

REQUEST FOR PROPOSALS

FOR

**ELECTRIC POWER GENERATED FROM
NORTH CAROLINA SWINE WASTE FACILITIES**

Dominion North Carolina Power, Duke Energy Carolinas, GreenCo Solutions, North Carolina Eastern Municipal Power Agency, North Carolina Municipal Power Agency Number 1 and Progress Energy Carolinas

Dated: February 15, 2010
Proposals Due: April 15, 2010

**Request for Proposals for
Electric Power Generated from North Carolina Swine Waste Facilities
("NC Swine Waste RFP")**

February 15, 2010 - RFP Issue Date

1. Overview

Dominion North Carolina Power, Duke Energy Carolinas, GreenCo Solutions, North Carolina Electric Membership Corporation, North Carolina Eastern Municipal Power Agency, North Carolina Municipal Power Agency Number 1 and Progress Energy Carolinas, collectively referred to as the "Buyers", are soliciting proposals for the supply of electric power generated in North Carolina from swine waste facilities which can be used for compliance with the swine waste Renewable Energy Portfolio Standard ("REPS") requirement set forth in N.C. Gen. Stat. § 62-133.8(e).

Through this Request for Proposals ("RFP"), the Buyers are seeking proposals for:

- (i) Energy, and/or
- (ii) Renewable Energy Certificates, which shall include all environmental attributes associated therewith, (the "RECs"), either bundled or unbundled with the energy.

This RFP provides information and instructions for prospective Respondents (the "Respondents"). Proposals are due, as provided below, by April 15, 2010.

2. Nature of Proposals Requested

The Buyers are collectively issuing this RFP for (i) electric power generated in North Carolina from swine waste, and (ii) swine waste RECs, in each case as a means to comply with the swine waste REPS requirement set forth in N.C. Gen. Stat. § 62-133.8(e) (the "Swine Waste Set-Aside").

A proposal offering to sell electric power generated in North Carolina from swine waste shall identify the farms on which the electric power will be produced and identify the owner of the transmission system or distribution system to which the power production facility will be connected (the "Host Utility"). Such a proposal also shall provide for the sale of electric energy ("Delivered Energy") to the Host Utility under terms and conditions acceptable to the Host Utility, and for the sale of the related RECs to the Host Utility and/or other participating Buyers on a percentage basis predetermined among the participating Buyers.

Proposals also will be considered which provide for the sale only of unbundled RECs that comply with the Swine Waste Set-Aside.

Proposals offering to sell electric power generated in North Carolina from swine waste shall comply with the General Conditions and Terms set forth below, and proposals offering to sell only unbundled RECs that comply with the Swine Waste Set-Aside shall comply with such General Conditions and Terms, to the extent applicable.

3. General Conditions

Seller A Respondent to this RFP must demonstrate, to the satisfaction of the Buyers, that it: (i) has obtained the right to develop, own, operate, and maintain a swine waste power production facility at each farm, (ii) is capable of performing within the General Terms below, (iii) will enter into an interconnection agreement with a Host Utility, or (iv) is capable of delivering tradable RECs that comply with N.C. Gen. Stat. § 62-133.8(e).

Buyers Each Buyer individually shall determine whether or not it will enter into a contract with a Respondent based on the proposal. Any such contract between a Buyer and Respondent shall be conditioned upon an effective interconnection agreement between the Respondent and Host Utility, and an effective agreement between the Respondent and Host Utility for the purchase and sale of Delivered Energy, unless the contract is in connection with a proposal only for the sale of unbundled RECs (i.e., with no electric power delivery component).

The individual contract(s) between each participating Buyer and the Respondent shall be in a form agreed to by and among all of the participating Buyers and the Respondent using good faith efforts, such form to be as standardized as reasonably possible, given the unique characteristics of each generating facility, while incorporating commercially reasonable electric utility industry practices. Unless otherwise agreed among the participating Buyers, the percentage of RECs to be purchased by each participating Buyer shall be based on its respective ratio share of the total retail load of the participating Buyers in North Carolina. A Buyer's ratio share shall be the ratio of the Buyer's previous calendar year retail kWh sales divided by the previous calendar year total North Carolina retail kWh sales of the participating Buyers.

4. General Terms

Term	A proposal shall provide the effective date and minimum term of any contract(s) required by the Respondent.
Fuel	<p>The Delivered Energy and RECs must be generated at an electric generation facility located in North Carolina or delivered to a public utility that provides electric power to retail customers in North Carolina and fueled primarily from swine waste</p> <p>The proposal shall describe the Respondent's rights to its fuel source, including, but not limited to, any conditions to such rights. The proposal shall identify that portion of the Delivered Energy and RECs to be derived from swine waste and those portions of the Delivered Energy and RECs to be derived from other fuel sources. Any proportions of energy from various fuel sources must be calculated on the basis of the energy content of those fuel sources (as opposed to weight or volume or any other methods of deriving proportions) in a manner acceptable to the North Carolina Utilities Commission. The Respondent must disclose all forms of fuel that will be utilized.</p>
All-in Energy Price	The proposal shall provide an "All-in Energy Price" which shall be the sum of the Delivered Energy Price and the REC Price (as defined below) for proposals for bundled energy and RECs. This All-in Energy Price may fluctuate between on-peak and off-peak deliveries, as dictated by fluctuations in the underlying Delivered Energy Price.
Delivered Energy Price	The Delivered Energy Price shall be the Host Utility's avoided cost used for REPS purposes at the time of delivery of the related Delivered Energy to the Host Utility. The Delivered Energy Price may fluctuate between on-peak and off-peak deliveries, as dictated by the Host Utility's standard avoided cost rates.
REC Price	The REC Price shall be the price for the RECs generated by the project as proposed by the Respondent. The REC Price shall not fluctuate between on-peak and off-peak deliveries. The sum of the REC Price and the Delivered Energy Price shall equal the All-in Energy Price. RECs independent of the Delivered Energy may be proposed.

Volume	The total amount of Delivered Energy that complies with the Swine Waste Set-Aside sold to the Buyers by any Respondent annually during the term of its contracts with the Buyers shall be no less than 1,000,000 kilowatt hours.
Billing	On a monthly basis, Respondent shall bill the Host Utility for its deliveries of Delivered Energy and the Buyers for RECs.
Commercial Operation Date	A proposal must state the date by which the Respondent's facility will be fully operational and generating kwhs and/or RECs.
Environmental Attributes	A proposal should state clearly all environmental attributes that are associated with the proposed facility.

5. Respondent Qualifications and Experience

The Buyers will accept proposals from Respondents that have (or will have) qualifying resources available in North Carolina. Respondents must demonstrate that they have the financial and technical ability to meet all obligations of their proposals.

6. Notice to Respondents

The proposal process begins with the issuance of this RFP on or about February 15, 2010, and will continue until April 15, 2010 (the "Proposal Due Date"). Responses to this RFP received after the Proposal Due Date may, in the sole discretion of the Buyers, be deemed non-responsive and given no further consideration in this RFP process. Respondents are asked to email a Notice of Intent to Respond (RFP Form 2) by April 1, 2010, to the email address listed below.

Should any addenda to the RFP be necessary, such addenda will be issued by e-mail to all Respondents registering a completed Notice of Intent to Respond.

Each Respondent is required to submit a Proposal Summary (RFP Form 3) and information and/or data contained in RFP Form 4, Required Proposal Data.

Responses to this RFP should be emailed to:

Email Address: Louis.Davis@PGNMAIL.COM

or

mailed (or delivered) to the following address:

Louis H. Davis
100 East Davie Street
Mail code: TPP 9A
Raleigh, NC 27601

All questions should be sent via e-mail to the address shown above by no later than March 15, 2010. Only written responses will be considered official. As soon as possible, but by no later than April 1, 2010, written (electronic) responses to questions submitted in a timely manner will be provided to all Respondents.

Each Respondent is expected to carefully review the information provided in this RFP as it contains important instructions which should be followed in preparing the proposal(s). Modifications to proposals already received by the Buyers will only be accepted if submitted in writing by the Respondent prior to the Proposal Due Date.

7. RFP Schedule

Event	Date
Issue RFP	February 15, 2010
Deadline for Respondent's E-mailed Questions	March 15, 2010
Deadline for Response to Respondent's E-mailed Questions	April 1, 2010
Deadline for Notice of Intent to Respond	April 1, 2010
Proposal Due Date	April 15, 2010
Short-List Notification / Commence Negotiations	July 1, 2010
Execute Purchased Power and Interconnection Agreement	October 1, 2010

8. Confidentiality and Reserved Rights

Trade secrets or similar proprietary data which a Respondent does not wish disclosed other than to personnel of the Buyers involved in the evaluation of its proposal will be kept confidential to the extent permitted by N.C. Gen. Stat. § 132-1.3 if identified as follows: Each page shall be identified in boldface at the top and bottom as "CONFIDENTIAL." Any section of the proposal which is to remain confidential shall also be so marked in boldface on the title page of that section. In spite of what is labeled as confidential, the determination as to whether or not such information may be kept confidential shall be governed by North Carolina law.

This RFP is not an offer establishing any contractual rights. This RFP is solely an invitation to submit proposals.

The Buyers reserve the right to:

- reject any and all proposals received in response to this RFP for any reason or no reason;
- reject any proposal for failure to extend its validity date if requested;

- accept any proposals and, in connection therewith, waive compliance with any requirement in this RFP;
- not disclose the reason for rejecting a proposal;
- negotiate an arrangement for power supply and/or RECs with more than one Respondent simultaneously;
- terminate negotiations;
- not select the proposal with the lowest price; and
- request clarifications from Respondents at any time.

Respondents who submit responses to this RFP do so without recourse against the Buyers for either rejection or failure to enter into a binding commitment for any reason whatsoever.

9. Evaluation Process

The evaluation of proposals will be based on the information provided by the Respondent with special emphasis on pricing, physical and financial risk profile, financial viability of Respondent, firmness of supply, the portion of energy generated from swine waste, physical location and flexibility of use. The evaluation will be made in the sole discretion of the Buyers; provided, however, Buyers understand and agree to evaluate all proposals in good faith, and with the objective of approving projects and entering into contracts that will meet the Swine Waste Renewable Energy Portfolio Standard requirements set forth in N.C.G.S. 62-133(8)e. Selection for negotiation will not be a commitment by the Buyers to enter into a contract with the Respondents.

If the Buyers decide to accept the proposal of one or more Respondents, they will undertake to develop standard form contracts with such Respondents that will embody the general principles and concepts set forth herein. In the event negotiations with a Respondent do not, within a reasonable period of time, produce a standard contract satisfactory to the Buyers, the Buyers reserve the right to terminate those negotiations and pursue any and all other power supply options available to them including, without limitation, entering into negotiations with other parties.

A. Pricing

Respondents are advised that price will be important in the Buyers' evaluation. However, proposals will also be compared and evaluated in terms of the non-price characteristics of each submittal. Therefore, the lowest price proposal may not be selected. The proposal should include sufficient detail to evaluate all fixed and variable charges associated with Delivered Energy and RECs.

B. Non-Price Criteria

Each proposal will be evaluated on a list of non-price criteria, which the Buyers will develop.

The Buyers intend to consider the following non-price criteria, among others:

- flexibility with regard to the use of Delivered Energy and RECs resources,
- contract term and ability to adjust contract quantities,
- complexity and reliability of transmission arrangements,

- fuel reliability and cost risk,
- price certainty,
- the portion of Delivered Energy and RECs derived from swine waste,
- previous experience of the Respondent, and
- the financial strength of Respondent.

10. Final Contract

Any final contract(s) that result from the evaluation and negotiation processes will be subject to approval by each Buyer's governing body. The tentative date for approval of contract(s) is shown in Section 7, RFP Schedule.

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Notice of Intent to Respond

Due: April 1, 2010

Company/Respondent: _____

Name of Contact/Title: _____

Mailing Address: _____

Telephone: _____

E-Mail: _____

The person or organizations named above (the “Respondent”) has received the above-captioned Request for Power Supply Proposals and hereby expresses its intent to respond with a proposal.

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Proposal Summary

Due: April 15, 2010

Company/Respondent: _____

Name of Contact/Title: _____

Mailing Address: _____

Telephone: _____

E-Mail: _____

Certification: Respondent hereby certifies that all of the statements and representations made in this proposal package, including attached documents, are true to the best of the Respondent's knowledge and belief. Respondent agrees to be bound by its representations and the terms and conditions of the Request for Proposals:

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Proposal Data

The required proposal data should be provided in sections numbered in accordance with the specific items set forth below. General information (e.g., promotional material, 'boiler plate', etc.) may be provided with the proposal, but only the formatted information will be considered in the event of conflicting data. The Buyers may request additional data or clarifying information from Respondents. Responses to such requests shall remain confidential, consistent with the proposal.

1. Description of Proposal

- (a) Describe the source and nature of the Delivered Energy and REC swine waste electric generation resources.
- (b) Describe the manner in which the proposed Delivered Energy and REC swine waste electric generation resources will be dispatched and the scheduling arrangements envisioned.
- (c) The proposal shall describe the Seller's rights to its fuel source, including, but not limited to, any conditions to such rights. The proposal shall identify that portion of the Delivered Energy and RECs to be derived from swine waste and those portions of the Delivered Energy and RECs to be derived from other fuel sources.

2. Proposed Agreement Term

- (a) Specify proposed contract term.
- (b) Specify the manner in which the quantities of Delivered Energy and RECs will be provided or delivered, and any provisions to adjust such quantities.
- (c) Specify proposed provisions for renewal or extension, and cancellation rights, if any, identifying proposed conditions for the above to occur, including whether such events are proposed to be mutually or unilaterally exercisable.

3. Scheduling/Dispatchability

Indicate all scheduling, dispatch, or contractual constraints applicable to the proposal, including, but not limited to, the following:

- (a) scheduling requirements;
- (b) minimum power output requirement (if any);
- (c) ramp-up or ramp-down limitations (if any); and
- (d) events that could potentially result in the curtailment of deliveries and notice to be provided to the Buyers in the event of curtailment.

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4. Other Commitments of Proposed Resources

Identify any other power supply commitments for the proposed resources that would be of equal or higher priority than that committed to the Buyers' during the proposed contract term and provide a general description of Buyers' rights compared to the rights of the other parties.

5. Pricing Information

- (a) The proposal shall provide an "All-in Energy Price" which shall be the sum of the Delivered Energy Price and the REC Price.
- (b) The Delivered Energy Price shall be based upon the Host Utility's avoided cost at the time of delivery of the related Delivered Energy to the Host Utility.
- (c) The REC Price shall be the price proposed by the Respondent.
- (d) To the extent the All-in Energy Price is comprised of several components (e.g., capital-related components of fixed charges, commodity-related portion of variable charges, etc.), describe, for each component, the appropriate billing units, any assumptions used related to the pricing, and the methodology for determining delivered costs. Please distinguish between component rates that may be fixed and not subject to an index, if any.
- (e) Specify annual payment stream components, whether explicitly specified or driven by escalation factors. If price escalation factors are proposed, please identify what attribute the proposed factor is to represent (e.g., general inflation, general economic growth, etc.), proposed index or other source data to define the escalator (e.g., CPI, change in GDP, etc.), and Respondent's current projection of the designated escalator for each applicable time period.
- (f) Provide an Excel spreadsheet that depicts pricing for all major cost components and calculates total costs for each year of the proposed contract term.

6. Failure to Deliver RECs

Describe how Buyer will be compensated or made whole for any failure by Respondent to deliver RECs in accordance with the terms of its contract with Buyer.

7. Representative Experience

Describe any previous and current transactions that the Respondent has entered into for arrangements similar in nature to the supply of electric power generated from swine waste facilities.

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8. Financial Information

- (a) Identify any and all Respondent affiliates.
- (b) Provide audited financial statements, if available, or other financial statements for the most recent 12-month period. This information should be provided for all entities, including affiliates involved in the transaction.

9. Additional Information

Please provide any additional information which the Respondent believes will assist the Buyers in an accurate and fair evaluation of the proposal.