

**DTE Energy<sup>®</sup>**

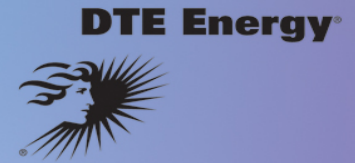


**Request for Proposal Process**  
GLREA 2010 Wind Energy Conference

**April 20, 2010**

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## Disclaimer



The information contained herein is not meant to bind DTE Energy or its affiliates to any specific RFP design and/or procurement methodology, but is rather meant to provide a general overview of how RFPs can be designed and administered to achieved a desired outcome. In the future DTE may or may not use any or all of the methodologies and processes contained herein



## Overview

- Determining the need and timing to procure renewable energy resources
- Request for Proposal (RFP) development process
- Key attributes of RFPs
- Proposal selection process
- Proposal platform – tool to facilitate an efficient process
- Common mistakes for suppliers to avoid when participating in RFPs

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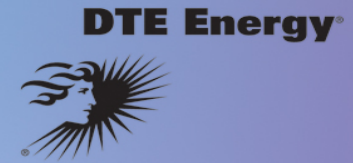
# Timing of Procurement of Renewable Energy is Largely Driven by the Requirements and Parameters of Michigan's PA295

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- In October 2008, the “Clean, Renewable and Efficient Energy Act”, PA 295 was signed into law, establishing the following Renewable Portfolio Standards
- In March 2009, Detroit Edison filed its 20-year Renewable Energy Plan consistent with 2008 PA 295
  - Includes a portfolio of 1,295 MW of nameplate capacity of renewable and advanced cleaner energy generating assets
  - 565 MW of Detroit Edison owned wind in 2029
  - At least 50% of RECs are to be acquired from third parties
- In conjunction with the timing requirements of PA295's, determining when to procure renewable resources is also influenced by market conditions
  - Resource availability (e.g. for wind farms, turbine availability and manufacturing lead time is a key consideration)
  - Financing markets
  - Competing procurement processes

# The Development of an RFP is Influenced by Many Factors



- There are two overarching principles in Detroit Edison's RFP development:
  - Ensure that the process solicits as many viable proposals as possible to help achieve the best outcome for our customers
  - Ensure that the process is fair, transparent and clearly communicated to the market
- In doing so the following are some of the key considerations:
  - Specific needs of Detroit Edison to meet compliance
    - Size and type of renewable resource being sought
    - Timing of procurement – is the need near-term or long-term?
  - Market conditions
    - Detroit Edison closely monitors market and industry developments to ensure its RFPs take into consideration key current events and trends
    - Additionally, Detroit Edison will at times engage experienced third-party subject matter experts to consult on the design and structure of its RFPs
  - Consulting with the MPSC to receive guidance on improving the procurement process
  - Determining communication strategy to ensure broad distribution of the RFP
  - Past RFP outcomes, on which Detroit Edison conducts after action reviews to identify areas for improvement



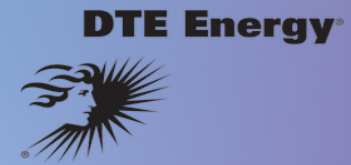
## Typical Components of an RFP

- Purpose and scope
- Resources being sought
- Process for submitting proposals
- Process for Detroit Edison-supplier communications, Q&A, etc.
- RFP documents, such as pro forma contracts, confidentiality agreements, etc.
- Proposal evaluation and selection criteria/process
- Estimated timeline for process



Communicates  
a clear and  
concise need  
and process to  
potential  
bidders

# Proposal Evaluation Process – Sample from August, 2009, RFP – Subject to Change in Future RFPs



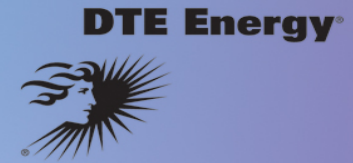
**Step 1** - The information provided in the proposal will first be evaluated for completeness and consistency with the proposal content and bid requirements outlined in the RFP.

**Step 2** - As a result of this screening review, DECo will eliminate proposals that do not meet the requirements described in the RFP from further consideration. DECo will limit follow up contacts to clarify proposal or request additional information only to those proposals that meet the requirements described in the RFP.

Proposals will be evaluated on the following criteria, in no particular order:

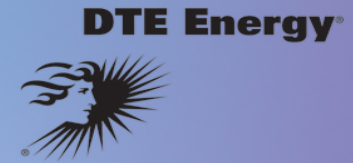
- Project Management
- PPA Price
- Exceptions to DECo Form Agreements
- Financial Strength & Creditworthiness
- Schedule Performance
- Operational

# Bidding Platform – Tool for Efficient Competitive Process



- Detroit Edison utilizes a state-of-the-art electronic bidding platform when conducting its renewable energy RFPs
- Nearly all aspects of the RFP can be efficiently managed on the electronic platform, including:
  - Communicating an upcoming RFP to suppliers registered with Detroit Edison’s renewable energy program
  - Webinar in which an RFP is issued to the market and potential suppliers can participate, understand the RFP and ask questions
  - All RFP documents, such as pro forma contracts, confidentiality agreements, etc.
  - Bidder Q&A throughout the process
  - Ongoing communication to bidders (must be registered on the bid platform for the RFP)
  - Proposal submittals

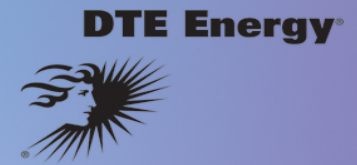
# Responding to RFPs – Common Mistakes to Avoid



- Providing incomplete proposals
  - Makes it difficult to review a proposal equitably against others
  - If significant information is missing it will likely limit proposal's chance to continue in selection process
- Not following submittal instructions
  - Format of proposals
  - Missing deadlines
- “Dialing for dollars” – not following communication protocols
- Assuming there will be “second round” for your proposal
- Not understanding Michigan’s Renewable Portfolio Standard

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## We Invite You to Learn More About DTE's Renewable Energy Efforts and How You May Participate as a Supplier



More details of Detroit Edison's RPS plan can be found at:

<http://www.dteenergy.com/dteEnergyCompany/environment/renewableEnergy/overview.html>

Details on how to participate in future renewable energy procurements can be found at:

<http://www.dteenergy.com/dteEnergyCompany/environment/renewableEnergy/suppliers.html>



**Questions?**