission (“MPUC”) in 2024 for an independent audit of OTP’s distributed solar acquisition process to help ensure transparent, fair, and equitable procurement of new power supply resources.² This independent audit (the “Audit”) began on October 23, 2024, with a meeting between OTP and the Independent Auditor; continued through the development of Solicitation Process documents, the dissemination of Solicitation Process documents to potential responders (“Potential Bidders”), the receipt of proposals³ from responders (“Bidders”), and the evaluation of proposals; and concluded on August 29, 2025, with the selection of a short-list of Bidders with whom OTP may enter into closed-door negotiations. The Independent Auditor’s scope of work does not include monitoring or review of negotiations or their outcomes. The Audit was conducted to comply with the requirements established by the MPUC and provides an independent, systematic, critical review of the Solicitation Process for certification to the MPUC.

¹ Otter Tail Power Company is an investor-owned electric utility that serves retail customers in Minnesota, North Dakota, and South Dakota. Throughout this Report to enhance readability, the term “OTP” is used to refer to Otter Tail Power Company.

² [Order Establishing Resource Acquisition Process Under Minn. Stat. § 216B.2422, Subd. 5, and Requiring Compliance Filing, Docket No. E-002/RP-04-1752, May 31, 2006, p. 8.]

³ The term “proposal” is used throughout to refer to all the documents, forms, spreadsheets, maps, reports, data, and information submitted by Bidders for one complete project evaluation. There are several solar projects for which Bidders submitted multiple proposals in various configurations. A separate proposal was required for each solar project configuration to be evaluated.

The primary objectives of the Audit were to:

- Assess whether the Solicitation Process documents and associated attachments provided sufficient and consistent information for Potential Bidders to prepare competitive proposals;
- Identify any potential bias in the evaluation criteria, process, proposal modeling, selection process, or treatment of Bidders/proposals;
- Establish that the evaluation criteria were applied in a fair and unbiased manner and that a consistent, transparent methodology was used to rank proposals;
- Assess whether the components of the Solicitation Process conformed to accepted industry standards; and
- Identify any irregularities in the Solicitation Process.

The Audit was led by a Leidos senior consultant experienced in generation resource procurement, renewable resource project evaluation, and integrated resource planning (“Project Manager”). The Audit was performed in accordance with industry standards such as those established by the Institute of Internal Auditors. The Leidos economic, financial, engineering, and technical staff reviewed materials provided by OTP. Where appropriate, Leidos conducted research and independently gathered information to verify assumptions or augment information provided by OTP. Leidos exchanged emails and held meetings/phone consultations with key OTP staff involved in this Solicitation Process to clarify and discuss aspects of the Solicitation Process and evaluation. The professional expertise and knowledge that Leidos gained through conducting similar procurements and performing similar audits on behalf of other clients supplemented these materials and served as the underlying foundation for the Audit.

The role of Leidos in this process was solely that of third-party independent auditor. Leidos reviewed the modeling, due diligence, and evaluation criteria used by OTP in this procurement process solely for the purpose of identifying irregularities, bias, or discrimination. Although such efforts may have included assessing the reasonableness of various modeling assumptions, Leidos did not perform the role of consulting engineer. Leidos evaluated the procurement *process* not the actual procurement. Leidos does not attest to the validity of the associated assumptions or outcomes. The sole purpose of this Report is to comply with MPUC requirements. No other use is expressed or implied. Nothing in this Report is a legal opinion.

This Report presents the results of the Audit and is organized as follows. Section 1 sets forth the Audit scope and includes a background of the regulatory history, Audit purpose, and Audit parameters. Section 2 presents the Audit approach. Section 3 provides the Audit results. Audit outcomes, including findings, appear in Section 4.

Table ES-1, following, presents the Audit results.

Table ES-1
Audit Results⁴

PARAMETER	REQUIREMENT	WAS REQUIREMENT MET?
1	Solicitation Process documents and associated attachments provided adequate and consistent information that Potential Bidders could use to prepare competitive proposals.	Yes
	Information was disseminated to a broad range of Potential Bidders to achieve a robust pool of proposals.	Yes
	OTP's procurement process conformed to representations made in the Solicitation Process documents and any post-release announcements.	Yes
	OTP exercised appropriate control of the Bidder documents post receipt.	Yes
2	OTP communicated consistently and transparently with Potential Bidders and Bidders throughout the process.	Yes
	Correspondence between OTP personnel and Potential Bidders and Bidders did not afford undue advantage or preferential treatment to the potential disadvantage of other Bidders.	Yes
	Bidders received equal and equitable treatment.	Yes
3	The evaluation criteria, evaluation process, proposal modeling, selection process, and assumptions used for selecting proposals were free from bias.	Yes
	OTP's methodology for selecting short-listed Bidders was free from bias.	Yes
	OTP's modeling, due diligence, and evaluation criteria were free from irregularities, bias, or potential discrimination.	Yes

⁴ All findings are based solely on Leidos' review of materials furnished by OTP as identified or publicly available information as cited. Review of additional materials or disclosure of material facts could change the findings stated in this Report.

PARAMETER		REQUIREMENT	WAS REQUIREMENT MET?
4	Evaluation Process	OTP's stated evaluation criteria were applied in a fair and unbiased manner and a consistent, transparent methodology was used to rank proposals.	Yes
		The components of the process and the procurement process conformed to accepted industry standards.	Yes
		OTP's stated evaluation criteria were applied correctly, and proposals were evaluated in accordance with OTP's expressed assumptions and methodology.	Yes

1 Audit Scope

Section 1 sets forth the Audit scope and includes a background of the regulatory history, Audit purpose, and Audit parameters.

1.1 Background

This Audit is being conducted pursuant to OTP's initiative to comply with the requirements of the June 26, 2024 order by the Minnesota Public Utilities Commission Docket Number E-002, E-015, E-017/CI-23-403 Order Clarifying Implementation of Distributed Solar Energy Standard ("MPUC Order") Section VII, C, 3, g, which requires evidence that an independent auditor monitor any particular competitive bidding process.

The initial evaluation of each project was to determine the expected levelized cost of energy ("LCOE"). This section explains how this requirement was established and provides general information on audit requirements. The LCOE calculations were developed by OTP and reviewed by the Independent Auditor.

1.2 Purpose

The Audit was conducted to comply with the requirements established by the MPUC and discussed in Section 1.1. The Audit provides an independent, systematic, critical review of the Solicitation Process for certification to the MPUC.

The primary objectives of the Audit were to:

- Assess whether the Solicitation Process documents and associated attachments provided sufficient and consistent information for Potential Bidders to prepare competitive proposals;
- Identify any potential bias in evaluation criteria, process, proposal modeling, selection process, or treatment of Bidders/proposals;
- Establish that the evaluation criteria were applied in a fair and unbiased manner and that a consistent, transparent methodology was used to rank proposals;
- Assess whether the components of the process conformed to accepted industry standards; and
- Identify any irregularities in the Solicitation Process.

The Audit was led by a senior management consultant experienced in generation resource procurement, renewable resource project evaluation, and integrated resource planning.

1.3 Parameters

The following sets forth the parameters required to be met by the Solicitation Process.

1.3.1 Bid Documents and Notifications

- Solicitation Process documents and associated attachments provided adequate and consistent information that Potential Bidders could use to prepare competitive proposals.
- Information was disseminated to a broad range of Potential Bidders to achieve a robust pool of proposals.

- OTP's procurement process conformed to representations made in the Solicitation Process documents, and any post-release announcements.
- OTP exercised appropriate control of the Bidder documents post receipt.

1.3.2 Communications

- OTP communicated consistently and transparently with Potential Bidders and Bidders throughout the process.
- Correspondence between OTP personnel and Potential Bidders and Bidders did not afford undue advantage or preferential treatment to the potential disadvantage of other Potential Bidders and Bidders.
- Bidders received equal and equitable treatment.

1.3.3 Evaluation Criteria

- The evaluation criteria, evaluation process, proposal modeling, selection process, and assumptions used for selecting proposals were free from bias.
- OTP's methodology for selecting short-listed Bidders was free from bias.
- OTP's modeling, due diligence, and evaluation criteria were free from irregularities, bias, or potential discrimination.

1.3.4 Evaluation Process

- OTP's stated evaluation criteria were applied in a fair and unbiased manner and a consistent, transparent methodology was used to rank proposals.
- The components of the Solicitation Process conformed to accepted industry standards.
- OTP's stated evaluation criteria were applied correctly, and proposals were evaluated in accord with OTP's expressed assumptions and methodology.

1.4 Limitations

The role of Leidos in the Solicitation Process was solely that of third-party Independent Auditor. Leidos reviewed the modeling, due diligence, and evaluation criteria used by OTP in this Solicitation Process solely for the purpose of identifying irregularities, bias, or discrimination. Although such efforts may have included assessing the reasonableness of various modeling assumptions toward that end, Leidos did not perform the role of consulting engineer. Leidos evaluated the solicitation process not the actual procurement. Leidos does not attest to the validity of the associated assumptions or outcomes.

The results presented in this Report are predicated on information provided and representations made by OTP. Leidos made reasonable efforts given the nature of this Audit to obtain pertinent information concerning conduct of the Solicitation Process. However, Leidos has no means to determine the extent to which material facts concerning the Solicitation Process have been disclosed nor is this a forensic audit. All findings in this Report are based solely on the review by Leidos of materials furnished by OTP as identified or publicly available information as cited. Review of additional materials or disclosure of additional material facts could change the findings stated in this Report.

This Report documents the Audit for the sole purpose of demonstrating compliance with MPUC requirements as defined in Section 1. No other use is expressed or implied. Nothing in this Report is or should be considered a legal opinion.

2 Audit Approach

2.1 Overview

Under the direction and supervision of the Project Manager, Leidos staff reviewed materials provided by OTP. Where appropriate, Leidos conducted research and independently gathered information to verify assumptions or augment information provided by OTP. Leidos exchanged emails and held meetings/phone discussions with key OTP staff involved in this Solicitation Process to clarify and discuss aspects of the Solicitation Process and evaluation. Leidos maintained logs of all efforts conducted in support of this Audit and client correspondence. In addition, email correspondence documented project meetings and phone discussions. The professional expertise and knowledge that Leidos gained through conducting similar procurements and performing similar audits on behalf of other clients supplemented these materials and served as the underlying foundation for the Audit.

2.2 Process Description

The Audit commenced with a kickoff meeting on October 23, 2024, during which key members of the Leidos and OTP teams discussed the Solicitation Process and established a communications protocol, project schedule, and data transmittal plan. Audit parameters and key details of the procurement process were explored. During the course of the Audit, Leidos held meetings/conference calls with OTP to discuss progress, coordinate meetings, and obtain clarifications and/or additional materials. Audit team members held internal progress meetings to discuss efforts, identify areas requiring additional investigation, and coordinate review. As the Audit proceeded, additional meetings for specific topics were held with and subsequent data requests made to OTP.

Upon receipt of Solicitation Process materials from OTP, Leidos established a secure network storage area for all Audit related materials and limited access to Audit team members. Documents received by Leidos were under control of Audit team members during the course of the Audit. Leidos maintained a log of materials received from OTP over the course of the Audit.

Leidos assessed the extent to which Solicitation Process documents and associated attachments provided adequate and consistent information that Potential Bidders could use to prepare competitive proposals. Leidos reviewed advanced notifications as well as post-release announcements to assess the level to which information was disseminated to a broad range of Potential Bidders to achieve a robust pool of proposals. Leidos assessed the level to which OTP's Solicitation Process conformed to representations made in the Solicitation Process documents and any post-release announcements. Leidos assessed the extent to which OTP exercised appropriate control of the Bidder documents post receipt.

Leidos sought to identify potential biases in the evaluation criteria, evaluation process, proposal modeling, selection process, and assumptions used for selecting proposals. Leidos evaluated OTP's methodology for selecting short-listed Bidders. Leidos reviewed OTP's modeling, due diligence, and evaluation criteria to identify irregularities, bias, or potential discrimination. Leidos evaluated the extent to which OTP's stated evaluation criteria were applied in a fair and unbiased manner and that a consistent, transparent methodology was used to rank proposals. Leidos assessed whether the components of the Solicitation Process conformed to accepted industry standards and sought to identify irregularities in the Solicitation Process. Leidos evaluated the extent to which OTP's stated evaluation criteria were correctly applied and proposals were evaluated in accord with OTP's expressed assumptions and methodology. Leidos tracked all efforts, cited discrepancies, and noted comments via email communication with OTP.

2.3 Audit Team

Leidos was retained by OTP to conduct this Audit. Leidos assists utilities, energy developers, and financial institutions across the country with the development, analysis, and negotiation of power purchase and sales agreements. The experience of Leidos relative to this engagement includes comprehensive power system planning and analysis and design of generation portfolios. Leidos has a designated group of economists, engineers, analysts, and other professionals who provide a range of energy resource planning and advisory services. Our multidisciplinary staff understands the breadth of technical, financial, regulatory, environmental, and social issues surrounding the electric power industry and can apply this knowledge to guide sound business decisions. Our practitioners have significant forecasting and market modeling experience in many energy-related and resource industries, including renewable and fossil-fuel electric generation, fuels, and battery energy storage systems.

In addition to particular expertise in auditing, the Leidos team for this engagement includes technical specialists in renewable energy, resource procurement, energy market and financial modeling, and resource planning. The Audit was conducted under the direction and supervision of Kevin Favero, a senior management consultant with 52 years of experience in the electric utility industry, including long-term organizational, financial, and resource planning; economic and financial analysis of markets, projects, and portfolios; and in conducting process, operational, and performance audits. He has managed solicitation processes for renewable and thermal generation resources, conducted contract negotiations, and prepared technical submittals for wind power interconnection applications. Mr. Favero was supported by Phil Stiles, a managing director in power generation at Leidos who specializes in preparation of renewable energy PPA solicitations, evaluation of renewable energy PPA proposals, review and auditing of renewable energy solicitation processes, knowledge of renewable energy technology, with experience in testing, operations, and maintenance.

2.4 Auditor Role

Leidos conducted this Audit as a third-party independent reviewer of OTP's Solicitation Process. Leidos relied upon the process and criteria defined and established by OTP. Leidos evaluated the solicitation process not the actual solicitation results. Leidos reviewed the modeling, due diligence, and evaluation criteria used by OTP in this Solicitation Process solely for the purposes of identifying irregularities, bias, or discrimination and confirming that OTP consistently and appropriately applied its defined criteria to evaluation of the proposals.

2.5 Limitations

The role of Leidos was to independently evaluate the OTP Solicitation Process. The role of Leidos in this Solicitation Process was solely that of third-party independent auditor. Although such efforts may have included assessing the reasonableness of various modeling assumptions toward that end, Leidos did not perform the role of consulting engineer. Leidos did not perform this Audit in the role of independent evaluator nor was Leidos involved in the selection or ranking of proposals. Leidos does not attest to the validity of the assumptions or outcomes of OTP's Solicitation Process. Review of additional materials or disclosure of material facts not currently known could change the findings stated in this Report.

Additional limitations appear in Section 1.4.

2.6 Disclosure

Leidos discloses that it has served many utilities and project developers within the energy industry. None of these pre-existing business dealings or relationships impacted the ability of the Leidos team to conduct an independent, unbiased, and critical assessment and evaluation of the Solicitation Process.

Furthermore, the Project Manager did not have communications or a current relationship with OTP or Potential Bidders prior to the onset of the Audit. No Leidos staff enlisted for the Audit were responsible for evaluation of proposals or development of model input or assumptions other than in a review and verification capacity.

3 Audit Results

This section discusses the Solicitation Process and presents the results of the Leidos audit activities.

3.1 Overview

The Solicitation Process, among other items, addressed:

- Eligible Project Structures;
- Project Description;
- Special Conditions;
- Pricing;
- Regulatory Approvals; and
- Contract Accounting.

The Solicitation Process allowed for proposals of new solar energy generation projects located within the OTP Minnesota service territory. Proposals may be for either:

1. a power purchase agreement ("PPA") with one or more solar projects;
2. a build-own-transfer ("BOT") approach under which one or more solar projects are built by the developers and the solar projects are sold to OTP; or
3. one or more "Self-Build" solar projects proposed by OTP.

Each solar project responding to the Solicitation Process is to have the following high-level characteristics:

- Greater than 1 MW-AC and less than 10 MW-AC;
- Achieve commercial operations by December 31, 2030;
- Located within OTP's Minnesota service territory;
- Interconnect to the OTP distribution circuits which typically have a nominal voltage of 12.5 kilovolts ("kV"); and
- May, but is not required to, include battery energy storage systems ("BESS").

3.2 Bidder Documents and Notifications

On November 1, 2024, OTP notified the MPUC of the upcoming effort by OTP to procure distributed solar resource capacity. On January 3, 2025, OTP issued the 2025 Distributed Solar Energy Standard RFP Request for Proposals (the "RFP"). See Appendix A for a copy of the 2025 Solar Power Solicitation RFP. OTP sent the RFP via email to stakeholders on a list developed during a stakeholder meeting with assistance from the Department of Energy. Additionally, the RFP was made public through the OTP company website.⁵

The RFP clearly identified proposal requirements and the submittal deadline. It set forth a timeline of events and submittal requirements. Communication protocols and points of contact were included. The RFP identified or included: (1) eligible solar project options; (2) requirements for the solar project facilities; (3) interconnection requirements; (4) schedule; (5) proposal content requirements; (6) the RFP

⁵ <https://www.otpcoco.com/media/4qpfj0t3/2025-distributed-solar-energy-standard-rfp.pdf>

proposal evaluation methods; (7) a model PPA; (8) a form of proposal; (9) a proposal submission checklist; (10) a safety questionnaire; and (11) a list of stakeholders including contact information.

3.3 Transmission and Interconnection

OTP limited the geographic location to those projects with an interconnection location within the OTP Minnesota service territory. The OTP Minnesota service territory is available to the public via a link embedded in the RFP⁶. OTP required that the solar projects must be interconnected to the OTP distribution system in a location where the Point of Common Coupling is in the OTP service territory without OTP being required to provide any compensation or service territory swap with any neighboring utility to allow the interconnection. Further, the interconnection must not be on any feeder, or not be on any feeder connected to a substation, that is owned in whole or in part by any utility other than OTP.

3.4 Internal Control of Documents and Information

The RFP required that all proposals be delivered electronically to the OTP RFP Project Manager, by 5:00 PM Central Daylight Time on April 11, 2025. OTP's RFP Project Manager was responsible for logging all proposals received. The electronic versions of the proposals were uploaded to a secure SharePoint site with access limited to the OTP RFP Evaluation Team as described in Section 3.8 below and the Independent Auditor.

The OTP RFP Evaluation Team was instructed during meetings and in written documentation not to communicate directly or indirectly with any Potential Bidders. These communication protocols remained in effect throughout the Solicitation Process until the final short list was established.

3.5 Communications with Bidders

The RFP discussed communications between Potential Bidders, Bidders, and OTP, providing specific contact information and stating that all communication was to occur exclusively in written format and only via email. Potential Bidders were instructed to submit inquiries to the RFP Project Manager via email at:

otpdses@otpc.com

and were told they should not attempt to acquire information through any other means, including telephone calls to OTP. Potential Bidders were notified in the RFP document that they were responsible for monitoring the RFP website for updated addendums. The evaluation teams were also instructed not to communicate with Bidders during the evaluation process, outside of the official email medium and only to ask clarifying questions and/or give the Bidders opportunity to cure deficiencies that were identified during the completeness and threshold reviews.

OTP established these information policies to ensure that all Potential Bidders and Bidders had the same timely access and knowledge about the RFP and evaluation process. The RFP document identified the deadlines associated with submitting questions as described in Table 3-1 below.

6

<https://minnesota.maps.arcgis.com/apps/webappviewer/index.html?id=95ae13000e0b4d53a793423df1176514>

OTP did not entertain questions posed in any format other than email. Members of OTP's Solicitation Evaluation Team, as identified in Section 3.8, did not have in-person or telephone conversations with Bidders or Potential Bidders.

OTP maintained a log of all inquiries and coordinated the preparation of written responses. The RFP document stated that OTP would file responses as an addendum(s) to the RFP.

In addition to describing the protocol for Potential Bidder and Bidder questions to be submitted before bids were due and responses to be provided, the protocol for OTP asking clarifying questions after the receipt of bids, conducting due diligence, submitting information requests, clarifications, and confidentiality were all discussed adequately and appropriately in the Solicitation Process.

As a part of its due diligence efforts and to acquire missing information or clarifications, the RFP Project Manager communicated directly to Potential Bidders and Bidders by email with copies to the Auditor.

In support of this Audit, Leidos reviewed all email communications between OTP, Potential Bidders, and Bidders for the Audit period and found no irregularities or introduction of information that could cause undue bias against, preferential treatment toward, or unfair disadvantage to any particular Bidder or subset of Bidders. OTP and the Auditor have maintained electronic logs of all email correspondence. One US Solar email communication to OTP and the response from OTP was logged and reviewed.

3.6 Schedule

The RFP provided the process schedule appearing in Table 3-1 below.

Table 3-1
OTP 2025 RFP Schedule

Activity	Date
RFP Issued	January 3, 2025
Proposer Conference	January 22, 2025
Last date for Proposers to submit questions (answers posted on SharePoint Site weekly)	March 13, 2025
Responses to last proposer questions posted	March 27, 2025
OTP Self-Build bids due, 5 p.m. CDT	April 10, 2025
Third-Party bids due, 5 p.m. CDT	April 11, 2025
List of Proposals granted conditional awards and proceeding to contract negotiations are announced	May 12, 2025
Contract negotiation complete for proposals	July 29, 2025
Petition filed for proposals to be accepted, including Independent Auditor report	August 29, 2025

3.7 Evaluation Process Overview

OTP and the Independent Auditor worked together to establish a detailed approach for the Solicitation Process, including proposal evaluation.

OTP used a two-phased approach to evaluate proposals responding to the RFP Solicitation:

1. Threshold Review
2. Key Parameters Review and Scoring

These phases are described in more detail in Section 3.9.

Only those proposals that passed the Threshold Review were further evaluated by a Key Parameters Review and Scoring. The results of the Key Parameters Review and Scoring were compared for all proposals.

OTP identified the following key parameters for use in evaluating the RFP Solicitation proposals with the associated weighting for scoring:

A. Cost (LCOE)	50 percent
B. Site Control	5 percent
C. Safety	5 percent
D. Viability	15 percent
E. Developer Experience	20 percent
F. Reliability Benefits	5 percent

Certain proposal aspects were evaluated as deductions, including:

- A. Project execution challenges
- B. Inability to respond to OTP questions in a timely manner
- C. Material deviations from the Model PPA

The evaluation teams were comprised of OTP employees. The core RFP Evaluation Team was comprised of individuals from OTP's Resource Planning group and was responsible for the RFP document development and issuance, document control, and managing the evaluation phases.

Various Bidders submitted multiple business arrangements for the same project. OTP reviewed these arrangements as separate proposals. The proposals resulting in the lowest levelized cost of energy were selected to move on to the Key Parameters Review and Scoring.

3.8 OTP Solicitation Evaluation Team

The following table lists all the individuals included in the RFP Solicitation evaluation as well as their specific roles in conducting or contributing to the evaluation phases. The Solicitation Evaluation Team, comprised of those individuals in Table 3-2, was responsible for Solicitation Issuance, the Threshold Review, the Key Parameters Review and Scoring, and Document Control.

Table 3-2
**OTP Solicitation Resource Planning Team Members,
Key Personnel and Role in Solicitation Process**

Name Title	Company	Role
Tamara Klatt Sr. Sourcing Specialist	Otter Tail Power	Strategic Sourcing
Nathan Jensen Manager Resource Planning	Otter Tail Power	Resource Planning

3.9 Evaluation Phases

3.9.1 Threshold Review

Upon opening the proposals, the OTP RFP Project Manager reviewed each proposal to confirm that all information required had been included and that each proposal met the completeness and threshold criteria identified in the RFP Solicitation.

The Threshold Review ensures the Bidder and the proposal complies with all specific bid requirements, including the following:

1. Compliance with DSES statutory requirements.
2. Whether the proposed RFP Project type meets size, location, and technical requirements stated in this RFP document.
3. Whether the RFP Project proposes a COD for new accredited capacity up to December 31, 2030.
4. Proposed RFP Project timeline.
5. Meeting minimum requirements for site control and permitting.
6. PPA bids: Submittal of a proposal price in material compliance with the Model PPA.
7. Achievement of minimum safety performance and standards based on answers to the Safety Questionnaire.
8. Financial viability of the RFP Project and Proposer.
9. Commitment to compliance with applicable requirements, including Prevailing Wage and Apprenticeship (PWA) Requirements at both a Federal and Minnesota level.
10. Sourcing practices and equipment availability.

As a part of the Threshold Review, OTP evaluated each proposal pricing (PPA) and costs (BOT and Self-build). As described in more detail below, OTP calculated the LCOE for all proposals that met all other Threshold Criteria requirements.

3.9.2 LCOE Calculations

The objective of the LCOE calculations was to compare the cost of the different proposals. It represents the average total cost of building and operating a power plant over its lifespan, divided by the total amount of electricity generated. LCOE is expressed in cost per unit of energy, such as dollars per megawatt-hour. LCOE provides a standardized way to assess the cost-effectiveness of different electricity generation projects, aiding in investment decisions and energy policy planning.

The Independent Auditor reviewed the LCOE calculations and results for the PPA, BOT, and Self-build approaches and confirms that they provided a fair and reasonable evaluation of the LCOE from the proposed projects. The assumptions, inputs, and calculations are the sole responsibility of OTP. As the Auditor, Leidos reviewed assumptions, inputs, and calculations to determine that the LCOE model was working as intended and being applied fairly and uniformly.

The Threshold Review was documented for each project proposal on an OTP spreadsheet. OPT maintained a log of all deficiency emails sent and Bidder responses received, which the Independent Auditor reviewed.

3.9.3 Proposals Passing Threshold Review

Of the 6 separate proposals received, none was disqualified from further consideration due to being incomplete.

As shown below, one of the Bidders included optional BESS facilities. The following 6 proposals passed both the Completeness and Threshold evaluations.

- Energy Hunters Inc. LightPursuit 2.7 MW-AC with optional BOT
- US Solar Bittenbender 10 MW-AC with optional 5 MW-AC/20 MWh BESS
- US Solar Otter Tail River 5 MW-AC with optional 5 MW-AC/20 MWh BESS
- OTP Fergus Falls 3.85 MW-AC
- OTP Parkers Prairie 4.2 MW-AC
- OTP Pelican Rapids 4.55 MW-AC

The two US Solar proposals were evaluated with and without the optional BESS facilities. The Energy Hunters proposal was evaluated twice, once as a PPA and separately as a BOT.

3.9.4 Analyses of Bid Documents

Each proposal was reviewed by OTP evaluators in an Excel workbook that summarized the characteristics of the proposals relative to pricing, site control, safety, viability, developer experience, reliability benefits, and pollinator strategy. The Excel workbook calculated the LCOE on a 35-year useful life basis and the United States National Renewable Energy Laboratory LCOE calculator.

3.9.5 Pricing Review

The pricing evaluation scored the proposals between zero and 50 points. The pricing evaluation used the results of the LCOE calculations. The lowest LCOE was assigned as the price baseline with two times the lowest LCOE assigned as the maximum price evaluated. The proposal with the lowest LCOE was assigned a score of 50 points. The proposals with LCOEs greater than two times the lowest LCOE were assigned a score of zero points. The remainder of the proposals were assigned a price score between zero and 50 points, based on the percentage above the lowest LCOE.

3.9.6 Site Control

The site control evaluation scored the proposals between zero and 5 points. All proposals received 5 points based on the representations that site control was secured.

3.9.7 Safety

The safety evaluation scored the proposals between zero and 5 points. All proposals received 5 points based on the safety content of the proposals conforming to the requirements of the RFP.

3.9.8 Viability

The viability evaluation scored the proposals between zero and 15 points. The proposals were scored based on the financial viability and the track record of the sponsoring company. All proposals received 15 points except the Energy Hunter proposals, which received 10 points based on a limited track record.

3.9.9 Developer Experience

The Bidder experience evaluation scored the proposals between zero and 15 points. The proposals were scored based on the solar project completion track record of the Bidder. All proposals received 15 points except the Energy Hunter proposals, which received 10 points based on the limited experience of Energy Hunter.

3.9.10 Reliability Benefits

The reliability benefits evaluation scored the proposals between zero and 5 points. The proposals were scored based on BESS facility options. All proposals received zero points except the two US Solar proposals, which included BESS facility options and received 5 points based on the BESS facility options.

3.9.11 Pollinator

The pollinator evaluation scored the proposals between zero and 5 points. The proposals were scored based on the sophistication of the pollinator plan and the compliance of the plan with the applicable Minnesota Board of Water & Soil Resources pollinator standard.

3.9.12 Summary

The scores from the analysis categories were summed on a per proposal basis. The highest scoring proposals that provided the required installed capacity in compliance with the MPUC Order were selected to proceed to negotiation.

3.10 Summary of Audit Activities

Leidos reviewed the Solicitation Process and supporting documentation provided by OTP for accuracy, consistency, fairness, and any evidence of potential bias in the evaluation and overall selection process. Table 3-3 below provides a summary checklist of Leidos audit activities from the creation of Solicitation Process documents to the review of the methodology, assumptions, criteria, and models used by OTP to shortlist proposals.

Table 3-3
Activities Conducted in Performance of Audit

Audit Activities
Review of all Solicitation documents, forms, addendums, news release, notices, and Solicitation Bidder questions asked and answered. Provision of comments and suggested edits, as necessary.
Review and verification of OTP's Solicitation Process document. Provision of comments and suggested edits, as necessary.
Review of (1) LCOE spreadsheet model, (2) Completeness & Threshold Review evaluation spreadsheet, (3) Non-Price/Qualitative Scoring evaluation spreadsheet and (4) Final short list project rankings spreadsheet for completeness, functionality, and accuracy of formulas and calculations.
Review of proposal documents to confirm appropriate and accurate characterization of proposals within the LCOE spreadsheet model, and the Non-Price/Qualitative Review Form.
Review of proposal material to confirm the results of Completeness and Threshold Review are accurate and causes and outcomes documented.
Review of results of LCOE spreadsheet model for each proposed project.
Review of proposal material to confirm results of the Non-Price/Qualitative Review are accurate and causes and outcomes documented.
Review and verification of Final Ranking of proposals and confirm short-list selected Bidders.
Review of all correspondence between OTP, Potential Bidders, and Bidders.

4 Audit Outcomes

This section presents the outcomes of the Audit based on review by Leidos as discussed in this Report.

4.1 Observations

Based on efforts in support of the Audit as discussed in the preceding sections, Leidos makes the following observations concerning the Solicitation Process.

4.1.1 Solicitation Documents and Notifications

OTP's Solicitation Process documents clearly communicated enough information for Potential Bidders to adequately prepare competitive proposals. OTP widely distributed the Solicitation Process notice and provided adequate time for Potential Bidders to prepare submissions. OTP's Solicitation Process defined a reasonable schedule and identified key project milestones. OTP provided detailed information on submittal requirements as well as materials for Potential Bidders to use through its website. OTP also provided contact information. In all these respects Leidos observes that OTP's Solicitation Process conforms to industry standards.

Relative to industry practice, OTP materially adhered to the Solicitation Process outlined in its 2025 solicitation of distributed solar resources.

In response to its solicitation, OTP received proposals for 6 different project configurations from three separate Bidders. Bidders were able to submit competitive and responsive proposals that conformed to the requirements of the 2025 solicitation of distributed solar resources. In this respect, Leidos observes that OTP's 2025 solicitation of distributed solar resources documents and notifications achieved the intended goals.

4.1.2 Communications

OTP's code of conduct with respect to handling proposals was consistent with industry practice and provided an appropriate standard of care. OTP kept communications with Potential Bidders and Bidders limited to only what was necessary to conduct the evaluation and in a documented email format. Based on these efforts Leidos is of the opinion that OTP's communications were appropriate and were consistent with intended goals for conducting this Solicitation Process.

4.1.3 Evaluation Criteria

OTP's evaluation criteria were reasonable and correctly applied. OTP applied the evaluation criteria across each proposal submitted in an equitable and consistent manner.

4.1.4 Evaluation Process

OTP's evaluation process was rigorous, robust, and consistent. OTP administered the process professionally and was thorough in its efforts. Leidos observes that OTP's process afforded each proposal equitable care and consideration. Leidos reviewed OTP's evaluation efforts and found that OTP consistently applied its stated criteria and evaluation methodology to proposals.

4.2 Conclusions

Based on efforts in support of the Audit, the Independent Auditor reaches the following conclusions concerning both the Solicitation Process and the Audit process. The Independent Auditor was satisfied by the level of review and analysis every proposal received. OTP's efforts were well documented, detailed, and candid. The comments and conclusions of reviewers were well reasoned and documented. The models developed by OTP were robust, well organized, and represent quality work products. The overall Solicitation Process was well executed, well documented, and consistent. OTP devoted significant resources to administration of the Solicitation Process and the Independent Auditor is of the opinion that these efforts deserve proper regard in this Report.

With respect to the Audit process—an effort that is by definition extra burden and work for all who participated—the Audit team received cooperative and cordial treatment from OTP. The data and information requested from OTP were delivered promptly and in order. Potential Bidder and Bidder communications provided to the Independent Auditor were organized and appear to be complete. Throughout the course of the Audit, the Independent Auditor often asked questions of and requested additional information from OTP. The Independent Auditor also worked with OTP and where necessary requested specific changes to the Solicitation Process be made to ensure clarity, fairness, equitable treatment, and an unbiased outcome. In all cases, OTP listened, was cooperative, and spent considerable time and effort promptly and effectively responding. The Independent Auditor commends OTP staff for their professionalism, support, and cooperation.

4.3 Findings

The following table summarizes the findings of the Audit of the Solicitation Process.

**Table 3-4
Audit Findings.⁷**

PARAMETER	REQUIREMENT	WAS REQUIREMENT MET?
I Bid Documents & Notifications	2025 Solar Power Solicitation RFP documents and associated attachments provided adequate and consistent information that Potential Bidders could use to prepare competitive proposals.	Yes
	Information was disseminated to a broad range of Potential Bidders to achieve a robust pool of proposals.	Yes
	OTP's Solicitation Process conformed to representations made in the 2025 Solar Power Solicitation RFP documents and any post-release announcements.	Yes
	OTP exercised appropriate control of the Bidder documents post receipt.	Yes

⁷ All findings are based solely on the review by Leidos of materials furnished by OTP as identified or publicly-available information as cited. Review of additional materials or disclosure of additional material facts could change the findings stated in this Report.

PARAMETER		REQUIREMENT	WAS REQUIREMENT MET?
II	Communications	OTP communicated consistently and transparently with Potential Bidders and Bidders throughout the process.	Yes
		Correspondence between OTP personnel and Potential Bidders and Bidders did not afford undue advantage or preferential treatment to the potential disadvantage of other Potential Bidders and Bidders.	Yes
		Bidders received equal and equitable treatment.	Yes
III	Evaluation Criteria	The evaluation criteria, evaluation process, proposal modeling, selection process, and assumptions used for selecting proposals were free from bias.	Yes
		OTP's methodology for selecting short-listed Bidders was free from bias.	Yes
		OTP's modeling, due diligence, and evaluation criteria were free from irregularities, bias, or potential discrimination.	Yes
IV	Evaluation Process	OTP's stated evaluation criteria were applied in a fair and unbiased manner and a consistent, transparent methodology was used to rank proposals.	Yes
		The components of the Solicitation Process conformed to accepted industry standards.	Yes
		OTP's stated evaluation criteria were applied correctly, and proposals were evaluated in accord with OTP's expressed assumptions and methodology.	Yes

Appendix A—2025 Solar Power Solicitation RFP

For reference, attached is the 2025 Solar Power Solicitation RFP main document released on January 3, 2025, by OTP.

Otter Tail Power Company

2025 Distributed Solar Energy Standard RFP

Request for Proposals

RFP Issue Date: January 3, 2025

Proposals Due: April 11, 2025

Otter Tail Power Company – DSES RFP

Section 1. Introduction

1.1 Primary RFP Purpose

The primary purpose of Otter Tail Power Company, a Minnesota corporation, (“OTP”) in issuing this Request for Proposals (“RFP”) is to comply with House File 2310 as signed into law on May 24, 2023. This legislation amended Minn. Stat. § 216B.1691 to add 216B.1691(2)(h) establishing a distributed solar energy standard (“DSES”) for OTP and other investor-owned utilities in Minnesota, with the goal for OTP to serve approximately 1 percent of its Minnesota retail electric customer energy requirements from distributed solar by the end of 2030.

OTP is seeking solar projects equal to or greater than 1 MW and equal to or less than 10 MW in size to achieve that purpose. As required by statute, the DSES capacity must achieve commercial operation by December 31, 2030. Projects being proposed (an “RFP Project”) must be located within OTP’s Minnesota service territory and are allowed but not required to include battery energy storage system (“BESS”) facilities as a part of the RFP Project. RFP Projects must interconnect to OTP distribution circuits which typically have a nominal voltage of 12.5 kV. A map depicting utility service territory boundaries is available at the following link, [Electric Utility Service Areas](#). Initial proposals should identify any comments to or required changes to commercial terms in the form of power purchase agreement provided as Appendix A of this RFP (“Model PPA”), or whether proposer to the RFP (“Proposer”) desires a build-transfer arrangement in which the Proposer builds the RFP Project and transfers ownership to OTP via a purchase and sale agreement (“Build-Transfer”). OTP itself may participate in the RFP process through self-build (“Self-Build”) proposals.

The amount and type of distributed solar capacity OTP may acquire from this RFP depends on, among other things, the quality of the bids received, the economic value to OTP customers, and regulatory approval.

1.2 Regulatory Approval

OTP is issuing this RFP consistent with the requirements set forth in the order in Minnesota Docket No. E-017/CI-23-403 issued June 26, 2024, by the Minnesota Public Utilities Commission (“MPUC”), and is aimed specifically at meeting DSES requirements, including compliance with any future or additional DSES requirements that may be imposed by the Minnesota legislature or the MPUC.

OTP will utilize an independent auditor (“Auditor”) to conduct an independent review of OTP’s bidding evaluation and selection process in response to this RFP. OTP will work cooperatively with the Auditor and shall provide the Auditor with immediate and continuing access to all documents and data reviewed, used, or produced by OTP in this RFP and evaluation. The Auditor will provide a written report regarding their assessment of OTP’s bidding, evaluation, and selection process, which will be filed with the MPUC.

1.3 Contacts and Communications

The primary point of contact for all communications between OTP and Proposers is the RFP Project Manager who may be contacted at:

otpdses@otpco.com

Proposers or anyone else should not contact any other OTP employee concerning this RFP. Any questions with respect to this RFP should be submitted to the RFP Project Manager at the above email address before the deadline indicated in Section 4.1. Additional information regarding this RFP can be found at:

[Contractors | Otter Tail Power Company](#)

In addition to this primary point of communication, OTP will also hold a proposer conference which will provide an overview of the RFP and answer questions posed by Proposers. See Section 4 which indicates the planned schedule.

Section 2. Eligible RFP Project Information

A summary of the eligible RFP Project parameters can be seen in Table 1; each major parameter is described in further detail below.

Table 1: Summary of Project Types Eligible for the 2025 DSES RFP

	Description
Resource Type	Solar, potential DC-coupled BESS supplementally
Location	Physically located in MN and in OTP service territory, connected to OTP distribution system
MW Target	Up to 16 MWac total
Minimum and Maximum Size per Project Site	Minimum: 1 MWac Maximum: 10 MWac
Project Structure	Power Purchase Agreement (“PPA”), Build-Transfer from Proposer to OTP, or OTP Self-Build
Commercial Operation Date (“COD”)	No later than December 31, 2030
PPA Term Length	35 years
RFP Project Start Date	RFP Projects must be constructed or procured after August 1, 2023
Planned Interconnection Strategy	Selected distribution-interconnected RFP Projects must submit an application for interconnection within 60 days of notice of conditional award and negotiate in good faith thereafter.

2.1 Eligible Project Structures

a. Power Purchase Agreements (PPAs)

OTP will consider new PPAs as an eligible RFP Project structure. All PPA proposals must include a proposal price that is fully compliant with OTP’s Model PPA. Proposers may make proposals for minor modifications to the Model PPA, but proposals seeking a material difference may be scored lower in the evaluation process.

OTP requires every Proposer to provide a proposal and associated firm non-conditional proposal price that is fully compliant with the Model PPA and not subject to adjustment in the future. The definition of exceptions includes redline edits as well as any indication, inference, notes, remarks,

statements, assumptions or expectation that such may/will be negotiated following a selection of the proposal submitted. OTP expects that each Proposer considers and commits to all development and performance risks, costs, and obligations, as represented in the Model PPA before bidding and does not condition the proposal on material changes to the Model PPA. For avoidance of doubt, these include but are not limited to, costs or delays related to supply chain disruption, construction, interconnection, permitting, market changes, tax credit qualifications, or changes in law. Should a proposal be selected, the Proposer, must in good faith have certified that (i) their proposal price reflects the terms of the Model PPA in its entirety (aside from bracketed and/or facility specific details), (ii) Proposer can meet all obligations under the Model PPA, and Proposer understands and accepts all associated risk therein.

OTP will not enter into an agreement that is conditioned on Proposer's ability to source and deliver equipment, qualify for tax benefits, or secure permits. Furthermore, OTP expects development milestones, environmental matters, security requirements, damages, credit and transfer requirements, defaults, remedies, performance metrics and Force Majeure as outlined in the Model PPA as minimum provisions that will be maintained in a final agreement.

b. Company Self-Build

OTP's development team may submit Self-Build proposals in response in this RFP. Any such proposals will provide all relevant proposal information that the separate RFP team requires to evaluate the proposals. The RFP team will evaluate the proposals in order to ensure fair and impartial results, which will be verified by the Auditor. The OTP personnel that prepare and submit the OTP Self-Build proposal will be required to communicate with the OTP personnel performing the evaluation in same fashion as all of the other Proposers. The OTP Self-Build proposals will be evaluated using the same criteria and evaluation process as used for the other proposals.

c. Optional Build-Transfer Proposal

All bids should include a PPA proposal based on the Model PPA. However, Proposers may also include an optional Build-Transfer proposal in their response to the RFP. Under this project structure, OTP will assume one hundred percent (100%) ownership of the RFP Project by COD. Proposals should include a term sheet outlining the material terms of the proposal with sufficient information to allow scoring pursuant to the RFP Scoring Matrix provided herein.

Pricing proposed under the PPA, Self-Build, and Build-Transfer must remain open and firm during the duration of the RFP review process and final notice of award, anticipated to take place by July 29, 2025, and thereafter to final negotiation and execution of agreements and MPUC approval.

2.2 Project Description

a. RFP Project

Proposals must be for distributed solar resources that provide new accredited capacity for OTP. For each case, proposals must result in facilities that are complete and commercially operable, including all facilities necessary to generate and deliver energy at the point of interconnection ("POI") by the commercial operation date specified in the proposal.

b. Product

OTP is seeking proposals that have an established development plan and that convey to OTP all energy, capacity, ancillary services including reactive supply and voltage control, and environmental benefits including renewable energy credits (“RECs”) generated from the RFP Project. Note that all proposals are expected to ultimately supply accredited capacity so that OTP can use this capacity to meet its DSES requirements. Bidders should note that any inverter manufacturers that provide Cloud access to power generation information must meet NERC requirements, including having a current SOC2 audit or be ISO27001 certified.

c. Project Size

Each RFP Project must provide to OTP new incremental nominal AC electrical output equal to or exceeding 1 MWac at each site location and POI (i.e., not the result of aggregated smaller projects at different sites/locations). OTP is designating a minimum RFP Project size to increase efficiency and minimize ratepayer and shareholder costs in achieving DSES compliance. Per Minn. Stat. § 216B.1691, the maximum RFP Project size is 10 MW.

d. Location

All proposals must be physically located within Minnesota and within OTP’s service area (“RFP Project Location”). These RFP Projects must be interconnected to the OTP distribution system in a location where the Point of Common Coupling is in the OTP service territory without OTP being required to provide any compensation or service territory swap with any neighboring utility in order to allow the interconnection or require approval through the MISO interconnection queue process. Further, the interconnection must not be on any feeder, or not be on any feeder connected to a substation, that is owned in whole or in part by any utility other than OTP.

Joint proposals – such as multiple locations with joint pricing bundled into a single proposal – are allowed as long as each separate location independently meets the RFP Project Size, Product, RFP Project Location and other RFP Project requirements. Each separate location will be subject to a separate proposal fee.

e. Expected Online Date and Interconnection Application

RFP Projects must have an expected commercial operation date by December 31, 2030. RFP Projects must be constructed or procured after August 1, 2023, consistent with statutory requirements. If not already executed, a proposal must submit an interconnection application with OTP within 60 days after notice of conditional award (as described below) as a condition of receiving final award under this RFP. Failure to submit the interconnection application shall result in full disqualification of the proposal even if already granted a conditional award. RFP Projects constructed or procured after August 1, 2023, that already have an interconnection application with OTP will be considered to have met this condition.

2.3 Special Conditions

The conditions below apply to all proposals:

a. Prevailing Wage and Apprenticeship Requirements

OTP requires proposals that utilize labor paid prevailing wage as defined in Chapter 177.42 of the Minnesota Statutes and the Inflation Reduction Act of 2022, and participating in an apprenticeship program that is registered under Chapter 178 of Minnesota Statutes or Code of Federal Regulations title 29 part 29 for its construction (the “*PWA Requirements*”), and thus requires Proposers to provide pricing that assumes the use of such labor rates, and agree to language for the PWA Requirement in the Model PPA, a Purchase and Sale Agreement (“*PSA*”), or any other agreement implementing a project hereunder.

b. Proposer shall provide OTP documentation and data required to document and demonstrate compliance regarding any tax, PWA Requirements, and domestic content, energy community or other IRA adders if applicable. This may include payroll data, job classifications, the process used by Proposer to determine prevailing wages for such classifications, required uploads in OTP-designated software systems and disclosure of certain sensitive information regarding pricing, employees, labor and capital costs, certification of compliance, mechanisms to enforce compliance with any contractors or subcontractors, and any other information necessary to assure compliance.

c. Proposer will participate in OTP’s standard support for and tracking of small business participation, minority-owned business participation, compliance reporting with respect to Minn. Statute 216C.51, and other standard terms and conditions required by OTP of businesses with which it contracts.

2.4 Pricing

Regardless of whether the proposal is a PPA, Self-Build, or Build-Transfer, proposal pricing must be for a complete RFP Project, including but not limited to solar modules, inverters, tracking system (if tracking is proposed), balance of plant equipment including BESS facilities, if any, operations and maintenance, and required interconnection costs.

Proposers must offer firm pricing for the RFP Project valid through the duration of this RFP, and, if the proposal is selected for negotiations or conditional award, the completion of such negotiations resulting in an executed PPA or, if a Build-Transfer option is selected, an executed PSA. Indicative pricing in a proposal will not be acceptable. All pricing must be in terms of current year United States dollars, also referred to as escalated or nominal dollars.

Build-transfer bids will also be expected to provide two Purchase Prices: one that includes a Long-Term Services Agreement (“*LTSA*”) and one that does not include an LTSA. If the proposer’s original equipment manufacturer (“*OEM*”) for major equipment requires an LTSA, the proposer may forgo submitting a Purchase Price without an LTSA. Bids should also supply an option for an LTSA, but the proposer should provide a Purchase Price with and without an LTSA.

a. PPA Pricing

Proposers shall set forth their proposed pricing and shall propose PPA term lengths of 35 years for new facilities depending on the lowest levelized cost of energy to OTP's customers. OTP is seeking proposals for long term compliance with DSES statutory requirements.

All pricing must be in terms of current year United States dollars, also referred to as escalated or nominal dollars. For example, a \$50 per megawatt-hour ("MWh") energy price proposal for 2025 means that in 2025, energy from the facility will be purchased at an all-inclusive energy payment rate of \$50/MWh. Assuming the federal tax policy in place at the time of RFP proposal submittal, RFP Project proposals should identify the level of tax credits which Proposer anticipates the Project will secure and the year in which construction of the RFP Project is expected to be treated as beginning for tax credit purposes. OTP reserves the right to request Proposers provide updated pricing in the event that tax policy changes during the RFP or in subsequent contract negotiation processes.

OTP requires fixed price proposals that contain a fixed base price, with or without a fixed annual escalator. Proposer's proposal(s) must show prices every year of the PPA's proposed term and expected output in MWh.

b. Build-Transfer and Self-Build Pricing

The pricing proposals for Self-Build or Build-Transfer proposals shall include:

- the cost to fully comply with technical conditions and requirements, including but not limited to NEC, MISO and NERC standards applicable to projects of the type proposed;
- all costs associated with the development, permitting, procurement, construction, commissioning, and applicable testing of the RFP Project (including any costs required for gen-tie from the RFP Project to the POI and associated land rights). The proposal shall not be contingent upon awarding an operations and maintenance contract, unless it is required by the OEM;
- transfer of all property rights and/or any land lease(s)/easements (including those necessary for any gen-tie from the RFP Project to the POI);
- all costs necessary to provide a tax opinion; and
- all costs necessary for developer (expectations for OTP and developer language add) to secure title insurance for the RFP Project (including the title insurance premium).

A Build-Transfer proposal should also list the schedule and amounts of any ongoing payments to be assumed by OTP post-closing that separately identifies payments for land and easement costs, optional items available for selection at OTP's discretion, and all other payments to be made by OTP post-closing. Bids should also supply an option for a LTSA if applicable, but the proposer should provide a Purchase Price with and without the LTSA unless the OEM requires an LTSA.

For Build-Transfer RFP Projects, OTP prefers to make one lump-sum payment at closing. OTP may consider making installment/progress payments, subject to achievement (to OTP's satisfaction) of certain milestones and subject to certain limitations and/or conditions, including, but not limited to, such payments require security in favor of OTP in such form acceptable to OTP

in its sole discretion. If the Proposer is interested in receiving installment/progress payments, Proposer's description must include a proposed schedule of installment/progress payments for OTP to consider.

OTP will add projected costs associated with the Allowance for Funds Used During Construction to all payments made prior to the in-service date. OTP will also add projected Construction Oversight Costs (company costs to manage and verify the construction is completed in accordance with applicable technical requirements) to any Self-Build or Build-Transfer proposal price for evaluation. Therefore, Self-Build and/or Build-Transfer Proposers shall not include these costs in their pricing.

Related to the Self-Build or Build-Transfer proposal pricing, Proposers will be responsible for identifying the level of federal tax credit qualification they expect the RFP Project to attain and for providing supporting documentation or a detailed plan for providing such documentation, including meeting PWA Requirements. The tax credit in place on the day of Proposal submittal should be the tax credit discussed in the Proposal. OTP reserves the right to request Proposers provide updated tax credit and related information and expected qualification in the event that tax policy changes during the RFP or in subsequent contract negotiation processes.

2.5 Regulatory Approvals

At the completion of the proposal evaluation and contract negotiation process, OTP will file the signed transactional agreements and any necessary acquisition petitions with the MPUC for all necessary review and approvals. Bids may have additional petition filings required, and Proposers will be expected to support and provide such information as may be required to complete any applicable MPUC process.

2.6 Contract Accounting

All contracts proposed to be entered into as a result of this RFP will be assessed by OTP for appropriate accounting and/or tax treatment. Proposers shall be required to supply promptly to OTP any and all information that OTP requires in order to make such assessments.

By submitting a proposal, each Proposer agrees to make available to OTP at any point in the proposal evaluation process any financial data associated with the Proposer and its RFP Project so OTP may independently verify the Proposer's information in the above matters. Financial data may include, but shall not be limited to, data supporting the economic life (both initial and remaining) of the RFP Project or components thereof, the fair market value of the RFP Project, and any and all other costs and financing arrangements (including debt specific to the asset being proposed) associated with the Proposer's proposal. OTP may also use financial data contained in the Proposer's financial statements (e.g., income statements, balance sheets, etc.) as may be necessary.

OTP is aware that certain contract approaches could result in Financial Accounting Standards Board Accounting Standards Codification 810 requiring the consolidation of a seller or assets owned by a seller onto OTP's balance sheet pursuant to the variable interest entity requirements thereof. OTP is unwilling to be subject to accounting or tax treatment that results from a PPA's consolidated variable interest entity classification. As a result, in their proposal(s), Proposers shall (i) state that the Proposer has considered applicable accounting standards in regard to consolidated variable interest entities, and (ii) state that, to the Proposer's knowledge and belief, the Proposer's proposal will not result in such treatment as of the date of the proposal.

Section 3. Interconnection Requirements

3.1 General Information

OTP will only consider proposals located within the eligible RFP Project Locations. Each proposal is required to include all applicable interconnection costs within its pricing proposal. More details about each interconnection option are provided below.

3.2 OTP Points of Interconnection

Bids will be connected to OTP's distribution system. This RFP presumes that no new POI for a generator interconnection request will need to be submitted to MISO. These RFP Projects must be interconnected to the OTP distribution system in a location where the Point of Common Coupling is in the OTP service territory without OTP being required to provide any compensation or service territory swap with any neighboring utility to allow the interconnection. Further, the interconnection must not be on any feeder, or not be on any feeder connected to a substation, that is owned in whole or in part by any utility other than OTP.

Proposals must include information that allows OTP to confirm the proposed Project's interconnection status and its ability to demonstrate deliverability of accredited capacity. This includes all pertinent Proposer prepared studies including generator interconnection study information and a point of contact for all related information. Proposers will be responsible for including all anticipated interconnection and/or system upgrade costs in their proposal pricing, including the estimated cost of installing any necessary interconnection facilities and upgrades. Proposers are encouraged to attach all necessary information which supports the projected interconnection/system upgrade costs related to the RFP Project(s).

Information on interconnecting to OTP's distribution system can be found at the following link.

[Minnesota Interconnection | Otter Tail Power Company \(otpco.com\)](http://Otter Tail Power Company (otpco.com))

3.3 Battery Energy Storage System (BESS) Requirements

For projects with the desire to incorporate battery storage systems in conjunction with their solar DER, OTP will only allow and evaluate projects where the battery storage system is DC-coupled for the purposes of this DSES RFP and will not consider projects which incorporate AC-coupled battery storage technology.

Section 4. RFP Schedule and Proposal Content Requirements

4.1 Schedule

OTP's objective is to complete proposal evaluations, selections, and contract negotiations as set forth below in Table 2. For consideration in this RFP, proposals from third parties must be submitted by 5:00 p.m. (CDT) on April 11, 2025. Any Self-Build bids in this RFP must be submitted by 5:00 p.m. (CDT) on April 10, 2025, and will remain unopened until the proposal acceptance period has ended.

OTP reserves the right to adjust the schedule. This information would be communicated to all Proposers in writing on the SharePoint Site should it occur before the bid due date and via email should it occur after the bid due date.

Table 2: OTP 2025 DSES RFP SCHEDULE

RFP Issued	January 3, 2025
Proposer Conference	January 22, 2025
Last date for Proposers to submit questions (answers posted on Contractors Otter Tail Power Company)	March 13, 2025
Responses to last proposer questions posted	March 27, 2025
OTP Self-Build bids due, 5 p.m. CDT	April 10, 2025
Third Party bids due, 5 p.m. CDT	April 11, 2025
Lists of proposals granted conditional awards and proceeding to contract negotiations are announced	May 12, 2025
Contract negotiation complete for proposals	July 29, 2025
Petition filed for proposals to be accepted, including Independent Auditor report	August 29, 2025
2nd RFP Issued (as needed)	February 26, 2026

By submitting proposals, Proposers acknowledge there will be a short period of time to complete negotiation of a contract following selection and understand failure to timely complete those negotiations is likely to result in the proposed RFP Project not moving forward in the subsequent regulatory approval process.

OTP's RFP evaluation team, in consultation with the Auditors, will score the proposals and issue conditional awards to those proposals scoring highest until the needed capacity is fulfilled. After the conditional award, Proposers must promptly submit an interconnection application to OTP and enter into contract negotiations to finalize the appropriate contract for MPUC approval.

4.2 Minimum Requirements for Proposals

This section describes the minimum requirements that all proposals must satisfy to be eligible for consideration in this RFP. Unless OTP in its sole discretion elects otherwise, proposals that do not comply with these requirements will be deemed ineligible and will not be considered further. OTP reserves the right to reject any or all proposals or bids.

- Proposals must include all applicable content requirements described in Section 4.6, including clear and complete written descriptions of all information requested and completed forms.
- Proposals must clearly specify all pricing terms in accordance with Section 4.6.
- Proposals must demonstrate an acceptable level of development and technology risk, as determined by OTP's due diligence and evaluation team.
- Proposals must clearly demonstrate any financing requirements and an indicative financing structure (construction and permanent) for any proposed resources that will be delivered under the proposals, including adequate financial health of the Proposer to accomplish the proposal. Proposers should include a description of how current financial

markets are likely to impact the Proposer's ability to access the debt and tax equity markets.

- Each Proposer must present clear and sufficient proof that it has or can secure an adequate and confirmed supply of all equipment and materials necessary to construct and commission a complete, commercially operable, solar generating facility sufficient (at a minimum) to meet the RFP requirements.
- Proposers must provide the required proposal fee (described in Section 4.5) for each proposal submitted.
- All Proposers are expected to provide truthful and accurate statements as part of their bids. Any false statements will result in Proposer and RFP Project disqualification.
- No Proposer may act through partnership, joint venture, consortium, or other association or otherwise act in concert with any other person unless it provides written notification of such to OTP as part of its proposal.

4.3 Proposal Submission Deadline

All proposals will be accepted until 5:00 p.m. Central Daylight Time on the date indicated in Section 4.1.

All proposals must be transmitted electronically via upload to OTP's DSES SharePoint Site. Proposers can request upload links to submit their proposals by emailing the RFP Project Manager at:

otpdses@otpc.com

Proposals received via email or uploaded later than the due date and time indicated will be rejected and remain unopened unless OTP determines, at its sole discretion, to consider such proposals.

Each proposal submitted must be a complete and electronically signed original proposal. If a Proposer submits multiple RFP Project proposals, they must all be clearly marked and differentiated. Proposals in which multiple RFP Project sites are bundled into a single Proposal are allowed as long as each separate location independently meets all RFP Project requirements (e.g., minimum size of 1 MWac at each).

4.4 Information Policy and Internal Communications Protocol

To obtain additional information about this RFP, potential Proposers as well as all other parties may only submit inquiries via email at:

otpdses@otpc.com

Potential Proposers as well as all other parties should not attempt to acquire information through any other means including telephone calls to OTP. OTP will maintain a log of all inquiries and coordinate the preparation of written responses. OTP will periodically post responses to questions on the SharePoint Site and these responses will be filed as addendums to the RFP. The deadline for submitting questions is indicated in Section 4.1. All filed addendums will be posted by OTP on the RFP SharePoint Site. Proposers are responsible for monitoring the SharePoint Site for updated addenda. OTP has established this information policy to ensure that all Proposers have the same timely access and knowledge about the bidding and evaluation process.

a. Internal Communications Protocol

OTP has established an internal communications protocol that creates a “firewall” with respect to communications related to this RFP between OTP staff who may work on potential Self-Build proposals and OTP staff on the RFP evaluation team. This firewall is designed to safeguard against the Self-Build team obtaining information that is not available to other potential Proposers. The separation protocol also governs the communication process the RFP evaluation team will use to communicate with all Proposers, both internal and external to OTP. The Auditor hired by OTP monitors our firewall and communications between the RFP team and Proposers pertaining to the RFP and includes a review of the firewall and team structures in its report filed with the resource acquisition petition resulting from the RFP process.

4.5 Bid Evaluation Fees

Each Proposer submitting an RFP Project shall pay by wire transfer on or before the Proposal Due Date a fee of \$5,000 for each location submitted. A separate proposal evaluation fee is required for project proposals with different COD, interconnection choice, pricing, equipment type, or MW size. Proposals on different sites, regardless of similarities in size or COD, also require a separate proposal fee for proposal evaluation and due diligence through RFP completion. Build-transfer bids are distinct from a PPA proposal and require a separate proposal fee. However, Build-Transfer bids are required to provide two pricing options – one with an LTSA and one without, unless the OEM requires an LTSA. These Build-Transfer pricing alternatives are exempt from the separate proposal fee requirement and will only need to pay one \$5,000 fee per single paired set of purchase prices. Bid fees shall be paid by wire transfer to OTP at the time of submission of the Proposal. OTP will not refund any proposal fees associated with any proposal, regardless of the success or failure of that proposal. Wire transfer instructions will be posted on the SharePoint Site.

4.6 Proposal Content Requirements

This section outlines the content and format requirements for all proposals submitted in response to this RFP. Unless OTP in its sole discretion elects otherwise, proposals that do not include the information requested in this section will be deemed incomplete and ineligible for further consideration, unless the information requested is not applicable or relevant to a given proposal. OTP reserves the right to conduct any further due diligence it considers necessary to fully understand and evaluate proposals.

Proposers are encouraged to provide as much information as possible to assist in the evaluation of their proposals. A complete proposal will include a complete, electronically signed original proposal, assembled in the following format consistent with the outline and checklist attached hereto as **Appendix B**:

Section 1

Executive Summary: All Proposers shall provide an RFP Project summary and overview including narrative that addresses why their proposal provides value to OTP and its customers, especially with regard to OTP’s primary objectives of achieving DSES compliance as outlined in this RFP. Proposer shall also provide detail on background and experience in developing similar projects as well as any applicable references (including contact name, contact number and project name) from projects where the Proposer has completed development and construction of a similar facility.

Relevant Proposer Experience: All proposals must describe the Proposer's qualifications and experience in developing, constructing, commissioning and operating generation facilities similar to the proposed RFP Project, including the experience, qualifications and safety record of key personnel who will manage development and an overview of 1 MWac+ scale project(s) the Proposer has developed during the last 5 years. If a project team is in place, the proposal should identify the members of the team who will be responsible for design, siting, permitting, financing, construction, and operation of the facility. If such a group is not in place, the proposal must set forth the Proposer's plan for assembling such team (including process and timing). If an Engineering, Procurement, and Construction ("EPC") contractor or any other contractors will be utilized, the same level of information must also be provided for each separate entity, along with a clear description of their role in the RFP Project's development.

Section 2

Standard Proposer Information: All Proposers shall provide all information that is applicable to Proposers' respective RFP Project(s), including:

Bid Certification: Proposers must make several certifications, including:

- All statements and representations made in Proposer's proposal are true, and Proposer agrees to abide by OTP's Contractor Code of Business Ethics and the Otter Tail Corporation's Human Rights Policy as referenced therein, as well as OTP's Contractor Safety Policy, all of which can be found at [Contractors | Otter Tail Power Company \(otpco.com\)](https://www.otpco.com/contractors).
- The Proposer accepts the Model PPA in all material respects;
- The applicable accounting standards regarding variable interest entities have been considered and that, to the Proposer's knowledge, the Proposer's proposal will not result in consolidated variable interest entity treatment to OTP;
- The proposal pricing submitted includes the full cost for the use of labor covered by PWA Requirements for construction as well as all distribution interconnection costs, except as specifically noted in the proposal; and that
- The Proposer identifies and accepts any RFP addenda issued by OTP.

Cover Sheet: Proposers provide basic RFP Project description and company information including, but not limited to, contact information, RFP Project name, location, nameplate capacity, and all other relevant information.

Pricing: For all proposals, Proposers must provide expected generation levels for each year of the RFP Project's expected life, net of expected degradation impacts, if any, parasitic loads, and losses. Expected generation shall be estimated at the Point of Delivery ("POD"). Proposers must offer firm pricing valid through the duration of this RFP, and, if the Proposal receives a conditional award and is selected for negotiations, the completion of negotiations resulting in an executed PPA or PSA, anticipated to be complete by July 29, 2025, and subsequent submission to and approval by the MPUC. Indicative pricing in a proposal will not be acceptable.

Construction: Proposers are to provide proposed dates for each significant construction milestone, as shown on a reasonably detailed development schedule provided with the proposal.

Milestones should be based on the requirements to achieve the proposed commercial operation date. Proposer shall also provide onsite construction execution details, including anticipated personnel sizes for construction labor and management, expected on site manpower labor curves, and required equipment laydown or other warehousing sizes and locations.

Typical Year Production: Proposals must include the following:

- the average expected hourly generation from the RFP Project for an entire year as well as annual solar energy output using a P50 study.
- A PVsyst report for an entire year of estimated energy production.
- A summary file, in MS Excel format, that provides the assumptions being used by PVsyst to estimate energy production.

Independent Consultant: The annual P50 study and hourly generation shall be from a qualified external consultant unaffiliated with the Proposer. It shall also include projections of average annual solar irradiance and solar shading and the average hourly solar production profile of the RFP Project during each calendar month of the average year. Estimated Annual Energy Production should be as delivered to the POD and net of any expected plant degradation over time. Time is hour ending, Central Standard Time; do not adjust for daylight savings time. Explain fully the meteorological data, and sources, used for the annual estimates and provide all losses assumed. A copy of the third-party report and the contact information, resume, and experience of the external, unaffiliated consultant shall also be provided.

Interconnection Details: Proposals must include a summary of all anticipated costs related to the delivery of energy from the RFP Project to the POI/POD included in their proposal pricing. Inclusion of additional materials, such as financial analyses related to any costs expected to be incurred with regard to interconnection, is also permitted and encouraged.

Creditworthiness: Proposals must include detail and address all questions regarding financial aspects of all RFP Projects including financing information, credit history, and legal claims. The most recent three fiscal year-end financial statements need to be provided; preference will be given to audited statements, but unaudited statements will be accepted.

Siting and Environmental: Proposals must provide all requested details regarding site control, permitting, environmental studies, and legal claims. OTP will evaluate whether each Proposer's proposal includes the required environmental approvals and permits for construction of the RFP Project and whether the appropriate timelines have been included in the RFP Project schedule. Proposals must describe the impact of the RFP Project on wildlife including any direct or indirect impacts to state and federal-listed species. Report on any reviews, assessments or studies performed by the Minnesota Department of Natural Resources, US Fish and Wildlife Service, or other relevant agencies or consultants on wildlife or cultural resources impacted by the RFP Project. Proposals shall provide a characterization of the site and surrounding areas including proximity to nearby wetlands, prime farmland (as referenced in Federal Regulations 1980, title 7, section 657.5, paragraph (a)) and endangered, threatened, or critical species and critical habitat for threatened and endangered species. If a site permit request has been filed with a state regulator, please provide the docket number where filings can be viewed.

Warranties & Safety Considerations: Proposals will need to include copies of warranties and data sheets for the proposed system facilities and a satisfactory electrical one-line diagram that is in-front-of-the-meter, includes any safety considerations, a response to the safety questionnaire attached hereto at **Appendix C** (“*Safety Questionnaire*”) and conforms to OTP interconnection standard found in www.otpc.com/mninterconnection. All RFP Projects must include:

- a visible disconnect between the RFP Project facilities and OTP facilities;
- ability to communicate with OTP advanced metering infrastructure (“*AMT*”) devices;
- a revenue quality meter to be owned by OTP;
- protection for the RFP Project facilities; and
- inverters that are UL certified to meet IEEE Standard 1547.

Additional Information: Proposals may include a description of any additional factors or information that should be considered in the evaluation of the proposal.

4.7 Clarification of Proposals

While evaluating proposals, OTP may request clarification or additional information about any item in the proposal. Such requests will be sent via email, and Proposers are required to provide an email response back to the RFP Project Manager within five (5) business days, or OTP may deem the Proposer to be non-responsive and either suspend or terminate evaluation of the associated proposal.

Any amendment, modification, addenda, or clarification to a proposal are binding and will be treated the same as any original RFP proposal. OTP will only accept amendments, modifications, or addenda to a proposal in response to a request for clarification from OTP. Amendments, modifications, or addenda volunteered after proposal submittal will be disregarded unless directly solicited by OTP.

Proposers are responsible for carefully examining and understanding all RFP documents and requirements, nature of the work to be performed, and any other requirements and certifications listed in this RFP. A lack of understanding or ignorance of these requirements will in no way relieve the Proposer of the obligations of their proposal or of any resulting contract.

4.8 Confidentiality

Proposers are allowed to identify any information in their proposals that Proposers claim should be considered to be confidential or proprietary. Nonetheless, OTP reserves the right to release all proposals to its affiliates and such affiliates' agents, advisors, or consultants for purposes of proposal evaluation. OTP will, to the extent required by law, advise each agent, advisor or consultant that receives such claimed confidential information of its obligations to protect such information. In addition, all information, regardless of its confidential or proprietary nature, will be subject to review by the MPUC and other governmental authorities and courts with jurisdiction, and may be subject to legal discovery. It is not OTP's intent to enter into any separate confidentiality, non-disclosure, or similar agreements as a condition to receiving a Proposer's proposal.

Section 5. RFP Proposal Evaluation

The objective of OTP's evaluation is to identify proposals that meet the statutory resource objectives

identified in the RFP in a reliable and cost-effective manner, and which is likely to be successfully developed and ultimately placed into commercial operation.

An evaluation team, made up of various groups within OTP will evaluate proposals; however, OTP reserves the right to retain the services of outside experts to assist in the evaluation of proposals, in addition to the Auditor.

OTP will use a two-phase approach to evaluate proposals offered in the RFP. The two phases include:

- 1) Threshold review; and
- 2) Key parameters review and scoring.

Based upon the results of the complete evaluation, OTP will determine which proposals will be included in the final selection. Although it is not anticipated, OTP may conclude that no offered resource meets OTP's objectives of the RFP, and no proposal will be selected.

5.1 Threshold Review

The threshold review ensures the proposer and RFP Project parameters comply with all RFP requirements and seeks to identify any fatal flaws or critical risks in the proposal's ability to reach COD prior to December 31, 2030, at the proposed price and capacity level. Factors analyzed include, but are not limited to:

- Compliance with DSES statutory requirements.
- Whether the proposed RFP Project type meets size, location, and technical requirements stated in this RFP document.
- Whether the RFP Project proposes a COD for new accredited capacity after to December 31, 2030.
- Proposed RFP Project timeline.
- Meeting minimum requirements for site control and permitting.
- PPA bids: Failure to submit a proposal price in material compliance with the Model PPA.
- Achievement of minimum safety performance and standards based on answers to the Safety Questionnaire.
- Financial viability of the RFP Project and Proposer.
- Commitment to compliance with applicable requirements including PWA Requirements at both a Federal and Minnesota level.
- Sourcing practices and equipment availability.

5.2 Key Parameters Review and Scoring

Proposals remaining after the Threshold Review will be scored in the second stage of the evaluation process. OTP has identified the following key parameters to evaluate the proposals during this stage:

Score Components

- Cost
- Site Control
- Safety
- Viability
- Developer Experience
- Reliability Benefits
- Pollinator Friendly Habitat

Score Deductors

- Project execution challenges
- Inability to respond to OTP questions in a timely manner
- Material deviations from the Model PPA

Each proposal evaluated during this stage will receive a score between 0 and 100 points, with weighting as stated below:

- **Cost:** OTP will evaluate proposals' pricing using leveled cost methodologies, PPA project pricing, its energy production, and the amount of accredited capacity it can deliver. The proposal pricing score will have a maximum point value of **50** points out of the 100 total possible points.
- **Site Control:** OTP will provide a score for each proposal based upon how sufficiently it has demonstrated Site Control. The definition of Site Control for this section and other references of "Site Control" will align with that stated in MN Distributed Energy Resources Interconnection Process version 2.3 Section 1.7. The maximum points for this category will constitute **5** points out of the 100 total possible points.
- **Safety:** If the proposal passes the minimum threshold for safety, OTP will provide a score for each proposal based upon how sufficiently it has demonstrated compliance with industry standard safety requirements through responses to the safety questionnaire attached to the RFP as [Appendix C](#). The maximum points for this category will constitute **5** points out of the 100 total possible points.
- **Viability:** OTP will provide a score for each proposal based upon how sufficiently it has demonstrated the deliverability of its proposed level of accredited capacity by the

statutorily required date and financial viability including the level of financial strength of the Proposer relative to the size of the proposed project. This will include how well the Proposer has identified potential risks and mitigated those risks through the proposal design and demonstrated financial strength to respond to such risks if necessary. Examples include risks for the intended interconnection approach, supply chain risks for the type of equipment selected, and labor cost escalation impacts, with more points being awarded for RFP Projects that have firmer plans and financial resources addressing these risks. The maximum points for this category will constitute **15** points out of the 100 total possible points.

- **Developer Experience:** OTP will evaluate each proposal based on the strength of the Proposer, including whether the RFP Project is likely to achieve the estimated level of tax credits estimated in the proposal, the composition of the Proposer implementation team, the number of similar projects of the Proposer that have been completed, and of those how many have failed or had to reopen executed contracts with off takers in recent years. The maximum points for this category will constitute **15** points out of the 100 total possible points.
- **Reliability Benefits:** OTP will evaluate each proposal based on the incorporation of a DC-coupled storage system or other RFP Project characteristics that provide ancillary reliability benefits consistent with those described in Section 4.2.9.1 of MISO BPM 11 (r29) describing resource adequacy. The maximum points for this category will constitute **5** points out of the 100 total possible points.
- **Pollinator Friendly Habitat:** OTP is committed to supporting pollinator friendly habitats at our solar facilities. See [Pollinator Habitat Guide | MN Board of Water, Soil Resources](#). The maximum points for this category will constitute 5 points out of the 100 total possible points.
 - Plan for entire growing season = 1 point
 - Location and size = 1 point
 - Seed mixes (high percentage of Forbs) = 1 point
 - Using local native species = 1 point
 - Minimum of 9 species of Forbs = 1 point
- **Distribution Circuit Upgrades:** OTP will not evaluate the need to upgrade the distribution circuit in order to accommodate the proposed RFP Project and will not add or deduct points relative to this issue.

Score Deductors: Score deductors are not a percentage of the total score but will act only as a detractor to the total score.

- **Project Execution Challenges:** OTP will evaluate each proposal based on the RFP Project type and disclosed or discovered execution challenges, including local community resistance, permitting challenges, supply chain issues, and other factors of this type. If there are concerns regarding the execution challenges, the final score will be decreased by up to **5** points from the 100 total proposal points.
- **Inability to Respond to Company Questions in a Timely Manner:** Unless otherwise specified by OTP, Proposers have 5 business days to respond to a request from OTP. Failure to respond by the requested dates interferes with the ability of OTP to complete

the proposal evaluation process for all proposals in a timely and effective manner. A maximum point value of **5** points out of the 100 total possible points may be deducted from the overall evaluated value of each proposal for failure to respond to requests on a timely basis.

- **Material Deviations from Model PPA:** OTP will evaluate RFP responses and any conditions, exceptions or objections (“*Deviations*”) to the terms and conditions of the Model PPA. If OTP determines that the Proposer has made their proposal conditioned on material Deviations to the Model PPA, then a maximum of **10** points of the 100 total proposal points may be deducted.

5.3 Final RFP Project Selection and Proposer Notification

OTP plans to complete the evaluation of bids and provide notification to Proposers of the status of their proposal by May 12, 2025. On this date, Proposers will either be notified of a conditional award and proceeding to contract negotiations or that the proposal is no longer under consideration. Proposals notified of a conditional award must promptly submit an interconnection application to OTP’s distribution system.

Notice of Disclaimer

The information contained in this RFP has been prepared solely to assist Proposers in deciding whether or not to submit a proposal. OTP does not represent this information to be comprehensive or to contain all of the information that a Proposer may need to consider in order to submit a proposal. OTP, its affiliates, or their respective employees, directors, officers, customers, agents and consultants does not make, now or in the future, any representation, promise or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained herein, or in any document or information made available to a Proposer, whether or not the aforementioned parties knew or should have known of any errors or omissions, or were responsible for their inclusion in, or omission from, this RFP.

OTP reserves the right to modify, supplement or withdraw this RFP at any time, whether due to changes in law or otherwise, and issue one or more addenda to this RFP during this solicitation. No part of this RFP and no part of any subsequent correspondence by OTP, its affiliates, or their respective employees, directors, officers, customers, agents or consultants shall be taken as providing legal, financial, accounting or other advice or as establishing a contract or contractual obligation. Contractual obligations on the part of OTP will arise only if and when definitive agreements have been approved by OTP management, executed by the appropriate OTP representatives having the authority to approve and enter into such agreements, and all required regulatory and/or governmental approvals are obtained including but not limited to from the MPUC. OTP reserves the right to request from a Proposer information that is not explicitly detailed in this RFP, obtain clarification from Proposer(s) concerning proposals, conduct contract development discussions with selected Proposer(s), conduct discussions with members of the evaluation team consistent with the guidelines stated herein and other support resources as described in this RFP and in compliance with all FERC Code of Conduct rules.

OTP will, in its sole discretion and without limitation, evaluate proposals and proceed in the manner OTP deems appropriate, which may include deviation from OTP's expected evaluation process, the waiver of any requirements and the request for additional information. OTP in its sole discretion may accept any proposal or reject any, all or portions of any proposal. OTP also may decline to enter into any agreement with any Proposer, terminate negotiations with any Proposer or abandon the RFP process in its entirety at any time, for any reason and without notice thereof. OTP does not anticipate issuing future requests for proposals to satisfy the DSES requirements, but if this RFP fails to produce sufficient qualified Proposals to meet the statutory requirements, it may do so. Proposals submitted as part of this RFP will not be

considered in any future RFP and a proposal must be submitted pursuant to the terms and conditions of such future request for proposals to be considered

Proposers who submit proposals agree to do so without legal recourse against OTP, its affiliates, or their respective employees, directors, officers, customers, agents or consultants for failure to select or rejection of their proposals or for failure to execute an agreement for any reason. OTP and its affiliates shall not be liable to any Proposer or other party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this RFP. Except as otherwise provided in the rules and orders of MPUC, by submitting its proposal, each Proposer waives any right to challenge any aspect of OTP's evaluation of its proposal. By submitting its proposal, each Proposer waives any right to challenge any determination of OTP to select or reject its proposal. Each Proposer, in submitting its proposal, irrevocably agrees and acknowledges that it is making its proposal subject to and in agreement with the terms of this RFP.

Each Proposer shall be liable for all of its costs incurred to prepare, submit, respond to or negotiate its proposal and any resulting agreement and for any other activity related thereto, and OTP shall not be responsible for any of the Proposer's costs.

Attachments

Appendix A

Model PPA

[*See Attached*]

SOLAR GENERATION POWER PURCHASE AGREEMENT

This Solar Generation Power Purchase Agreement (this “Agreement”) is entered into this _____ day of _____, 20____ (the “Effective Date”) by and between Otter Tail Power Company, a Minnesota corporation (“OTP” or “Otter Tail”) and [Entity], a [State][Form of Organization] (“Seller”).

RECITALS

1. Seller has agreed to construct, own and operate a solar powered electric generating facility (the “Facility”) on a site located in [SITE], Minnesota with a net output of [1-10] MW to be operated in parallel with OTP’s transmission, distribution, and generation system. Seller has agreed to sell to OTP the output generated by the Facility, including the Net Nameplate Capacity and Net Energy.

2. This Facility is intended to and will comply with Minn. Stat. § 216B.1691(2)(h)’s distributed solar energy standard (“DSES”).

3. OTP has agreed to purchase the output generated by the Facility, including the Net Nameplate Capacity and Net Energy, and to achieve and maintain accreditation of that Capacity by MISO Resource Adequacy Requirements, DSES requirements, and other entities and agencies to which OTP may be obligated by contract or otherwise.

4. OTP is willing to purchase, and Seller is willing to sell all the Net Nameplate Capacity and Net Energy, of the Facility, subject to the terms and conditions and at the prices set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and the mutual promises set forth below, Seller and OTP agree as follows:

AGREEMENT

ARTICLE I - DEFINITIONS

1.1 Acceptance Criteria: The criteria that will be used to determine whether and when the Facility is capable of producing Energy associated with the Accreditable Capacity and delivering such Energy to the Point of Delivery, as set forth in Appendix C.

1.2 Accreditable Capacity: The amount of net generating capability rounded to the nearest hundredth of a megawatt associated with the Facility for which capacity credit may be obtained under applicable MISO Resource Adequacy Requirements.

1.3 Agreement: This contract, including all appendices, for the purchase of Capacity and Energy entered into between Seller and OTP, as amended by the Parties from time to time in accordance with the Agreement.

1.4 Capacity: The output potential a machine or system can produce, or can produce under specified conditions. The capacity of generating equipment is generally expressed in MW. Capacity is also referred to as “capability” in the industry and for the purposes of the Agreement the terms are synonymous.

1.5 Commercial Operation: When (a) 100% of the Committed Nameplate Capacity of the Facility is installed; (b) the Facility has operated without experiencing any abnormal or unsafe operating conditions on any interconnected system; (c) Seller has obtained all permits necessary to authorize that production and delivery, (d) Seller has demonstrated compliance with the Prevailing Wage and Apprenticeship Requirements, and (e) Seller and/or the Facility have completed all other Acceptance Criteria set forth on Appendix C.

1.6 Commercial Operation Date: The first calendar day following a successful demonstration that the Facility has reached Commercial Operation and Seller has met the other criteria of Appendix C, which must take place prior to December 31, 2030.

1.7 Committed Nameplate Capacity: The total maximum designed power output, expressed in MW, of all installed solar generating equipment at the Facility as specified by the equipment manufacturer power curve. Such capacity is that which Seller agrees to construct and maintain at the Facility in order to sell and deliver Capacity and Energy to OTP pursuant to the Agreement.

1.8 Emergency: Any condition or situation which in the reasonable judgment of OTP MISO, MRO or any other entity with operational control or authority over the interconnected transmission and/or distribution system, (as communicated to OTP) (i) endangers or might endanger life or property or (ii) adversely affects or might adversely affect OTP’s ability, or the ability of any other entity associated with the interconnected transmission and/or distribution system, to maintain safe and reliable electric service to OTP’s customers and/or the customers of any such other entity.

1.9 Energy: The amount of electricity either used or generated over a period of time; expressed in terms of megawatt-hour (MWh).

1.10 Energy Resource: Interconnection service which allows the Seller to connect the Facility to the transmission or distribution system, as applicable, as an “Energy Resource” as defined by the MISO Open Access Transmission and Energy Markets Tariff, and be eligible to deliver the Facility’s output using the existing firm or nonfirm capacity on the transmission system on an as available basis.

1.11 Environmental Law: Any federal, state, and local laws including statutes, regulations, rulings, orders, administrative interpretations, and other governmental restrictions and requirements relating to the discharge of air pollutants, water pollutants or process wastewater, or otherwise relating to the environment or hazardous substances as amended from time to time.

1.12 Environmental Liability: Any and all liability arising under, resulting from, or imposed by any Environmental Law.

1.13 Facility: The generation, Seller's Collector System, transmission and distribution facilities owned by Seller and located on the Site and between the Site and the Point of Interconnection for the generation of solar powered electricity and delivery of such electricity to OTP. The Facility shall at all times consist of and be operated as [Describe Facility].

1.14 FERC: Federal Energy Regulatory Commission or its successor organization, if any.

1.15 Financier: Any individual or entity providing money or extending credit (including any capital lease) to Seller for (i) the construction, term, or permanent financing of the Facility; or (ii) working capital or other ordinary business requirements for the Facility. "Financier" shall not include common trade creditors of Seller.

1.16 Generator Interconnection Agreement: The agreement dated [] by and between OTP and Seller for interconnection to OTP's distribution system.

1.17 Governmental Authority: Any nation, government, state or other political subdivision thereof, whether foreign or domestic, including, without limitation, any municipality, township and county, and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government, including, without limitation, any corporation or other entity owned or controlled by any of the foregoing.

1.18 Guaranteed Price: The price expressed in dollars per MWh set forth in Section 2.3(a) and Appendix A of this Agreement and used as the basis for determining payments by OTP to Seller for the Net Energy, and all Net Nameplate Capacity of the Facility.

1.19 IEEE: Institute of Electrical and Electronic Engineers or its successor organization, if any.

1.20 Interconnection: Construction, installation, operation, and maintenance of all Interconnection Facilities in accordance with any Interconnection Agreement.

1.21 Interconnection Agreement: The separate agreement between Seller and Interconnection Provider for the interconnection of the Facility to the Interconnection Provider's System, as such agreement may be amended from time to time, that is described in Section 4.4.

1.22 Interconnection Facilities: All the facilities installed on the Seller's side of the Point of Interconnection for the purpose of interconnecting the Interconnection Provider's System and the Facility.

1.23 Interconnection Provider: The Person that owns and operates the transmission and distribution lines, Interconnection Facilities, and other equipment and facilities with which the Facility interconnects at the Point of Interconnection, and its successors and assignees.

1.24 Interconnection Provider's System: The transmission and distribution by which the Interconnection Provider provides interconnection and transmission of the Accreditable Capacity and Net Energy at and from the Point of Interconnection.

1.25 kW: Kilowatt.

1.26 MISO Procedures: Those procedures and guidelines established by MISO or its committees that are applicable to OTP generation and transmission and distribution system operations or the Facility, as amended from time to time.

1.27 MISO: Midwest Independent Transmission System Operator, Inc., a non-profit, non-stock corporation organized and existing under the laws of the State of Delaware and any successor organization. MISO has operational control of OTP's transmission system, and its directives may affect the distribution system (Interconnection Provider's System).

1.28 MISO Resource Adequacy Requirements: Those procedures and guidelines applicable to OTP owned or purchased generation set forth in, or in accordance with, Module E of the MISO Open Access Transmission and Energy Markets Tariff, as amended from time to time.

1.29 MPUC Approval: Shall have the meaning set forth in Section 5.3(a).

1.30 MRETS Program: The Midwest Renewable Energy Tracking System, MPUC Docket No. E-999/Cl-04-1616 and subsequent and related proceedings.

1.31 MRO: The Midwest Reliability Organization as a NERC regional electric reliability council, or any successor organization.

1.32 MVA: Megavolt amperes.

1.33 MW: Megawatt.

1.34 MWh: Megawatt hour.

1.35 NERC: North American Electric Reliability Corporation and any successor agency.

1.36 Net Energy: The actual number of MWh generated by the Facility during the period being considered less any generating output in MWh used for the Facility's Station Auxiliary and less any generating output in MWh consumed by Seller for its own use at the Site where the Facility is located as measured by the meter installed pursuant to Section 3.1 of this Agreement.

1.37 Net Nameplate Capacity: The total maximum power output, expressed in MW, that the Facility will provide to the Point of Delivery.

1.38 Network Resource: The applicable amount of Capacity for the Facility that has been designated for resource adequacy as a "Network Resource" under Module E of the MISO Open Access Transmission and Energy Markets Tariff.

1.39 Network Upgrades: All or a portion of the modifications or additions to transmission and distribution related facilities that are integrated with and support the

Interconnection Provider's System for the general benefit of all users of the transmission and distribution system.

1.40 New Joint Transmission Authority: Any independent service organization or other Person that may be created or becomes operational subsequent to the date of this Agreement and that is empowered or authorized to plan, coordinate, operate, regulate or otherwise manage any or all of the Interconnection Provider's System, whether in place of, or in addition to, MRO or MISO.

1.41 OATT: Any open access transmission tariff on file with FERC.

1.42 OTP: Otter Tail Power Company, a Minnesota corporation, and its successors and assignees.

1.43 Parties: OTP and Seller, and their respective successors and permitted assignees.

1.44 Party: OTP or Seller, and their respective successors and permitted assignees.

1.45 Permits: All state, federal, and local authorizations, certificates, permits, licenses, and approvals required by any Governmental Authority for the construction, operation, and maintenance of the Facility.

1.46 Person: An individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trusts, unincorporated association, joint venture, Governmental Authority, or other entity.

1.47 Point of Delivery: The point at which OTP accepts title to and risk of loss for the Net Energy and Net Nameplate Capacity sold and delivered by Seller to OTP, and the amount of Net Energy delivered and purchased is established for purposes of billing. The Point of Delivery is as shown in Appendix B.

1.48 Point of Interconnection: The point on the electrical system where the Facility is physically interconnected with the interconnection provider's System. The Point of Interconnection is shown in Appendix B.

1.49 Prevailing Wage and Apprenticeship Requirements: The prevailing wage and apprenticeship requirements described in Appendix G.

1.50 Prudent Electric Industry Practice: Those methods, practices, and use of equipment, as changed from time to time, that are commonly used and accepted in electrical engineering and operations to operate electric equipment lawfully and with safety, dependability and efficiency, including, but not limited to, the requirements of the National Electric Safety Code, the National Electrical Code, NERC, MRO, MISO Procedures, NERC standards and procedures, and any governmental code or regulations.

1.51 PTC: The federal production tax credit for the production of electricity from solar pursuant to 26 U.S. C. §45, as amended.

1.52 Qualifying Production Loss Event: This term is defined in Section 5.5(b).

1.53 Renewable Energy Credits (RECs): All attributes of an environmental or other nature that are created or otherwise arise from the Facility's generation of Energy using solar as a fuel in contrast to the generation of electricity using nuclear or fossil fuels or resources, including, but not limited to, tags, certificates or similar products or rights associated with solar as a "green" or "renewable" electric generation resource. These attributes include any and all environmental air quality credits, emissions reductions, carbon offsets, allowances or other benefits related to the generation of energy at the Facility that reduces, displaces or offsets emissions resulting from fuel combustion at another location pursuant to any existing or future international, federal, state or local legislation or regulation or voluntary agreement, and the aggregate amount of credits, offsets or other benefits related to the MRETS Program or other environmental or renewable energy credit trading program derived from the use, purchase or distribution of Energy generated at the Plant, including, but not limited to, credits, allowances, offsets or similar rights which can be used to claim responsibility for any avoidance or reduction of emissions or pollutants such as mercury, nitrogen oxide, sulfur dioxide, carbon dioxide, carbon monoxide, particulate matter, or other contaminants of air, water or soil under any international regulatory or voluntary program, including the United Nations Framework Convention on Climate Change and related Kyoto Protocol and similar or successor programs.

"RECs" does not include production tax credits or any similar tax credits, cash grants, production incentives or similar tax or cash benefits for which Seller, the Facility or any financier is eligible or which any of them receives.

1.54 Requirements of Law: Collectively, the certificate of incorporation and bylaws or other organizational or governing documents of Seller or OTP and any United States or Canadian federal, state or provincial law, treaty, franchise, rule, regulation, order, writ, judgment, injunction, decree, award or determination of any arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon Seller or any of its property or to which Seller or any of its respective properties are subject.

1.55 Seller: [ADD], and any permitted successor or assignee.

1.56 Seller's Collector System: The electric power substation and collection facilities owned, operated and maintained by Seller, which shall include, without limitation, the transformer and the circuit reinforcements, extensions and associated terminal facility reinforcements or additions required to complete the Interconnection between the Facility and the Interconnection Provider's System.

1.57 Seller's Contractual Obligations: As to Seller, any provision of any security issued by it or any material agreement, instrument or undertaking to which Seller is a party or by which it or any of its property is bound.

1.58 Site: The real property on which the Facility is located, including all related solar easements and on which the Seller receives retail electric service from OTP. The legal description of the Site is set forth in Appendix D and incorporated by reference.

1.59 Station Auxiliary: Energy used by Seller to operate the Facility.

1.60 Term: The period of time during which the Agreement is in effect.

1.61 Transmission Provider: MISO and its successors and permitted assignees.

1.62 Trial Energy: Any Net Energy generated by the Facility and delivered to the Point of Interconnection prior to the Commercial Operation Date for the Facility.

1.63 Unavailable: A physical state in which the Facility is not capable of providing Net Energy or Net Nameplate Capacity to the Point of Interconnection, or in which any other equipment or facility is not capable of performing its intended purpose.

1.64 Utility Regulatory Commissions or URC: Means the Minnesota Public Utilities Commission (MPUC) or any successor agencies.

ARTICLE II - PURCHASE AND SALE

2.1 Term. This Agreement shall be effective upon execution by authorized representatives of both Parties and shall continue until Seller no longer has an obligation to sell, and OTP has no obligation to buy, power hereunder unless earlier terminated as set forth herein. OTP's obligation to purchase the Net Nameplate Capacity and Net Energy of the Facility, as set forth herein, shall be effective on the Commercial Operation Date and end on the date that is 35 years after the Commercial Operation Date unless earlier terminated as set forth herein.

2.2 Sale and Purchase. OTP agrees to purchase the entire Net Nameplate Capacity and Net Energy of the Facility during the Term and to accept delivery of the Net Nameplate Capacity and Net Energy, at the Point of Delivery during the Term, subject to the terms of the Agreement (including, without limitation, the contingencies and termination rights set forth in Sections 5.3 and 5.4 of this Agreement). Seller agrees to deliver and sell the entire Net Nameplate Capacity and Net Energy, from the Facility to OTP at the Point of Delivery for the Term. Seller shall not contract to sell any Net Nameplate Capacity and Net Energy from the Facility to any Person other than OTP for the Term and Seller acknowledges that OTP is entitled to receive all Net Nameplate Capacity and Net Energy, from the Facility during the Term.

2.3 Purchase Price.

(a) **Guaranteed Price.** From and after the Commercial Operation Date, OTP shall pay Seller the Guaranteed Price as specified in Appendix A per MWh delivered for the Net Nameplate Capacity, and Net Energy that Seller delivers to OTP at the Point of Delivery. OTP and Seller agree that the applicable Guaranteed Price is intended to compensate Seller for the Net Nameplate Capacity and Net Energy delivered to OTP, and that Seller is not entitled to a separate price or payment for the Capacity of the Facility to which OTP is entitled. The Guaranteed Price is inclusive of the price for any RECs generated by the Facility.

(b) **Trial Energy.** OTP shall purchase all Trial Energy produced by the Facility during startup and testing and delivered to OTP at the Point of Delivery at the price specified in Appendix A.

(c) **Qualified Production Loss Event.** If delivery of Net Energy is curtailed by OTP pursuant to a Qualified Production Loss Event (as defined in Section 5.5 below), OTP shall make payments to the extent provided in, and in accordance with, Section 5.5 below.

2.4 Tax Credits. Seller is responsible to apply and qualify for the federal production tax credit pursuant to 26 U.S.C. Section 45 and any other production tax credits or payments or other assistance, grants or financial credits which might be available to Seller or the Facility from any Governmental Authority, and OTP agrees that Seller is entitled to receive any such credits, assistance, or grants. Seller and OTP agree that the Guaranteed Price and other pricing set forth in this Agreement are not subject to adjustment or amendment due to Seller's receipt, or failure to receive, any such credits, assistance or grants, in whole or in part, after the date of this Agreement, including without limitation failure of the Facility to qualify to receive the PTC or ITC tax credits for any reason.

2.5 Net Nameplate Capacity. Seller agrees that the Net Nameplate Capacity shall be [insert] kW, and that the Net Nameplate Capacity shall include only Capacity from the Facility.

2.6 Capacity Accreditation. Each year Seller shall collect hourly data in accordance with OTP procedures, MISO Resource Adequacy Requirements and MISO Procedures to determine the Accreditable Capacity of the Facility. OTP shall determine if the Facility will be registered with MISO to obtain Accreditable Capacity and shall advise Seller of the applicable MISO Resource Adequacy Requirements and MISO Procedures. Seller shall comply with all MISO and OTP requirements regarding determination of Accreditable Capacity.

2.7 RECs. The Parties agree that the Guaranteed Price includes compensation for the RECs associated with the Energy and Capacity purchased by OTP pursuant to this Agreement. All RECs shall be owned and controlled by OTP and may be used, sold, or transferred as OTP may decide in its sole and absolute discretion.

ARTICLE III - MEETING AND BILLING

3.1 Metering Requirements. The transfer of electric Capacity and Energy between Seller and OTP shall be measured by metering equipment owned by the Seller and compensated to the Point of Delivery. The Seller shall install a revenue quality meter on the Seller's Facility. Seller shall arrange and maintain metering and SCADA communication as identified in the Generator Interconnection Agreement.

If Seller's test shows a meter to have an average error of more than 2% fast or 2% slow, Seller shall make an adjustment to the metered data during the period of registration error, if known. The adjustment to the metered data shall be based on corrected meter readings for a period equal to one-half the time elapsed since the last testing of the meter, but not to exceed six (6) months, unless it can be established that the error was due to some cause, the date of which can be

fixed with reasonable certainty, in which case meter adjustments will be calculated to that date, but in no event for a period longer than one (1) year. When the average error cannot be determined by test because the meter is not found to register or is found to register intermittently, OTP may choose to use the best information available to adjust the metered data.

3.2 Billing. Seller shall provide the ability for OTP to read the meter per the Generator Interconnection Agreement.

3.3 Billing and Payment Records. To facilitate payment and verification, Seller shall maintain all books and records necessary for billing and payments, including without limitation copies of all invoices and curtailment data with respect to the Facility for a period of at least two (2) years, and Seller shall grant OTP reasonable access to those books, records and data on the premises of the Facility or at the principal place of business of the Seller. OTP may examine such books and records relating to transactions under and administration of this Agreement, at any time during the period the records are required to be maintained, upon request with reasonable notice and during normal business hours.

3.4 Payment. OTP's payment to Seller for Net Nameplate Capacity and Net Energy delivered shall be posted, if by mail, twenty (20) days following the date of the bill. If such due date falls on a weekend or legal holiday, such due date shall be the next working day. Payments posted after the due date shall be considered late and shall bear interest on the unpaid balance at a rate equal to four percent (4%).

3.5 Wire Transfer. OTP shall make payment of bills via wire transfer of funds if requested in writing by Seller, at Seller's sole expense, and if the request contains adequate payment information. OTP shall be entitled to conclusively presume, without any liability whatsoever, that the payment information furnished by Seller (for example, name, financial institution, account numbers, and payee) is accurate. In no event will OTP be required to pay any bill more than once where the invoice was first paid in accordance with Seller's instructions.

ARTICLE IV – SELLER'S OBLIGATIONS

During the Term of the Agreement, Seller hereby agrees to be bound by and to perform the following affirmative obligations:

4.1 Design, Construction and Operation of the Facility.

Seller shall:

(a) At its sole expense, design and construct the Facility and any related facilities in accordance with Prudent Electric Industry Practice and in accordance with the Generator Interconnection Agreement.

(b) In a timely manner, seek, obtain, maintain, comply with and, as necessary, renew and modify, at Seller's sole expense, the Permits and all other permits, certificates or other authorizations which are required by any Requirement of Law or Governmental Authority as prerequisites to engaging in the activities envisioned by the Agreement and to

meeting Seller's obligation to operate the Facility consistently with the terms of the Agreement.

(c) At Seller's sole expense, operate, maintain, and repair the Facility in accordance with this Agreement, all Requirements of Law, Seller's Contractual Obligations, Permits, the practices and requirements of OTP, MISO, MRO and any New Joint Transmission Authority, and in accordance with Prudent Electric Industry Practice.

(d) At Seller's sole expense, obtain and maintain the coverages in the initial amount specified in Appendix E during the Term of the Agreement.

(e) Comply with MISO, MRO and NERC Procedures and the requirements of any New Joint Transmission Authority and cooperate with all reasonable requests by OTP relating to OTP's compliance with such entities.

4.2 General Obligations.

(a) Seller, during the Term of the Agreement, shall pay all present or future federal, state, municipal, or other lawful taxes or fees applicable to Seller or the Facility or by reason of the sale of Energy or Capacity under the Agreement. Seller shall receive the benefit of any tax credits, allowances, or other financial credits related to the Facility.

(b) Seller shall obtain in its own name and at its own expense any and all pollution or environmental credits or offsets necessary to operate the Facility in compliance with the Environmental Laws. Seller agrees to execute an Indemnity Agreement in the form set forth in Appendix F in favor of OTP that shall protect OTP against any Environmental Liability relating to or arising from the Site and the Facility.

(c) Unless otherwise agreed by the Parties, Seller shall provide its own Station Auxiliary power and Energy from the gross output of its on-site generators when they are operating. At Seller's option, OTP shall provide Seller with standby power and Energy in accordance with then effective retail tariffs.

(d) Seller shall keep complete and accurate operating and other records and all other data for the purposes of proper administration of the Agreement, including such records as may be required by any Governmental Authority, MISO, MRO, any New Joint Transmission Authority, OTP, the Patties and as otherwise required by Prudent Electric Industry Practice. OTP shall provide reasonable notice of OTP's specific requirements of Seller.

(e) Seller shall continue to (i) preserve, renew and keep in full force and effect its organizational existence and good standing, and take all reasonable action to maintain all permits, rights, privileges, licenses, and franchises necessary or desirable in the ordinary course of its business; and (ii) comply with all Seller's Contractual Obligations and Requirements of Law.

(f) Seller shall provide to OTP such other information regarding the permitting, engineering, construction, condition and operations, of Seller or the Facility, financial or

otherwise or other data concerning the Seller or the Facility as OTP may, from time to time, reasonably request.

4.3 Sale of Assets.

(a) Seller shall not lease, sell, agree to sell, convey or otherwise transfer or dispose of (in one or a series of related transactions) any of its interest or title in any material portion of its Facility assets, now owned or hereafter acquired, except as part of a collateral assignment or other security instruments in favor of a Financier, or in the ordinary course of business as parts need repair or replacement, without OTP's consent, which shall not be unreasonably withheld, conditioned, or delayed.

4.4 Interconnection Agreement; Separation of Functions.

(a) Seller shall be responsible for submitting an Interconnection Agreement to the Interconnection Provider and for negotiating, entering into, and performing the Interconnection Agreement with the Interconnection Provider and any other necessary Persons for design, installation and operation of the necessary facilities to permit delivery of the Net Energy and Capacity on Seller's side of the Point of interconnection.

(i) Seller shall provide the Transmission Provider, the Interconnection Provider and any applicable transmission owners written permission to release transmission study results to OTP.

(b) The Parties acknowledge that OTP's responsibilities and obligations under this Agreement are those of OTP's merchant function, not of its transmission function, and that this Agreement imposes no responsibilities or obligations on OTP's transmission function. The Parties recognize that Seller has or will enter into a separate Interconnection Agreement with the Interconnection Provider, which may be OTP, will be a separate and free-standing contract. Seller expressly recognizes that, for purposes of this Agreement, the Interconnection Provider shall be deemed to be a separate entity and separate contracting party whether or not the Interconnection Agreement is entered into with Otter Tail or an affiliate of Otter Tail. Notwithstanding any other provision in this Agreement, nothing in the Interconnection Agreement shall alter or modify Seller's or OTP's rights, duties and obligations under this Agreement. Furthermore, this Agreement shall not be construed to create any rights between Seller and the Interconnection Provider.

(c) The Parties further recognize that OTP's functionally separate transmission organization offers transmission service on its system pursuant to the terms of the relevant OATT and that this Agreement does not impose any responsibilities, obligations or terms on OTP's functionally separate transmission organization.

ARTICLE V - OTP OBLIGATIONS; TRANSMISSION SERVICE; CURTAILMENT

5.1 Cooperation. OTP agrees to cooperate with Seller in any applications that Seller is making for tax credits, grants, or assistance as described in Section 2.4, at Seller's expense. OTP's obligation shall consist only of providing nonproprietary information in its possession, custody, or

control necessary to complete any such applications, responding to requests from the relevant Governmental Authorities, and similar activities.

5.2 Collateral Assignments. OTP shall not be required to enter into collateral assignments of the Agreement.

5.3 Condition Precedent; Utility Regulatory Commission Approvals.

(a) To the extent OTP deems it necessary, in its sole discretion, OTP shall request approval of this Agreement and the payments to be made to Seller pursuant to this Agreement from the MPUC. No earlier than fifteen (15) days prior to the Effective Date and no later than thirty (30) days after the Effective Date, OTP may request an affirmative determination from the MPUC that OTP's execution of this PPA is reasonable, in the public interest, and all costs incurred under this PPA are recoverable from OTP's retail customers; *provided, however,* that such MPUC approval shall not be deemed to fail to satisfy the requirement of this paragraph merely because it provides that the MPUC retains ongoing prudency review of OTP's performance hereunder (generally, "MPUC Approval"). OTP shall use commercially reasonable efforts to obtain MPUC Approval, if requested, and Seller shall cooperate reasonably with Company's efforts to seek MPUC Approval. If OTP fails to apply for MPUC Approval within sixty (60) days following the effective date of this PPA, OTP shall be deemed to have waived its rights under this Section. Seller agrees to cooperate with OTP with respect to any such request by providing information reasonably necessary to support the request and to respond to discovery requests by parties to the proceeding to the extent requested by OTP. If the MPUC declines to approve this Agreement, or approves this Agreement subject to conditions which alter the material terms of the Agreement, as reasonably determined by OTP, then OTP may terminate this Agreement upon written notice to Seller within thirty (30) days after the MPUC decision, with no further obligations under this Agreement.

(b) In the event that OTP timely applies for MPUC Approval under paragraph (a) of this Section, OTP shall have the right to terminate this PPA, without any further financial or other obligation to Seller as a result of such termination, by notice to Seller at any time after the earlier of (i) ten (10) Days following receipt of written orders from the MPUC, or (ii) six (6) months following the filing of this PPA with the MPUC; in either case that OTP has been unable to obtain MPUC Approval without conditions unsatisfactory to OTP. Absent such notice of termination by OTP on or before the referenced date, Company shall be deemed to have waived its rights under this Section, and this PPA shall remain in full force and effect thereafter.

(c) In the event that OTP timely applies for MPUC Approval under paragraph (a) of this Section, Seller shall have the right to terminate this PPA, without any further financial or other obligation to OTP as a result of such termination, by notice to OTP at any time after the earlier of (i) ten (10) days following receipt of written orders from the MPUC, or (ii) six (6) months following the filing of this PPA with the MPUC; in either case that OTP has been unable to obtain MPUC Approval without conditions reasonably unsatisfactory to Seller. Absent such notice of termination by Seller on or before the

referenced date, Seller shall be deemed to have waived its rights under this Section, and this PPA shall remain in full force and effect thereafter.

(d) Seller represents to OTP that (i) the Net Nameplate, Capacity of the Facility is, and will be, less than or equal to 10 MW during the Term; and (ii) for purposes of the representation in 5.3(d)(i), Seller as a single seller or as part of an affiliated group of sellers, including any individuals, members, equity or tax investors of Seller, is not a party, participant, investor or part of an affiliated group to any other small solar project or power purchase agreement from a small solar project with OTP.

5.4 Transmission Service. Seller shall be solely responsible for obtaining and paying for transmission and delivery of any and all Energy and Capacity produced by the Facility to the Point of Delivery. OTP shall be solely responsible for obtaining and paying for transmission and delivery of Net Energy and Accreditable Capacity from the Point of Delivery (including ancillary services) to any other location or any other Person. In the event that the Facility has not reached Commercial Operation within the time frame set forth in Section 1.6 of this Agreement and fails to cure the breach during the cure period, OTP may terminate this Agreement upon written notice to Seller without further obligation by OTP.

5.5 Curtailment; Production Losses.

(a) The Parties acknowledge that there may be circumstances in which OTP, MRO, MISO, the Interconnection Provider or a New Joint Transmission Authority will direct Seller to curtail deliveries of Energy and Capacity from the Facility in accordance with applicable laws, tariffs or agreements. If and to the extent a curtailment is due to an (i) Emergency, (ii) Force Majeure, (iii) failure of Seller to maintain all permits or authorizations necessary to deliver to the Point of Delivery, (iv) the operation of Seller's system protection equipment or any malfunction of Seller's equipment that causes the Facility to be disconnected from the system, (v) the lack of available transmission capacity at the time of the curtailment, (vi) the lack of transmission service, (vii) low load conditions that require curtailment of generation for system stability purposes, (viii) transmission loading relief or comparable procedures implemented under an OATT, unless such curtailment is the result of market mechanisms, or (ix) any curtailments arising out of maintenance outages of any part of the transmission and/or distribution systems or any testing of the transmission and/or distribution system, Seller shall not be entitled to any compensation for any lost production. Seller shall meet all terms and conditions of this agreement in the course of any such curtailments and Seller shall not be compensated for any lost production due to such curtailments. For the avoidance of doubt, curtailments resulting directly from OTP's day ahead and intra-day offer price of the Facility on the MISO marketplace shall be compensated.

(b) In the event that OTP refuses or fails to accept delivery of Net Energy and Net Nameplate Capacity at the Point of Delivery for reasons other than as set forth in Section 5.5(a), (hereinafter a "Qualifying Production Loss Event"), and the Facility was otherwise capable of providing and delivering Energy and Capacity to the Point of Delivery, then Seller shall be able to claim compensation pursuant to Section 5.5(c).

(c) Upon the occurrence of a Qualifying Production Loss Event, Seller shall calculate the amount of Net Energy and Net Nameplate Capacity which it would have produced and delivered to OTP at the Point of Delivery but for the Qualifying Production Loss Event, using the manufacturer's power curve for the solar modules and inverter (adjusted for actual operating experience at the Facility, as necessary) and the recorded irradiance at the Facility for each hour during the duration of the Qualifying Production Loss Event. For each hour during a Qualifying Production Loss Event, the lost production shall be based on the actual availability of all solar resources during the hour, excluding any solar resources being unavailable for outages and reflecting any other operating restrictions applicable to any solar resources during the hour (the "Available Capacity"). The Available Capacity shall be multiplied by the product of hourly average solar resources as measured at the Site and the power curve specified by the manufacturer for each applicable solar equipment and summed to equal the lost production of the Facility for that hour. Any actual Net Energy produced by the Facility and delivered to the Point of Delivery during the applicable hour shall be subtracted from the estimated lost production for that hour to obtain the amount in MWh of lost production experienced by Seller for that hour. The Parties may revise the calculation of Available Capacity and lost production based on changes in the actual operational characteristics of the Facility and other circumstances.

(d) Upon the occurrence of a Qualifying Production Loss Event, OTP shall be obligated to pay Seller an amount equal to the Guaranteed Price that Seller would have received under this Agreement for the Net Energy, measured in megawatt-hours, which Seller would have otherwise produced and delivered to the Point of Delivery but for the Qualifying Production Loss Event, plus, if the facility qualified for PTCs, the value of such lost PTCs, in an amount of the PTCs that Seller would have been entitled to receive for production of renewable Energy had such production not been so curtailed but that Seller did not receive.

(e) Seller shall invoice OTP for amounts due as a result of Qualifying Production Loss Events together with its regular monthly invoices for the applicable month as set forth in Section 3.2. Seller shall include information with the invoice documenting (i) the nature and duration of the Qualifying Production Loss Event, (ii) meteorological data gathered at the Site for the period during such Qualifying Production Loss Event used to calculate the lost production amounts, including cloud cover, (iii) if PTC payments are included on such invoice, evidence that Seller would have otherwise been qualified to receive such payments but for the Production Loss, and (iv) the computation of amounts due under this Section for the invoiced lost production, all in a format provided by OTP. OTP shall notify Seller within thirty (30) days of receipt if OTP believes that the circumstances described do not constitute a Qualifying Production Loss Event and the reason for that conclusion. If the Parties cannot resolve the difference of opinion by negotiation, either Party may utilize the dispute resolution procedures in the Agreement.

(f) Seller and OTP shall each use commercially reasonable effort is to develop a mutually acceptable procedure for OTP to notify Seller of curtailments.

ARTICLE VI - FORCE MAJEURE

6.1 Force Majeure. The performance of each Party under the Agreement may be subject to interruptions or reductions due to an event of Force Majeure. The term “Force Majeure” shall mean an event or circumstance beyond the control of the Party claiming Force Majeure, which, by exercise of due diligence and foresight, could not reasonably have been avoided, including, but not limited to an Emergency, a Force Majeure event on the Interconnection Provider’s System as defined in the Interconnection Agreement to the extent it causes the Facility to be physically incapable of delivering energy or OTP from receiving energy at the Point of Delivery; a Force Majeure event (or comparable uncontrollable circumstances as may be defined in the applicable OATT) on the regional transmission and/or local distribution system to the extent it causes OTP to be unable to accept delivery of Energy at the Point of Delivery or to transmit such energy from and after the Point of Delivery, flood, earthquake, storm, tornado, fire, lightning, epidemic, war, riot, civil disturbance, sabotage, strike, and act of God or any other cause beyond the control of the Party claiming Force Majeure. However, the obligation to use due diligence shall not be interpreted to require resolution of labor disputes by acceding to demands of the opposition when such course is inadvisable in the discretion of the Party having such difficulty.

6.2 Remedial Action. A Party shall not be liable to the other Party in the event it is prevented from performing its obligations hereunder in whole or in part due to an event of Force Majeure. The Party rendered unable to fulfill any obligation by reason of a Force Majeure shall take all action necessary to remove such inability with all due speed and diligence. The nonperforming Party shall be prompt and diligent in attempting to remove the cause of its failure to perform, and nothing herein shall be construed as permitting that Party to continue to fail to perform after said cause has been removed.

6.3 Exclusions from Definition of Force Majeure. Notwithstanding anything in the Agreement to the contrary, “Force Majeure” shall not mean:

- (a) General inclement weather normally experienced within the vicinity of the Site and affecting construction, start-up, operation, or decommissioning of the Facility or related facilities.
- (b) Changes in market conditions, governmental action, or weather conditions that affect the cost of Seller’s supply of Energy from the Facility.
- (c) Unavailability of solar resource.
- (d) Unavailability of equipment, repairs or spare parts for the Facility, except to the extent due to a qualifying event of Force Majeure.
- (e) Inability to obtain, maintain or renew any Permit or any delay in obtaining, maintaining, or renewing any Permit.
- (f) Litigation or administrative or judicial action pertaining to the Agreement after the Commercial Operation Date, the Site, the Facility, the acquisition, maintenance or renewal of financing or any Permits, or the design, construction, maintenance or operation of the Facility.

(g) Any acts or omissions of any third party, including, without limitation, any vendor or supplier of Seller, except to the extent due to a qualifying event of Force Majeure.

(h) Any mechanical or equipment breakdown or other mishap at the Facility or events or conditions attributable to normal wear and tear or flaws or failure to operate or maintain such component in accordance with Prudent Electric Industry Practice, unless such mishap is caused by a qualifying event of Force Majeure.

6.4 Notice. In the event of any delay or nonperformance resulting from Force Majeure, the Party suffering the event of Force Majeure shall, promptly notify the other Party in writing of the nature, cause, date of commencement thereof, and the anticipated extent of any delay or interruption in performance.

ARTICLE VII - TERMINATION/DEFAULT/REMEDIES

7.1 Events of Default by OTP. The following shall each constitute an Event of Default by OTP:

(a) OTP breaches any curable non-monetary material obligation under this Agreement and fails to cure such breach within thirty (30) days after written notification by Seller of the breach.

(b) After the Commercial Operation Date, for any reason other than an event of Force Majeure or an Event of Default by Seller, and except as allowed pursuant to Sections 5.4 and 5.5 of this Agreement, OTP refuses to purchase Energy after the Commercial Operation Date for either ninety (90) consecutive days or one hundred and twenty (120) nonconsecutive days in any three hundred sixty-five (365) day period.

(c) OTP fails to make any material payment due under the Agreement within thirty (30) days after written notice from Seller that such payment is past due, unless such payment is contested or a right of set-off has been claimed by OTP.

(d) Any other material breach of the Agreement not specifically enumerated, which is not cured within thirty (30) days after written notification of default by the non-defaulting Party.

7.2 Events of Default by Seller. The following shall each constitute an Event of Default by the Seller:

(a) For any reason other than an event of Force Majeure or an Event of Default by OTP, the Facility being Unavailable to provide Energy for either ninety (90) consecutive days or one hundred and twenty (120) non-consecutive days in any three hundred sixty-five (365) day period.

(b) Seller breaches any curable material obligation under this Agreement and fails to cure the breach within thirty (30) days after written notification by OTP of the breach.

(c) Any other material breach of the Agreement not specifically enumerated, which is not cured within thirty (30) days after written notification of default by the non-defaulting Party.

(d) The Facility shall fail to achieve Commercial Operation on or before sixty (60) days following the latest authorized Commercial Operation Date for reasons other than Force Majeure, or failure to achieve Commercial Operation prior to December 31, 2030, for any reason.

7.3 Termination.

(a) In the event the defaulting Party fails to cure the Event of Default within the period for curative action under Sections 7.1 or 7.2, as applicable, or upon the occurrence of an incurable Event of Default, the non-defaulting Party may terminate the Agreement by notifying the defaulting Party in writing of the decision to terminate and the effective date of the termination.

(b) Upon termination of the Agreement by OTP due to an Event of Default by Seller pursuant to Section 7.3(a), OTP shall have no future or further obligation to purchase the Net Nameplate Capacity and Net Energy of the Facility or to make any payment whatsoever under this Agreement, except for payments for obligations arising or accruing prior to the effective date of termination. Upon termination of the Agreement by Seller due to an Event of Default by OTP pursuant to Section 7.3(a), Seller shall have no future or further obligation to deliver the Capacity and Net Energy of the Facility to OTP or to satisfy any other obligation of this Agreement, except for payments or other obligations arising or accruing prior to the effective date of termination. After the effective date of termination, the Agreement shall not be construed to provide any residual value to either Party or any successor or any other Person, for rights to, use of, or benefits from the Facility or the Interconnection Provider's System.

(c) Nothing in this Agreement prohibits Seller from terminating this Agreement with ninety (90) days' written notice or on a later date stated in the notice, because (1) funding from federal, state or other sources is not obtained and continued at levels sufficient to allow Seller to maintain its obligations under this Agreement; (2) federal or state laws or rules are modified or interpreted in such a way that it is no longer allowable or appropriate for Seller to engage in this Agreement, or the sales and services authorized by this Agreement are no longer eligible for the funding necessary to support obligations of Seller under this Agreement; or (3) any license, permit or certificate required by law or rule, or by the terms of the Agreement, to be obtained or maintained by Seller is for any reason denied, revoked, suspended or not renewed.

7.4 Other Damages.

(a) For all claims, causes of action and damages the Parties shall be entitled to the recovery of actual damages allowed by law unless otherwise limited by the Agreement. Neither the enumeration of Events of Default in Sections 7.1 and 7.2, nor the termination of this Agreement by a non-defaulting Party pursuant to Section 7.3(a), shall limit the right

of a non-defaulting Party to rights and remedies available at law, including, but not limited to, claims for breach of contract or failure to perform by the other Party and for direct damages incurred by the non-defaulting Party as a result of the termination of this Agreement.

(b) Except as otherwise specifically and expressly provided in the Agreement, no Party shall be liable to the other Party under the Agreement for any indirect, special, punitive, exemplary, incidental or consequential damages, including, without limitation, loss of use, loss of revenues, loss of profit, interest charges, cost of capital, or claims of customers to which service is made, whether arising under statute or in equity or contract. Notwithstanding the foregoing, in the event that OTP breaches this Agreement by failing to purchase or accept delivery of Net Energy and Net Nameplate Capacity (except for curtailments allowed pursuant to Sections 5.4 and 5.5 or as otherwise excused pursuant to the terms of this Agreement), Seller shall be entitled to seek damages measured by the difference between the amounts Seller would otherwise have been paid under this Agreement for such Energy and Capacity if it had been purchased or accepted for delivery by OTP and the costs saved by (A) not being required to produce and deliver such Energy and Capacity or (B) in the event Seller sells such Energy and Capacity to a third party following OTP's default, the price Seller received for such Energy and Capacity sold to a third party. In no event shall one Party's liability to the other exceed any limit of liability established for either Party under any Requirement of Law.

(c) Except as otherwise provided in this subsection (c) Seller's aggregate financial liability to OTP for damages shall not exceed \$[XX]/kW times Net Nameplate Capacity (\$[\$\$\$\$]). If at any time during the Term OTP incurs damages in excess of the limitations set forth above that Seller does not agree to pay when billed by OTP, OTP shall have the right to declare a termination of this Agreement under Section 7.3. The limitations on damages set forth in this Section shall not apply to damages arising out of any of the following events:

- (i) Actual fraud or other material intentional misrepresentation or material misconduct sanctioned by, or at the direction of, Seller in connection with this Agreement or the operation of the Facility;
- (ii) The sale by Seller to a third party, or unauthorized diversion by Seller, of Net Energy and Capacity committed to OTP under this Agreement, except during an Event of Default by OTP;
- (iii) Seller's failure to apply any property insurance proceeds to reconstruction of the Facility following a casualty;
- (iv) Any Environmental Liability caused by Seller;
- (v) Failure of Seller to achieve Commercial Operation by December 31, 2030; or
- (vi) The filing of an involuntary bankruptcy petition against Seller (other than by OTP), which petition is not dismissed within sixty (60) days

of its filing, or the filing of a voluntary petition in bankruptcy by Seller.

7.5 Indemnification. To the extent permitted under Minnesota law, and subject to available appropriations or limits of liability insurance, Seller and OTP agree to defend, indemnify, and hold each other, and their respective officers, directors, employees, and agents, harmless from and against all claims, demands, losses, liabilities, and expenses (including reasonable attorneys' fees) (collectively "Damages") for personal injury or death to Persons and damage to each other's physical property or facilities or the property of any other Person or corporation to the extent arising out of, resulting from, or caused by the negligent or intentional acts, errors, or omissions of the indemnifying Party. Furthermore, each Party shall defend, indemnify, and hold the other harmless from and against all damages that are or were incurred or suffered by the indemnified Party and which relate to the indemnifying Party's breach or failure to perform any of the covenants, agreements, obligations, representations, or warranties contained in the Agreement. Nothing in this section shall relieve Seller or OTP of any liability to the other for any breach of the Agreement. This indemnification obligation shall apply notwithstanding any negligent or intentional acts, errors or omissions of the indemnitees but the indemnifying Party's liability to pay Damages to the indemnified Party shall be reduced in proportion to the percentage by which the indemnitees' negligent or intentional acts, errors or omissions caused the Damages. Neither Party shall be indemnified for its Damages resulting from its sole negligence or willful misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

ARTICLE VIII - MISCELLANEOUS

8.1 No Assignment. Except as provided in Sections 4.3 and 5.2, the rights and obligations of this Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed. Seller's consent shall not be required for OTP to assign this Agreement to an Affiliate of OTP, provided that OTP provides assurances and executes documents reasonably required by Seller and the Financier regarding OTP's continued liability for all of OTP's obligations under this Agreement in the event of any nonperformance on the part of such assignee. OTP's consent shall not be required for Seller to assign this Agreement to an Affiliate of Seller, provided that Seller provides assurances and executes documents reasonably required by OTP and the Financier regarding Seller's continued liability for all of Seller's obligations under this Agreement in the event of any nonperformance on the part of such assignee. Such assignments are subject to URC approval, including the MPUC. In the event that the assignee has or obtains an investment grade unsecured bond rating equivalent to or better than the unsecured bond rating of OTP (but in no event worse than the equivalent of BBB, then Seller agrees to relieve OTP from its obligations under this Agreement if OTP requests to be so relieved in a written notice provided to Seller. Any purported assignment of this Agreement in the absence of the required consent as required by this Section 8.1 shall be void.

8.2 Notices. Any notice, demand, request, or communication required or authorized by the Agreement shall be delivered either by hand, facsimile, overnight courier or mailed by certified mail, return receipt requested, with postage prepaid, to:

Randy Synstelien
Principal Resource Planner
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56537

with a copy to:

Office of General Counsel
Otter Tail Power Company
215 South Cascade Street
Fergus Falls, MN 56537

on behalf of OTP; and to:

[INSERT]

on behalf of Seller. The designation and titles of the person to be notified or the address of such person may be changed at any time by written notice. Any such notice, demand, request, or communication shall be deemed delivered on receipt if delivered by hand or facsimile and on deposit by the sending party if delivered by courier or U.S. mail.

8.3 Captions. All titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive or to affect the meaning of the contents or scope of the Agreement.

8.4 No Third-Party Beneficialy. No provision of the Agreement is intended to nor shall it in any way inure to the benefit of any customer, property owner or any other third party, so as to constitute any such Person a third-party beneficiary under the Agreement, or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any Person not a Party hereto.

8.5 No Dedication. No undertaking by one Party to the other under any provision of the Agreement shall constitute the dedication of that Party's system or any portion thereof to the other Party or to the public or affect the status of OTP as an independent public utility corporation or Seller as an independent individual or entity and not a public utility.

8.6 Integration; Amendment. The Agreement, together with all Appendices attached hereto, constitutes the entire agreement between the Parties relating to the transaction described herein and supersedes any and all prior oral or written understandings. No amendment, addition to, or modification of any provision hereof shall be binding upon the Parties, and neither Party shall be deemed to have waived any provision or any remedy available to it unless such amendment, addition, modification or waiver is in writing and signed by a duly authorized officer or representative of the applicable Party or Parties.

8.7 Governing Law. The Agreement is made in the State of Minnesota and shall be interpreted and governed by the laws of the State of Minnesota and/or the laws of the United States, as applicable. Any action brought with respect to the Agreement shall be venued in Minnesota State Court, Otter Tail County.

8.8 Relationship of Parties.

(a) The duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. The Agreement shall not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Seller and OTP or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either Party. Seller and OTP shall not have any right, power, or authority to enter into any agreement or undelaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

(b) The relationship between OTP and Seller shall be that of contracting party to independent contractor. Accordingly, subject to the specific terms of the Agreement, OTP shall have no general right to prescribe the means by which Seller shall meet its obligations under the Agreement.

(c) Seller shall be solely liable for the payment of all wages, taxes, and other costs related to the employment of persons to perform Seller's obligations under the Agreement, including all federal, state, and local income, social security, payroll, and employment taxes, and statutorily mandated workers' compensation coverage. None of the persons employed by Seller shall be considered employees of OTP for any purpose; nor shall Seller represent to any Person that he or she is or shall become an OTP employee or agent.

8.9 Good Faith and Fair Dealing; Reasonableness. The Parties agree to act reasonably and in accordance with the principles of good faith and fair dealing in the performance of the Agreement. Unless expressly provided otherwise in this Agreement, (i) wherever the Agreement requires the consent, approval, or similar action by a Party, such consent, approval or similar action shall not be unreasonably withheld or delayed, and (ii) wherever the Agreement gives a Party a right to determine, require, specify or take similar action with respect to matters, such determination, requirement, specification or similar action shall be reasonable.

8.10 Severability. Should any provision of the Agreement be or become void, illegal, or unenforceable, the validity or enforceability of the other provisions of the Agreement shall not be affected and shall continue in force. The Parties will, however, use their best endeavors to agree on the replacement of the void, illegal, or unenforceable provision(s) with legally acceptable clauses which correspond as closely as possible to the sense and purpose of the affected provision and the Agreement as a whole.

8.11 Cooperation. The Parties agree to reasonably cooperate with each other in the implementation and performance of the Agreement. Such duty to cooperate shall not require either Party to act in a manner inconsistent with its rights under the Agreement.

8.12 Counterparts. This Agreement may be executed in two (2) or more counterparts and by different parties on separate counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

8.13 Standard of Review. This Agreement may be contingent upon appropriate authorization from the Federal Energy Regulatory Commission under Section 205 of the Federal Power Act. The terms and conditions and the rates for service specified in this Agreement shall remain in effect for the term of the transaction described in this Agreement. Absent the Parties' written agreement, this Agreement shall not be subject to change by application of either Party pursuant to Section 205 or 206 of the Federal Power Act. Absent the agreement of Seller and OTP to a proposed change, the standard of review for changes to the Guaranteed Price under this Agreement proposed by OTP, Seller, a non-party or FERC acting *sua sponte* shall be the public interest standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956).

8.14 Use of OTP's Name. Seller shall not use OTP's (or any of its affiliates') name, logos or other marks in connection with this Agreement or otherwise, without the prior written consent of OTP, which consent shall be within OTP's sole discretion.

8.15 Press Releases and Media Contact. Upon the request of either Party, the Parties shall develop a mutually-agreed-upon joint press release to be issued as of the Effective Date describing the location, size, type and timing of the Facility, the long-term nature of the Agreement, and other relevant factual information about the relationship. In the event during the Term, either Party is contacted by the media concerning this Agreement or the Facility, the contacted Party shall inform the other Party of the existence of the inquiry, any questions asked, and the substance of any information provided to the media.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the Parties have caused the Agreement to be duly executed as of the date and year first above written.

[NAME]

By: _____
Name: _____
Its: _____

Otter Tail Power Company, a Minnesota Corporation

By: _____
Name: _____
Its: _____

APPENDIX A

GUARANTEED PRICE

The Guaranteed Price shall be \$[xx.xx] MWh.

APPENDIX B

POINTS OF INTERCONNECTION AND DELIVERY

[INSERT]

APPENDIX C

ACCEPTANCE CRITERIA

Seller and the Facility shall be deemed to have reached Commercial Operation when (in addition to the occurrence of all factors set forth in Section 1.5 of the Agreement) each of the following has occurred:

1. The Facility and Interconnection Facilities are physically complete as required by this Agreement and the Interconnection Agreement and are capable of transmitting, transforming and delivering the Capacity and Net Energy, to the Point of Delivery in accordance with the Interconnection Agreement, and Seller is both obligated under, and in compliance with the Interconnection Agreement.
2. The metering devices pursuant to Section 3.1 of this Agreement have been installed and identified by OTP.
3. Seller has provided OTP with written notice that the preceding three criteria have been met and a certificate of financial responsibility reflecting compliance with Section 4.1(d) and Appendix E, and OTP has confirmed in writing to Seller that the Facility has reached Commercial Operation. OTP shall confirm or dispute that the Facility has reached Commercial Operation within ten (10) business days of receipt of Seller's notice. OTP's failure to provide confirmation or other response to Seller's notice within ten (10) business days after receipt of Seller's notice shall constitute confirmation of Commercial Operation.

APPENDIX D
LEGAL DESCRIPTION OF SITE

[INSERT]

APPENDIX E

INSURANCE REQUIREMENTS

1. Seller shall procure and maintain through the Tenn, at its own expense, the following policies of insurance:

- a. Worker's Compensation and Employer's Liability insurance that complies with the laws of Minnesota to the extent of statutory limits;
- b. Comprehensive or Commercial General Liability coverage with bodily injury and property damage combined single limits of at least \$1,000,000 per occurrence. Such coverage shall include, but not necessarily be limited to, specific coverage for contractual liability, broad form property damage liability, personal injury liability, explosion and collapse hazard coverage, and products/completed operation liability coverage.
- c. Comprehensive automobile liability coverage to the extent applicable with bodily injury and property damage combined single limits of at least \$1,000,000 per occurrence covering vehicles owned, hired, or non-owned; and
- d. All other insurance required by regulation or law as deemed appropriate by Seller.

2. The structure of the coverage is Seller's option, as long as the total amount of insurance meets the requirements of this Agreement.

3. Seller shall provide OTP with certificates of insurance evidencing the coverage described herein within thirty (30) days of the Commercial Operation Date. Failure to obtain the liability coverage required shall in no way relieve or limit Seller's obligations and liabilities under other provisions of this Agreement.

APPENDIX F

FORM OF ENVIRONMENTAL INDEMNITY AGREEMENT

This Agreement is entered into this _____ day of _____, 20____ by and between [NAME], a [STATE] Limited Liability Corporation (“Seller” and Otter Tail Power Company, a Minnesota corporation (“OTP”).

RECITALS

A. OTP is a public utility providing electricity to retail customers in Minnesota, South Dakota and North Dakota. Seller is a Delaware Limited Liability Corporation, and is the owner and operator of a solar electric generating facility.

B. OTP and Seller have entered into a Power Purchase Agreement dated _____, 20____, as amended (the “Agreement”) pursuant to which Seller agrees to construct and install the Facility (as defined in the Agreement) and related facilities on real property owned or leased by Seller and described in Appendix D of the Agreement (the “Site”).

C. As a condition to its entry into and performance under the Agreement, OTP requires that Seller execute and deliver in its favor an agreement indemnifying OTP against any claims for environmental emissions, releases or other sources of potential liability related to or arising from the Facility or the Site.

D. To the extent permitted under Minnesota law, and subject to available appropriations or limits of liability insurance, Seller agrees to indemnify OTP in order to obtain the benefits of the Agreement.

NOW, THEREFORE, in consideration of these premises, the mutual promises in the Agreement and other good and valuable consideration, the receipt and adequacy of which are acknowledged, Seller and OTP agree as follows:

AGREEMENT

1. Definitions. All capitalized terms used herein shall have the meaning given to them in the Agreement, unless otherwise expressly defined herein.

2. Seller represents and warrants that, to the best of its knowledge, and except as set forth on **Exhibit A**, no portion of the Site and the improvements thereon has ever been used by previous or current owners or operators or Seller to generate, manufacture, refine, transport, treat, store, handle or dispose of toxic material, hazardous substances, solid waste or hazardous wastes, as the terms are defined in any applicable Environmental Law, and Seller does not intend to use any of the Site for such purposes. To the best of Seller’s knowledge, the Site does not contain, through the action or inaction of previous owners or operators or Seller, asbestos, urea formaldehyde foam insulation, PCB’s, other toxic materials, hazardous substances, or any other chemical, material, or substance exposure to which may or could pose a health hazard whether or not the substance is prohibited, limited or regulated by any Governmental Authority, whether used in the Facility or stored on the Site.

3. Seller represents and warrants that Seller has not received a summons, citation, directive, letter, or other communication, written or oral, from any Governmental Authority concerning the existence of any condition on or affecting the Site which currently violates, or which, with the passage of time, will violate, any applicable Environmental Law, or which otherwise indicates that Seller may be subject to any Potential Environmental Liability with respect to the Site or the Facility. To the best of Seller's knowledge, Seller, the Facility and the Site are not subject to any existing or pending investigation or inquiry by any Governmental Authority or to any remedial obligations under any applicable Environmental Law. These representations and warranties would continue to be true and correct following disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances pertaining to Seller, the Facility, and the Site.

4. To the extent permitted under Minnesota law and subject to available appropriations or limits of liability insurance, Seller agrees to defend, indemnify and hold OTP and its officers, directors, employees, agents and representatives, and their respective successors and assigns, from and against all claims, actions, demands, losses, liabilities, damages, judgments, penalties, injuries, and expenses arising from or related to any Environmental Liability concerning Seller, the Facility or the Site, including, but not limited to, (1) any claim for personal injury or property damage by any Person arising out of, resulting from or caused by any violation of any applicable Environmental Law by Seller or concerning the Facility or the Site; (2) any assessment, fine, penalty, lien or other imposition by any Governmental Authority; and (3) any liability, losses, or remedial costs suffered because a Governmental Authority finds OTP to be a responsible party, owner or operator of the Facility or Site.

5. The release and return of this Indemnity Agreement shall not affect or impair any rights or remedies or claims OTP may have outside the scope of this Indemnity Agreement, at law or in equity, with respect to Seller or other Persons. The obligations of this Indemnity Agreement shall survive the termination of the Agreement.

6. This Indemnity Agreement shall inure to the benefit of OTP and any successor or assignee of OTP and shall be binding upon Seller and its successors and assignees.

7. OTP shall not be required to resort first to any other indemnitors or other Persons or their respective properties or estates or to any collateral, property, liens or other rights or remedies available to OTP before seeking indemnification hereunder from Seller.

8. This Indemnity Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota. Any action brought with respect to the Agreement shall be venued in Minnesota State Court, Otter Tail County.

9. No provision of this Indemnity Agreement, whether express or implied, is intended to nor shall it in any way inure to the benefit of any third Person, so as to constitute any such Person a third-party beneficiary under the Indemnity Agreement, or of any one or more of the terms hereof, or otherwise give rise to any cause of action in any Person other than OTP, and neither this Indemnity Agreement nor any provision thereof is intended to confer any rights or remedies of any sort on any Person other than OTP. Nothing in this Indemnity Agreement is intended to relieve or discharge any obligation or liability of any

Person to any party to this Indemnity Agreement or to the Agreement, and no provision of this Indemnity Agreement shall give any Person other than a Party any right of Subrogation or cause of action over and against any Party.

[NAME]

By: _____
Name: _____
Its: _____

**Otter Tail Power Company, a Minnesota
Corporation**

By: _____
Name: _____
Its: _____

APPENDIX G

PREVAILING WAGE AND APPRENTICESHIP REQUIREMENTS

Article I. Prevailing Wage and Apprenticeship Requirements

Section 1.01 Prevailing Wage Compliance. [Seller] (“Seller”) shall ensure (and require each subcontractor to ensure) that any Laborer or Mechanic Employed by it or any subcontractor in the Construction, Alteration, or Repair of the Project during the Prevailing Wage Term shall be paid wages at rates not less than Prevailing Wage Rates.

Section 1.02 Prevailing Wage Requirements. During the Prevailing Wage Term, Seller shall, and require and ensure that all its subcontractors shall:

- (a) apply each applicable prevailing wage determination published on www.sam.gov and/or the Minnesota Department of Labor and Industry for the geographic area and type or types of construction applicable to the Project, where available, including all labor classifications for the Construction, Alteration or Repair that will be done on the Project by Laborers or Mechanics;
- (b) confirm at least monthly that such prevailing wage determinations reflect the prevailing rates for the Laborers or Mechanics who perform work on the Project by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code or Chapter 177.42 of the Minnesota Statutes as of the Effective Date;
- (c) in the event the Secretary of Labor has not published a prevailing wage determination for the geographic area and type of construction for the Project on www.sam.gov, or the Secretary of Labor has issued a prevailing wage determination for the geographic area and type of construction, but one or more labor classifications for the Construction, Alteration or Repair that will be done on the Project by Laborers or Mechanics is not listed, utilize the Contact Procedures to obtain such unlisted information, and rely on and implement the Department of Labor, Wage and Hour Division’s determination as to the labor classifications and wage rates to be used for the type of work in question in the area in which the Project is located. Seller shall, at least once every 90 days, review all pertinent and available prevailing wage determinations to update the relied-upon characterization. If new information or classification rates are available, Seller shall promptly pay, for the entire Prevailing Wage Term including retroactively, the rates identified for such Laborers or Mechanics previously not listed.
- (d) post information about prevailing wage rates in a prominent and accessible location or otherwise provide written notice of prevailing wage rates to laborers and mechanics;
- (e) establish procedures for individual to report suspected failures to comply with the Prevailing Wage Requirements, as defined in Section 1.03 below, without fear of retaliation or adverse action and investigate all reports of suspected failures to comply with the Prevailing Wage Requirements; and
- (f) provide a schedule to be attached to each Purchase Document that includes its baseline prevailing wage assumptions for the labor classifications included therein as of the Effective Date of such Purchase Document (the “Prevailing Wage Assumptions Schedule”) and promptly notify OTP of any updates to such prevailing wage determinations promptly update the wage rates paid to such Laborers or Mechanics and the Prevailing Wage Assumptions Schedule as necessary to stay in compliance with the Prevailing Wage Requirements.

The collective requirements in Sections 1.01 and this Section 1.02 are referred to herein as the “Prevailing Wage Requirements” including all applicable Treasury Regulations as may be updated from time to time.

Section 1.03 Apprenticeship Compliance. Seller shall ensure (and require each subcontractor to ensure) that, during the period commencing on the Effective Date and ending on the [*Final Completion Date*], not less than 15% of the total Labor Hours of the Work constituting Construction, Alteration or Repair prior to the facility being placed into service (including such work performed by any subcontractor) with respect to the Project, shall be performed by Qualified Apprentices in a manner so that the Project will satisfy the “apprenticeship requirements” described in chapter 178 of Minnesota Statutes and sections 45(b)(8) or 45Y(g)(10) of the Code with respect to the production tax credit, or sections 48(a)(11) or 48E(d)(4) with respect to the investment tax credit, as applicable, and all Minnesota and Treasury Regulations applicable with respect to the foregoing (the “Apprenticeship Requirements”). As part of ensuring compliance with the Apprenticeship Requirements, Seller shall ensure that:

- (a) with four or more individuals performing Labor Hours has at least one Qualified Apprentice,
- (b) satisfy applicable requirements for “apprentice-to-journey worker ratios” of the U.S. Department of Labor or the applicable state government agency that has responsibility and accountability for apprenticeship within the state where the Project is located,
- (c) have developed and are implementing a plan to utilize Qualified Apprentices to perform the Work; including but not limited to contacting the Department of Labor’s Office of Apprenticeship or relevant State apprenticeship agency for assistance in locating a registered apprentice program, contacting the registered apprenticeship programs regarding requests for qualified apprentices, following up with registered apprenticeship programs regarding requests for Qualified Apprentices,
- (d) forward to OTP a copy of each request to registered apprenticeship programs for Qualified Apprentices within five business days of when such requests are made to such registered apprenticeship programs; and
- (e) establish procedures for individuals to report suspected failures to comply with the Apprenticeship Requirements, without fear of retaliation or adverse action and investigate all reports of suspected failures to comply with such Apprenticeship Requirements.

To the extent Seller is relying on the good faith exception set forth in Section 45(b)(8)(D)(ii) of the Code, Seller must provide supporting documentation pursuant to Section 1.04 below reasonably satisfactory to OTP establishing such Seller or subcontractor’s compliance with such exception.

Section 1.04 Additional Documentation. Seller agrees to provide such documentation as may be requested by OTP from time to time to substantiate compliance with Seller’s obligations hereunder. Seller will maintain and preserve sufficient records, including books of account or records for Work performed by subcontractors of the Seller, to establish that Laborers and Mechanics were paid wages not less than such prevailing rates, and in sufficient form to establish that the Prevailing Wage Requirements and the Apprenticeship Requirements have been satisfied and/or compliance with applicable laws and the obligations of Seller and/or subcontractor under this Contract. Such records will include (a) identifying the applicable prevailing wage determination, the names of Laborers and Mechanics who performed Work constituting Construction, Alteration or Repair, the classifications of work they performed, their hours worked in each classification, the wage rates paid for the work, copies of any certified payroll and U.S. Department of Labor Wage Hour Form 347, and (b) the Labor Hours performed by Qualified Apprentices, the total Labor Hours, and records sufficient to identify all applicable registered apprenticeship programs

(and all correspondence to and from each such registered apprenticeship programs). Seller will maintain such documentation for a period of four years after the later of (i) the Final Completion Date or (ii) the end of the Prevailing Wage Term.

Section 1.05 Right to Audit Compliance. OTP and its Affiliates and designees (including, for the avoidance of doubt, a third-party accounting firm selected by OTP) shall have the right to audit all information (including supporting documentation) provided by Seller, or that otherwise is capable of being verified by audit to ensure that Seller and its subcontractors are in compliance in all respects with the Prevailing Wage Requirements and the Apprenticeship Requirements. Seller shall, to the maximum extent possible, cooperate in good faith with any such audits, including making available to OTP (and its Affiliates and designees, as applicable) a representative of Seller to answer questions related to the Prevailing Wage Requirements and the Apprenticeship Requirements. OTP shall have the right to share the results of any audit.

Section 1.06 Prompt Remedies. If OTP identifies a failure of Seller or any subcontractor to comply with the Prevailing Wage Requirements or Apprenticeship Requirements, Seller shall within five (5) Business Days of notice of such failure correct, pay or reimburse OTP or an Affiliate for any Cure Payment required to be made. If Seller or subcontractor is unable to remedy any such failure with that time period or there is a good faith dispute as to whether such failure has occurred, then Seller and OTP agree to work in good faith to resolve any such findings by OTP. For the avoidance of doubt, Seller agrees that it shall bear the costs of any solutions to such failure as agreed to by OTP and Seller.

Section 1.07 Cure Payments. If the Department of Labor, the IRS, or other competent authority determines that Seller or any of its subcontractors failed to comply with the Prevailing Wage Requirements or the Apprenticeship Requirements, Seller shall within five (5) Business Days of written demand following a final and unappealable finding of violation, correct, pay or reimburse OTP or Affiliate for any Cure Payment required to be made (whether to any Laborer or Mechanic or to the Secretary of the Treasury) as well as any reasonable attorneys' fees incurred by OTP or an Affiliate due to such failure. Any payment or reimbursement by Seller to OTP or an Affiliate shall be, to the extent permitted by applicable law, treated as non-taxable to such recipient, and otherwise shall be grossed up by the amount of additional U.S. federal income taxes due by such recipient on account of such payment or reimbursement, net of any credits, deductions, or other tax benefits actually realized by recipient that are attributable to such base amount or tax. Seller's obligations under this Section 1.08 shall survive until the date that is ninety (90) days after the expiration of the relevant statute of limitations (as it may be extended). Notwithstanding anything else in the Contract to the contrary, any Cure Payments made shall not be subject to or contribute towards any limitations of liability.

Section 1.08 Cooperation. Seller and OTP agree to cooperate to the extent necessary to ensure the Prevailing Wage Requirements and Apprenticeship Requirements continue to be met following the issuance of Future Guidance by addressing any necessary updates in a mutually agreed Change Order.

Article II. Definitions

The following definitions and terms shall be incorporated in the Agreement. Terms not otherwise defined in this Attachment G shall be as defined in the Agreement. If there is a conflict between the Agreement and this Attachment, then the definition set forth in the Agreement shall prevail.

“Apprenticeship Cure Payment” means with respect to any failure to satisfy the Apprenticeship Requirements, a payment to the U. S. Department of the Treasury in an amount equal to the product of \$50 multiplied by the total Labor Hours which were insufficient to meet the Apprenticeship Requirements;

provided, that \$500 is substituted for \$50 in the calculation above if the failure to satisfy the Apprenticeship Requirements is due to intentional disregard as determined by OTP or a taxing authority, plus any cure payment required by the Minnesota Department of Labor and Industry.

“Apprenticeship Requirements” is defined in Section 1.03 hereof.

“Apprenticeship Term” means the period commencing on the Effective Date and ending on the commercial operations of the Project.

“CFR” means the Code of Federal Regulations.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contact Procedures” means requesting a wage determination or wage rates for unlisted labor classifications applicable to the Construction, Alteration, or Repair of the Project by contacting the Department of Labor, Wage and Hour Division via email at IRApervailingwage@dol.gov or successor location as identified in Future Guidance, and providing the Wage and Hour Division with the type of facility, facility location, proposed labor classifications, proposed prevailing wage rates, job descriptions and duties, and any rationale for the proposed classifications.

“Construction, Alteration, or Repair” means all types of Work done on the Project or Work performed at the [Site], including Work at a facility which is deemed a part of the Site of the Work by Laborers and Mechanics Employed by Seller or any subcontractor, including without limitation: (a) altering, remodeling, installation (where appropriate) on the Site of the Work of items fabricated off-site, (b) painting and decorating, (c) manufacturing or furnishing of materials, articles, supplies or equipment on the Site; (d) transportation between the Site of the Work and a facility which is dedicated to the construction of the Project or Work and deemed a part of the Site of the Work, and (e) transportation of portion(s) of the Project or Work between a site where a significant portion of such Project or Work is constructed, which is a part of the Site of the Work, and the physical place or places where the Project or Work will remain; *provided*, that except as provided in (d) above, the transportation of materials or supplies to or from the Site of the Work by employees of the Seller or a subcontractor is not “Construction, Alteration, or Repair.”

“Cure Payment” means the sum of any Apprenticeship Cure Payment and Prevailing Wage Cure Payment.

“Employed” means an arrangement in which an individual performs services for the Seller or any subcontractor in exchange for remuneration, regardless of whether the individual would be characterized as an employee or an independent contractor for federal tax purposes. For the avoidance of doubt, independent contractors are included in this definition of “Employed” per IRS Notice 2022-61, Section 3.03(1).

“Future Guidance” means any guidance issued after the Effective Date by the Secretary of the U.S. Department of the Treasury (including any guidance issued by the IRS) or the U.S. Department of Labor interpreting the requirements under Sections 45(b)(7) and 45(b)(8) or 45Y(g)(9) and 45Y(g)(10) of the Code with respect to a production tax credit, or Sections 48(a)(10) and 48(a)(11) or 48E(d)(3) and 48E(d)(4) with respect to the investment tax credit of the Code, as applicable.

“IRS” means the United States Internal Revenue Service.

“Labor Hours” means the total number of hours devoted to the performance of Construction, Alteration, or Repair work by any individual Employed by the Seller or any subcontractor, excluding any hours worked by foremen, superintendents, owners or persons employed in a bona fide executive, administrative or professional capacity (within the meaning of those terms in 29 CFR 541).

“Laborers or Mechanics” or **“Laborers and Mechanics”** means at least those workers whose duties are manual or physical in nature (including those workers who use tools or who are performing the work of a trade), as distinguished from mental or managerial, and includes apprentices, trainees, helpers, working foremen who do not meet the criteria of 29 CFR 541 and devote more than twenty percent (20%) of their time during a work week to mechanic or laborer duties, and in the case of contracts subject to the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332), watchmen or guards. The term does not apply to workers whose duties are primarily administrative, executive, or clerical, rather than manual, or persons employed in a bona fide executive, administrative, or professional capacity (as defined in 29 CFR 541).

“Prevailing Wage Cure Payment” means with respect to any failure to satisfy the Prevailing Wage Requirements, (a) a payment to any Laborer or Mechanic who was paid wages at a rate below that required under the Prevailing Wage Requirements for any period during the Prevailing Wage Term in an amount equal to the sum of (i) the difference between (A) the aggregate wages paid to such Laborer or Mechanic during such period, and (B) the aggregate wages required to have been paid to such Laborer or Mechanic during such period under the Prevailing Wage Requirements, plus (ii) interest on the amount described in subclause (i) at the federal underpayment rate established in Section 6621 of the Code plus six percentage points (6%), and (b) a payment to the U.S. Department of the Treasury in an amount equal to the product of \$5,000 and the total number of Laborers and Mechanics who were paid wages below those required to have been paid under the Prevailing Wage Requirements for any period during the Prevailing Wage Term; *provided*, that (x) the sum of the amounts described in clause (a)(i) and (ii) is multiplied by three, and (y) \$10,000 is substituted for \$5,000 in clause (b) above if the failure to satisfy the Prevailing Wage Requirements is due to intentional disregard as determined by OTP, an Affiliate, or a taxing authority, plus any cure payment required by the Minnesota Department of Labor and Industry.

“Prevailing Wage Rates” means the prevailing rates for Construction, Alteration or Repair of a similar character in the locality in which such Project is located as most recently determined by the Secretary of Labor and the Minnesota Department of Labor and Industry. Federal rates shall be determined in accordance with subchapter IV of chapter 31 of title 40, United States Code, in each case in a manner so that the Project will satisfy the “prevailing wage requirements” described in sections 45(b)(7) or 45Y(g)(9) of the Code with respect to the production tax credits, or sections 48(a)(10) or 48E(d)(3) of the Code with respect to the investment tax credits, as applicable, IRS Notice 2022-61 and any Future Guidance with respect to the foregoing, and Minnesota rates in accordance with Chapter 177.42 of the Minnesota Statutes.

“Prevailing Wage Term” means the period commencing on the Effective Date and ending on the latest to occur of (a) the last date on which Work is required to be performed under this Contract, (b) if OTP or its Affiliates claim the production tax credits, the 10th anniversary of the date on which the Project is placed in service for U.S. federal income tax purposes, or (c) if OTP or its Affiliates claim the investment tax credits, the 5th anniversary of the date on which the Project is placed in service for U.S. federal income tax purposes.

“Qualified Apprentice” means an individual who is Employed by the Seller or by any subcontractor and who is participating in an apprenticeship registered under the National Apprenticeship Act (29 U.S.C. 50 *et seq.*) that meets the standards of subpart A of part 29 and part 30 of title 29, CFR and chapter 178 of Minnesota Statutes.

“Site of the Work” means (a) the physical place or places where the Project or Work called for in a contract (including the Contract) will remain, and any other site where a significant portion of the Project or Work is constructed, provided that such site is established specifically for the performance of the contract or the Project, and (b) job headquarters, tool yards, batch plants, borrow pits, etc. that are (i) dedicated exclusively, or nearly so, to the performance of the contract or the Project, and (ii) are adjacent or virtually adjacent to

a site described in part (a) above. The term does not include (A) permanent home offices, branch plant establishments, fabrication plants, tool yards, etc., of Seller or a subcontractor whose location and continuance in operation are determined wholly without regard to a particular contract or the Project, or (B) fabrication plants, batch plants, borrow pits, job headquarters, tool yards, etc., of a commercial or material supplier, which are established by a supplier of materials for the Project before opening of bids, even if operations for a period of time may be dedicated exclusively, or nearly so, to the performance of a contract.

“Treasury Regulations” means Title 26 of the Code of Federal Regulations, including 89 Fed. Reg. 53184 (published June 25, 2024, effective August 26, 2024, and codified at 26 C.F.R. pt 1).

Appendix B

Form of Proposal

[*See Attached*]

**Otter Tail Power Company
2025 Distributed Solar
Energy Standard RFP**

SharePoint Site	OTP DSES
Email:	otpdses@otpco.com
Independent Auditor	Leidos Engineering LLC

OTP 2025 DSES RFP SCHEDULE

RFP Issued	January 3, 2025
Proposer Conference	January 22, 2025
Last date for Proposers to submit questions (answers posted on Sharepoint site weekly)	March 13, 2025
Responses to last proposer questions posted	March 27, 2025
OTP Self-Build Bids due, 5 p.m. CDT	April 10, 2025
Third Party bids due, 5 p.m. CDT	April 11, 2025
Lists of proposals granted conditional awards and proceeding to contract negotiations are announced	May 12, 2025
Contract negotiation complete for proposals	July 29, 2025
Petition filed for proposals to be accepted, including Independent Auditor report	August 29, 2025
2nd RFP Issued (as needed)	February 26, 2026

Bidder Questionnaire

Bidders should fill in all yellow-colored cells.

General Company Information			
Company Name:			
Telephone Number:			
Address:			
Website:			
Identify any Affiliates that will perform work on the Project:			
General Project Information		General Bid Information	
Project/Facility Name:			
Project Location: (County or City and Address)			
OTP circuit and voltage to which RFP Project will connect to:			
Installed Capacity (MW):			
Generation Technology Proposed: (Manufacturer model numbers & ratings, and quantity for PV inverters, BESS inverters, PV modules, BESS storage)			
Commercial Operation Date (COD):			
MISO Capacity Zone:	Zone 1		
Current Interconnection Status:			
Net Annual Capacity Factor (%) at POD:			
Net Annual Generation at POD:			
Contract Term (Years):			
Proposed Contract Structure: (PPA, BT)			
Primary Bidder Contact: Name, Title, Address, Phone, Email			
Alternate Bidder Contact: Name, Title, Address, Phone, Email			

Expected Annual and Monthly Contract Energy

1. Bidders should fill in all yellow-colored cells.

2. In addition to average hourly profile, bidder must submit the actual 8760 hourly data used in preparing the bid response.

Estimate of Contract Energy on an Average Day (MWh) - Year 1

(CPT)	HE1	HE2	HE3	HE4	HE5	HE6	HE7	HE8	HE9	HE10	HE11	HE12	HE13	HE14	HE15	HE16	HE17	HE18	HE19	HE20	HE21	HE22	HE23	HE24	Monthly Average	Monthly Max
January																										
February																										
March																										
April																										
May																										
June																										
July																										
August																										
September																										
October																										
November																										
December																										
																									Total Estimated Year #1 Contract Energy	
																									Total Guaranteed Year #1 Contract Energy	

Estimate of Contract Energy on an Average Day (MWh) - Year 2

(CPT)	HE1	HE2	HE3	HE4	HE5	HE6	HE7	HE8	HE9	HE10	HE11	HE12	HE13	HE14	HE15	HE16	HE17	HE18	HE19	HE20	HE21	HE22	HE23	HE24	Monthly Average	Monthly Max
January																										
February																										
March																										
April																										
May																										
June																										
July																										
August																										
September																										
October																										
November																										
December																										
																									Total Estimated Year #2 Contract Energy	
																									Total Guaranteed Year #2 Contract Energy	

Commercial Operation Year	Contract Energy Price, \$/MWh	Total Yearly Contract Energy MWh's
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

LCOE Calculation			
PVRR of 1 MWh	Discount Rate	Life of Project (years)	Levelized Cost of Energy (\$/MWh)
\$0.00	7.3%	35	\$0.00

Proposal Submission Checklist

- 1 **Bidders should fill in all yellow-colored cells.**
- 2 **Details on the deliverables are in the Request for Proposal (RFP) Document**

#	Deliverable	Included in Bid Package	If not included, please explain why
1	Bidder Questionnaire		
2	Generation Profile and Pricing		
3	Appendix C - DSES RFP Safety Questionnaire		
4	PPA Confirmation of Terms Or Redlines or Build-Transfer Term Sheet		
<u>4.6 Proposal Content Requirements</u>			
5	Section 1 - Executive Summary		
6	Section 1 - Relevant Proposer Experience		
7	Section 2 - Bid Certifications		
8	Section 2 - Cover Sheet (show on Bidder Questionnaire tab)		
9	Section 2 - Pricing (show on Generation Profile and Pricing tab)		
10	Section 2 - Construction		
11	Section 2 - Typical Year Production		
	Year 1 PVsyst Report		
	Hourly Output File for Year 1		
	MS Excel Spreadsheet with PVsyst assumptions		
12	Section 2 - Independent Consultant		
13	Section 2 - Interconnection Details		
14	Section 2 - Creditworthiness		
15	Section 2 - Siting and Environmental		
16	Section 2 - Warranties & Safety Considerations		
17	Section 2 - Additional Information (If applicable)		

Key Parameters Threshold Review

		Yes	No
	Compliance with DSES statutory requirements.		
	The proposed RFP Project meets size, location, minimum required term of contract, and technical requirements stated in this RFP document.		
	The RFP Project proposes a COD for new accredited capacity prior to December 31, 2030.		
	The RFP Project provides a construction and COD timeline.		
	The RFP Project meet minimum requirements for site control and permitting.		
	PPA bids: A proposal price is submitted in material compliance with the Model PPA.		
	Commitment to achieve of minimum safety performance and standards.		
	Financial viability of the RFP Project and Proposer.		
	Commitment to compliance with applicable requirements including prevailing wage and apprenticeship requirements at both a Federal and State level.		
	Acceptable Sourcing practices and equipment availability.		
	Ability to Deliver Capacity with Minimal Risk		

Scoring

Points Possible		Score	Company Name
	Score Components		
5	Site Control	Evaluation Team	
5	Safety	Evaluation Team	
15	Viability	Evaluation Team	
50	Cost	Evaluation Team	
15	Developer Experience & Ability to Perform	Evaluation Team	
5	Reliability Benefits	Evaluation Team	
5	Pollinator Friendly Habitat	Evaluation Team	
	Score Deductors		
-5	Project Execution Challenges	Evaluation Team	
-5	Inability to respond to OTP questions in a timely manner	Evaluation Team	
-10	Material deviations from the Model PPA	Evaluation Team	

Example

Appendix C

Safety Questionnaire

[*See Attached*]



Safety Questionnaire

Contractor's Name	
Contractor's Project Manager and phone number	
Contractor Safety Representative and phone number	
NAICS Code	
Scope/Summary of the Service(s) provided (Include expected start and completion dates).	

	DESCRIPTION (Note: E-J required regardless of company size)	2024	2023	2022	2021	2020
A	Experience Modification Rate (EMR)					
B	Total Recordable Incident Rate Rate = D x 200,000 ÷ I					
C	DART Rate Rate = (E +F) x 200,000 ÷ I					
D	Number of Injuries and Illnesses					
E	Number of Restricted or Transferred Workday Cases					
F	Number of Lost Workday Cases					
G	Number of Work Related Fatalities					
H	Total Number of Employees					
I	Employee Hours Worked Per Year (If unknown use # of employees x 2080)					



Safety Questionnaire

Does your company have written safety and health programs? **Y** **N**
Please list the date that the program was last reviewed or updated

Does your company have a Written Hazard Communication Program? **Y** **N**

Has your company received any "Willful" citations (including pending) from either Federal or State OSHA in the past five years? **Y** **N**

If Yes (Y), please describe:

Has your company received any "Repeat" citations (including pending) from either Federal or State OSHA in the past five years? **Y** **N**

If yes, please describe:

Has your company received any "Serious" citations (including pending) from either Federal or State OSHA in the past five years? **Y** **N**

If yes, please describe:

Does your company conduct accident/incident investigating? **Y** **N**

Does your company document, investigate, and discuss near-miss accidents? **Y** **N**

Are accident/incident reports reviewed by managers/supervisors? **Y** **N**

Does your company have a written policy regarding drug screening or testing of employees? **Y** **N**

If yes, does your drug-testing program conform to DOT requirements? **Y** **N**

OTP is committed to providing a safe and healthy workplace for employees, contractors, and the general public. Additional supporting documentation may be requested for further review.

CERTIFICATE OF SERVICE

**RE: In the Matter of Otter Tail Power Company's Petition for Approval
of the Distributed Solar Energy Standard Projects
Docket No. E017/M-25-338**

I, Khris Ekstrom, hereby certify that I have this day served a copy of the following, or a summary thereof, on Mike Bull and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company
Independent Auditor Report**

Dated this **3rd** day of **September, 2025**.

/s/ KHRIS EKSTROM
Khris Ekstrom
Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
Fergus Falls MN 56537
(218) 739-8334

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Mike	Bull	mike.bull@state.mn.us	Public Utilities Commission		121 7th Place East, Suite 350 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-338
2	Ray	Choquette	rchoquette@agp.com	Ag Processing Inc.		12700 West Dodge Road PO Box 2047 Omaha NE, 68103-2047 United States	Electronic Service		No	M-25-338
3	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General - Department of Commerce		445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	M-25-338
4	Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce		85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	M-25-338
5	Paula	Foster	pfoster@otpc.com	Otter Tail Power Company		215 S Cascade St PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		Yes	M-25-338
6	Jessica	Fyhrrie	jfyhrrie@otpc.com	Otter Tail Power Company		PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		No	M-25-338
7	Amber	Grenier	agrenier@otpc.com	Otter Tail Power Company		215 S. Cascade St. Fergus Falls MN, 56537 United States	Electronic Service		Yes	M-25-338
8	Derek	Haugen	dhaugen@otpc.com	Otter Tail Power Company		215 South Cascade Street PO Box 496 Fergus Falls MN, 56538-0496 United States	Electronic Service		Yes	M-25-338
9	Adam	Heinen	aheinen@dakotaelectric.com	Dakota Electric Association		4300 220th St W Farmington MN, 55024 United States	Electronic Service		No	M-25-338
10	Nick	Kaneski	nick.kaneski@enbridge.com	Enbridge Energy Company, Inc.		11 East Superior St Ste 125 Duluth MN, 55802 United States	Electronic Service		No	M-25-338
11	James D.	Larson	james.larson@avantenergy.com	Avant Energy Services		220 S 6th St Ste 1300 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-338
12	Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting, LLC		961 N Lost Woods Rd Oconomowoc WI, 53066 United States	Electronic Service		No	M-25-338
13	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis	Electronic Service		No	M-25-338

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
						MN, 55402 United States				
14	Matthew	Olsen	molsen@otpco.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-338
15	Generic Notice	Regulatory	regulatory_filing_coordinators@otpco.com	Otter Tail Power Company		215 S. Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-338
16	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General - Residential Utilities Division		1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-338
17	Cary	Stephenson	cstephenson@otpco.com	Otter Tail Power Company		215 South Cascade Street Fergus Falls MN, 56537 United States	Electronic Service		Yes	M-25-338
18	Stuart	Tommerdahl	stommerdahl@otpco.com	Otter Tail Power Company		215 S Cascade St PO Box 496 Fergus Falls MN, 56537 United States	Electronic Service		No	M-25-338