

January 31, 2023

David Schelkoph  
[davids@marshallutilities.com](mailto:davids@marshallutilities.com)  
113 South 4 Street  
Marshall, MN 56258

RE: Reserved Capacity Agreement – Request execution and return prior to May 15, 2023

Dear David:

The Missouri River Energy Services (MRES) Board of Directors has authorized MRES staff to update the rates and key terms of the Reserved Capacity Agreement (RCA). MRES is requesting MRES members participating in the RCA program to execute the revised and attached RCA by May 15, 2023.

As you know, the RCA is an agreement between MRES and its members with local generation whereby MRES pays the member a monthly capacity payment in exchange for making the member's local generating capacity available to MRES. The RCA helps MRES and its members meet their capacity requirements, while participating members have local backup generation to increase the reliability of their operations. This revised agreement continues that intent. Key changes to the revised RCA are as follows:

- Capacity rate increase to \$5/kW-mo
- Incentive for members to install new generation by providing a lump sum payment of \$2/kW-mo for the first ten years
- Removal of DCA and CPA terminology
- Termination of the existing RCA upon the effective date of the revised RCA
- Aligning terms with changes to market requirements of the respective regional transmission organizations, such as moving to a seasonal construct
- Fuel requirements providing for a minimum of twenty hours of run time or documentation from fuel supplier to support the same.
- Requirement that systems are able to operate in extreme weather conditions

If you are comfortable with the new RCA, please have the RCA approved by your governing body, as appropriate.


Execution instructions:

1. Review and verify information contained in the agreement and exhibits are correct. If these are not correct, please contact us. We will modify and return.
2. RCA – sign. Do not date the agreement.

3. Exhibit A – sign.
4. Exhibit D – sign.
5. Please return the signed documents by May 15, 2023. If you are not able to do so, please let us know.
6. MRES will sign and date the documents and return the fully executed originals to you.

If you have any questions, please do not hesitate to call Reece Chambers at 605-330-6982 or email him at [reece.chambers@mrenergy.com](mailto:reece.chambers@mrenergy.com), or call me at 605-330-6977 or email me at [terry.wolf@mrenergy.com](mailto:terry.wolf@mrenergy.com).

Sincerely,

A handwritten signature in black ink that reads "Terry Wolf". The signature is written in a cursive, slightly slanted style.

Terry Wolf  
Vice President of Power Supply & Operations

Enclosures

RESERVED CAPACITY AGREEMENT

between

MISSOURI RIVER ENERGY SERVICES

and

THE CITY OF MARSHALL, MINNESOTA

This Reserved Capacity Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_, 2023 (the “Effective Date”), between **Missouri Basin Municipal Power Agency d/b/a Missouri River Energy Services**, a body corporate and politic organized under Chapter 28E of the Code of Iowa and existing under the intergovernmental cooperation laws of the States of Iowa, Minnesota, North Dakota, and South Dakota (“MRES”), and Marshall, a municipal corporation of the State of Minnesota (“Municipality”). MRES and Municipality are at times referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

A. Municipality is a member of MRES and has entered into a Power Sale Agreement with MRES under which Municipality purchases its power and energy requirements from MRES.

B. MRES owns or has contractual rights to the output of generating facilities for the purpose of furnishing firm electric power and energy at wholesale to meet the requirements of Municipality and other members of MRES, and to meet other obligations of MRES.

C. Municipality owns certain electric generating facilities that, through the interconnection of Municipality’s electric distribution system with the transmission systems of other utilities, can be made available to the regional transmission system.

D. If Municipality’s generating facilities are maintained in a dependable operating condition in accordance with the terms of this Agreement, MRES can beneficially utilize, and desires to purchase, the output of Municipality’s generating facilities to meet MRES’s power supply obligations to its members and for other mutually beneficial purposes.

E. MRES has the dispatch, scheduling and transmission services required to utilize the output of Municipality’s generating facilities on an economical basis.

NOW, THEREFORE, in consideration of the covenants and agreements set forth in this Agreement, the Parties mutually agree as follows:

## ARTICLE 1 DEFINITIONS

The following terms, when capitalized in this Agreement, have the meanings set forth in this Article below. Other capitalized terms used in this Agreement, but not defined in this Article, have the meanings given them elsewhere in this Agreement.

1.1 “Energy Adder 1” means the amount added to the Energy Costs, for energy production as specified in Section 3.4 up to Energy Block 1 in any month, in determining the total payment by MRES to Municipality for energy produced by a Unit. The Energy Adder 1 will be \$0.017 per kilowatt-hour (“kWh”) through May 31, 2024. Starting with the first day of the June 2024 billing period and continuing thereafter on the first day of each subsequent June billing period, MRES will adjust the monthly rate for the Energy Adder 1 by taking the product of \$0.017 per kWh and the quotient of the GDP Deflator for the calendar year preceding the adjustment date divided by the GDP Deflator for calendar year 2023 ( $\$0.017 \times (\text{Current GDP Deflator}/2022 \text{ GDP Deflator}) = \text{Updated Energy Adder 1}$ ), rounded to the nearest \$0.001; provided, however, that the Energy Adder 1 may not be less than \$0.015 per kWh.

1.2 “Energy Adder 2” means the amount added to the Energy Costs, for energy production as specified in Section 3.4 exceeding Energy Block 1 in any month, in determining the total payment by MRES to Municipality for energy produced by a Unit. The Energy Adder 2 is \$0.01 per kWh.

1.3 “Energy Block 1” means eighty (80) times the Reserved Capacity amount of a Unit.

1.4 “Energy Costs” means the sum of the cost of fuel consumed in a Unit to generate energy, including any incremental cost for station service, plus the amount of any federal or state energy tax based on the amount or type of fuel consumed in the generation of electricity, plus the amount of any federal or state pollution or emissions tax based upon the amount or type of fuel consumed in the generation of electricity.

1.5 “Forced Outage Rate” means the equivalent demand forced outage rate of a Unit, representing the number of hours such Unit is not available to run or is limited in its run capacity compared to the number of hours the Unit is available to run at full capacity while in demand, as more particularly defined by the RTO in which a Unit is located or, if not defined by the RTO, by the North American Electric Reliability Corporation or any successor thereto. For example, a Forced Outage Rate of two percent means a Unit is unavailable to run two percent of its potential running time. The Forced Outage Rate of a Unit will be as determined by the applicable RTO or, if the RTO does not calculate the Forced Outage Rate for generating units within its footprint, by MRES based on information provided by Municipality.

1.6 “GDP Deflator” means the average annual Gross Domestic Product Implicit Price Deflator as published by the U.S. Bureau of Economic Analysis or its successor organization, computed to the nearest tenth. The value published by April 1 will be considered to be the final value for the prior calendar year.

1.7 “GVTC Test” means the annual capacity testing requirements and procedures required to be Planning Reserve Qualified capacity, as set forth in the Reserved Capacity Qualification Requirements.

1.8 “Local Balancing Authority” has the meaning given to this term in the RTO tariff applicable to a Unit.

1.9 “Network Transmission” has the meaning given to this term in the RTO tariff applicable to a Unit.

1.10 “Operating Procedures” means the operating requirements and procedures required to be met and followed by Municipality in operating each Unit, as set forth in Exhibit D.

1.11 “Planning Reserve Qualified” means generation that meets the requirements of this Agreement, including metering, GVTC Testing, and other reporting and call-out requirements as specified in this Agreement.

1.12 “Planning Period” means the applicable planning period (i.e., year, season, etc.) used by the RTO tariff applicable to a Unit; provided, however, in the event the applicable RTO tariff provides for a planning period of less than six months in duration, the Planning Periods for purposes of this Agreement will be October 15 to April 15 and April 16 to October 14.

1.13 “Point of Delivery” means the point at which energy is delivered by Municipality to MRES under this Agreement, as identified in Exhibit B.

1.14 “Power Sale Agreement” means the long-term power supply purchase and sale agreement between MRES and Municipality, as described in Recital A.

1.15 “Prudent Utility Practice” means those practices, methods and procedures, as modified from time to time, used by electric utilities to design, engineer, select, construct, operate and maintain electric power facilities and equipment dependably, reliably, safely and economically with due regard for the practices required within the region.

1.16 “Reserved Capacity” means the entire amount of Planning Reserve Qualified capacity of a Unit as measured and determined according to the tests and criteria set forth in Article 5. The Reserved Capacity of each Unit, as so measured and determined, is set forth in Exhibit A, as may be updated from time to time in accordance with this Agreement.

1.17 “Reserved Capacity Qualification Requirements” means the minimum requirements to be met and followed by Municipality for a Unit to be Planning Reserve Qualified, as set forth in Exhibit E.

1.18 “Reserved Capacity Rate” means a monthly rate of \$5.00 per kilowatt (“kW”) from the Effective Date through May 31, 2024. Starting with the first day of the June 2024 billing period and continuing thereafter on the first day of each subsequent June billing period,

MRES will adjust the Reserved Capacity Rate by taking the product of \$5.00 per kW and the quotient of the GDP Deflator for the calendar year preceding the adjustment date divided by the GDP Deflator for the calendar year 2023 ( $\$5.00 \times (\text{Prior Year GDP Deflator}/2022 \text{ GDP Deflator}) = \text{Updated Reserved Capacity Rate}$ ). The resulting Reserved Capacity Rate will be rounded to the nearest \$0.01 per kW.

1.19 “RTO” means Midcontinent Independent System Operator, Inc. or Southwest Power Pool, Inc., as applicable based on the location of a Unit, or any successor thereto.

1.20 “Transmission Provider” has the meaning given to this term in the RTO tariff applicable to a Unit.

1.21 “Uncontrollable Forces” means any cause beyond the control of the Party affected by such cause, including without limitation flood, earthquake, storm, lightning, fire, epidemic, pandemic, pestilence, war, riot, civil disturbance, labor disturbance, sabotage, or restraint by court or public authority, which by due diligence and foresight such Party could not reasonably have been expected to avoid. The term Uncontrollable Forces does not include an equipment failure, scheduled or forced outage, or any unexcused periods of unavailability of the Reserved Capacity for reasons within the control of Municipality.

1.22 “Unexcused Failure” means the failure of Municipality to provide all or a portion of the Reserved Capacity or energy, for a period exceeding five minutes, when dispatched or operated by MRES for any reason other than: (a) the temporary removal of a Unit from service for normal maintenance outages, testing or training pursuant to a schedule agreed upon by Municipality and MRES in accordance with Section 6.10; or (b) an inability to operate a Unit due to Uncontrollable Forces.

1.23 “Unit” means a generator and associated equipment capable of generating electric energy that is owned and maintained by or on behalf of, and within the city limits of, Municipality and is used to provide Reserved Capacity and any associated energy under this Agreement. Each Unit is listed in Exhibit A.

1.24 “Units” means the combination of each and every Unit listed in Exhibit A, whether in the same location or different locations.

## ARTICLE 2 TERM OF AGREEMENT

2.1 Term. The term of this Agreement will commence on the Effective Date and remain in effect through May 31, 2052, unless earlier terminated pursuant to the terms of this Agreement.

2.2 Termination. This Agreement may be terminated by MRES upon thirty (30) days’ written notice to Municipality upon the occurrence of any of the following events:

- a. There ceases to be any Units listed in Exhibit A.

b. The Power Sale Agreement is terminated for any reason.

c. Municipality breaches or violates any of its obligations under this Agreement and fails to cure such breach or violation within thirty (30) days of MRES's written notice to Municipality of the breach or violation.

2.3 Removal of Unit. A Unit may be removed from Exhibit A, and thereby disqualified and removed from the terms of this Agreement, as set forth in this section below.

a. The Parties may remove a Unit from Exhibit A at any time by written agreement of the Parties.

b. MRES may remove a Unit from Exhibit A upon written notice to Municipality upon the occurrence of either of the following events: (i) the Unit is not Planning Reserve Qualified for a period of ninety (90) consecutive days; or (ii) the Unit fails to operate for a period of ninety (90) consecutive days due to an Unexcused Failure and was scheduled on four (4) or more of those days.

c. Municipality may remove a Unit from Exhibit A upon written notice to MRES in the event the Unit is no longer economically viable as reasonably determined by Municipality, provided that such removal will not take effect until the end of the period for which the Unit is then registered by MRES as a resource with the applicable RTO.

2.4 Addition of Unit. After the Effective Date, the Parties may agree to add as a Unit to Exhibit A one or more additional generators and associated equipment of Municipality capable of generating electric energy and otherwise satisfying the requirements of a Unit that is Planning Reserve Qualified under this Agreement.

### ARTICLE 3 PURCHASE AND SALE

3.1 Purchase and Sale of Reserved Capacity; Energy. During the term of this Agreement, and pursuant to the terms and conditions hereof, (a) Municipality will make available and sell to MRES, and MRES will purchase and accept from Municipality, the Reserved Capacity; and (b) MRES will take and pay for any energy associated with Reserved Capacity that is scheduled by MRES and delivered by Municipality to the Point of Delivery. Municipality will provide service over its transmission system and distribution system; no transmission, distribution or other service charges or loss compensation will be charged by Municipality to MRES for the delivery of the Reserved Capacity and energy to MRES.

3.2 Reserved Capacity Rate. MRES will pay Municipality for the Reserved Capacity furnished at the Point of Delivery, each month, a sum equal to the amount of Reserved Capacity multiplied by the Reserved Capacity Rate, subject to any adjustment pursuant to Article 4.

3.3 New Unit Payment. In the event Municipality, after June 1, 2023, constructs, installs and commissions a new generator and associated equipment that satisfies the requirements of a Unit that is Planning Reserve Qualified under this Agreement, and MRES agrees to the addition of such generator to Exhibit A pursuant to Section 2.4 (a “New Unit”), MRES will pay to Municipality, in addition to the Reserved Capacity Rate described in Section 3.2, a lump sum payment equal to \$2.00 per kW/month for ten (10) years based on the Limited-Time Running (LTP) nameplate capacity rating according to ISO 8528 of the New Unit (the “New Unit Payment”). If, prior to the tenth anniversary of the date upon which the New Unit was first accredited in the applicable RTO, the New Unit is removed from Exhibit A for any reason or this Agreement is terminated for any reason other than breach by MRES, Municipality will repay to MRES a pro-rated portion of the New Unit Payment, pro-rated to the date of such removal or termination. For example, if a New Unit was removed from Exhibit A seven years after the New Unit was first accredited in the RTO, Municipality would be required to repay MRES thirty percent (30%) of the New Unit Payment.

3.4 Energy Rates. MRES will pay Municipality for energy scheduled by MRES and generated by a Unit and delivered by Municipality to the Point of Delivery, as follows: (a) at a rate equal to Municipality’s Energy Costs plus the Energy Adder 1, for such energy production up to Energy Block 1 in any month; and (b) at a rate equal to Municipality’s Energy Costs plus the Energy Adder 2, for such energy production exceeding Energy Block 1 in any month. The fuel cost portion of the Energy Costs will be calculated at the average cost of the fuel consumed during the month as purchased by Municipality and reflected in its accounting records. The cost of fuel when using a Unit for generation by Municipality as described in Section 6.8(a) will be the responsibility of Municipality. The cost of fuel consumed for heating a Unit is included in the price for Reserved Capacity and will be the responsibility of Municipality.

3.5 Payment. MRES will pay for Reserved Capacity and energy purchased pursuant to Section 3.1 as set forth below. All payments will be made by Automated Clearing House.

a. For Reserved Capacity, MRES will pay Municipality by the twentieth (20<sup>th</sup>) day of the month for all Reserved Capacity purchased in the preceding month.

b. For a New Unit Payment, MRES will pay Municipality by the ninetieth (90<sup>th</sup>) day following the addition of the New Unit to Exhibit A as described in Section 3.3.

c. For energy, Municipality will send MRES an invoice by the tenth (10<sup>th</sup>) day of each calendar month succeeding the month in which Municipality supplied energy to MRES, which invoice will identify the amount of energy sold and sufficient detail to support the Energy Costs, including the average cost of fuel as described in Section 3.4 and a reliable accounting (including meter readings) of all fuel consumed. Such invoice will be clearly marked for “Reserved Capacity/Energy” and be addressed to:

Accounts Payable  
Missouri River Energy Services  
P.O. Box 88920



MRES will determine the amount owed for the energy, using the invoice for Energy Costs and supporting fuel records, and pay that amount to Municipality by the later of the twentieth (20<sup>th</sup>) day of the month or ten (10) business days after receipt of the invoice.

#### ARTICLE 4 FEE ADJUSTMENT AND REIMBURSEMENT

4.1 Forced Outage Rate Adjustment. The fees paid by MRES for the Reserved Capacity of a Unit pursuant to Section 3.2 assume and require that the Unit has a Forced Outage Rate of five percent or less. In the event the Forced Outage Rate of a Unit in any given Planning Period is more than five percent, the monthly fees payable by MRES to Municipality for the Reserved Capacity of such Unit in the ensuing Planning Period will be decreased by the percent amount that the Forced Outage Rate of such Unit exceeds five percent, rounded to the nearest one-tenth of a percent. For example, if the Forced Outage Rate of a Unit in a Planning Period is 8.83%, the Reserved Capacity payments for such Unit in the ensuing Planning Period will be reduced by 3.8%.

4.2 Unexcused Failure to Operate. In the event a Unit is unable to operate for any period of time due to an Unexcused Failure, MRES will be entitled to reduce monthly payments for Reserved Capacity with respect to such Unit in an amount equal to the number of days during which the Unit was unable to operate as required by this Agreement, which reduction will continue until Municipality demonstrates to the satisfaction of MRES that the Unit is available as required by this Agreement; provided, however, that in the event MRES is assessed or incurs any penalties, fines, charges or costs due to a failure to meet any resource adequacy requirements or other regulatory or reliability requirements as a result of the Unexcused Failure, MRES will be entitled to recover from the Municipality the greater of (a) the reduction in monthly payments for Reserved Capacity resulting from such Unexcused Failure as described in this section above, and (b) the amount of any penalties, fines, charges and costs assessed against or incurred by MRES due to the Unexcused Failure, provided that Municipality's responsibility for such penalties, fines, charges and costs due to any single Unexcused Failure will not exceed an amount equal to twelve months of Reserved Capacity payments to Municipality under this Agreement.

#### ARTICLE 5 QUALIFICATION OF RESERVED CAPACITY

5.1 Qualified Reserved Capacity. A Unit will be deemed to be Planning Reserve Qualified if and to the extent it meets the requirements of this Agreement, including this Article, the Operating Procedures, and the Reserved Capacity Qualification Requirements. The Reserved Capacity of each Unit, as measured and determined pursuant to this Article, is set forth in Exhibit A, as may be updated from time to time in accordance with this Article. MRES from time to time may modify the Reserved Capacity Qualification Requirements to reflect new criteria applicable to testing or qualification of generation.

5.2 Calculation of Reserved Capacity Amount. The amount of Reserved Capacity for each Unit will not exceed the highest rating of such Unit, based on continuous operation of the Unit for twenty-four (24) hours per day not exceeding the number of hours per year described in the Reserved Capacity Qualification Requirements, without derates, exclusions or operational limits consistent with the Reserved Capacity Qualification Requirements, and adjusted to summer peak conditions at the Point of Delivery, as determined by the most recent GVTC Test performed during the previous sixteen (16) months. The sum of Reserved Capacity amounts for all Units will be adjusted down to the nearest 100 kW and will not exceed any transmission interconnection service limitations applicable to the Units.

5.3 GVTC Tests. Municipality, upon the request of MRES, will conduct periodic GVTC Tests consistent with the requirements and procedures set forth in the Reserved Capacity Qualification Requirements. Such requests will be made at least two weeks in advance and, to the extent possible, for a time convenient to Municipality. GVTC Tests will be required once per year and also immediately after a modification or repair of a Unit. If a change of at least 100 kW in Planning Reserve Qualified capacity for any Unit results from a GVTC Test, MRES will revise Exhibit A to change the Reserved Capacity for that Unit in accordance with the updated Planning Reserve Qualified capacity amount, effective the first day of the month following the month during which the test was conducted. MRES will pay Energy Costs plus the Energy Adder 1 and Energy Adder 2, if applicable, for energy produced during scheduled GVTC Tests.

5.4 Test Procedure and Results. Municipality will furnish all personnel and equipment necessary for all GVTC Tests, measure and record the results of all GVTC Tests, and report all test results to MRES. MRES reserves the right to be present at any GVTC Test.

## ARTICLE 6 OBLIGATIONS OF MUNICIPALITY

6.1 Licenses. Municipality will obtain and maintain in full compliance all licenses, permits and approvals, including air quality permits, required by federal, state and local laws and regulations to enable the Units to be Planning Reserve Qualified and to permit the dispatch and operation of the Units in accordance with this Agreement.

6.2 Compliance. Municipality will maintain and operate the Units in compliance with all applicable federal, state and local laws and regulations, including environmental laws and regulations, and the terms and conditions of all contracts, permits, licenses and approvals relating to the Units.

6.3 Additional Facilities and Services. Municipality will install or cause to be installed all switches, relays, controls and any other protective equipment required to protect the Units and any on-site personnel during operation of the Units. Municipality will be responsible for any facilities in addition to the Units and any arrangements for service over the transmission systems of other utilities required for Municipality to provide the Reserved Capacity and energy under this Agreement and to perform its other obligations under this Agreement. Exhibit C identifies certain additional facilities and services identified by the Parties.

6.4 Fuel. Municipality will purchase and maintain a fuel supply sufficient for the Units to be Planning Reserve Qualified and to permit the dispatch and operation of the Units in accordance with this Agreement. Municipality will comply with all federal, state and local laws and regulations, including all environmental laws and regulations, applicable to fuel and any other hazardous substances used in connection with the Units.

6.5 Connection. Municipality will connect each Unit to MRES's wide area network ("WAN"), if requested by MRES. MRES will be responsible for the cost of connection to the WAN and for any monthly fees associated with the WAN.

6.6 Repairs and Improvements. Municipality will make all repairs, replacements, modifications and improvements to the Units or associated facilities, whether required by applicable laws or regulations or by other causes, necessary to enable the Units to provide the amount of Reserved Capacity specified in Exhibit A. In the event any required repairs, replacements, modifications or improvements are not made by Municipality, the Reserved Capacity set forth in Exhibit A will be adjusted if and as necessary and MRES may exercise any other rights and remedies under this Agreement.

6.7 Maintenance and Operation. Municipality will maintain and operate the Units in accordance with the terms of this Agreement, Prudent Utility Practice, and the Operating Procedures. The Operating Procedures will be reviewed from time to time by the Parties and may be modified by agreement of the Parties. Any agreed modifications to the Operating Procedures will be memorialized in an updated Exhibit D executed by the Parties. If the Parties are unable to reach an agreement on proposed modifications to the Operating Procedures, either Party may terminate this Agreement upon thirty (30) days' written notice to the other Party; provided such termination will not take effect prior to the end of the then-current Planning Period.

6.8 Dispatch. Municipality may operate the Units only for MRES's use and only when dispatched under this Agreement, except as specifically provided in this section below. MRES, the Local Balancing Authority, and the Transmission Provider will have the sole authority for dispatching the Units as provided in this section. When MRES schedules a Unit for operation, such schedule will require a minimum operating time as specified in the Operating Procedures. MRES may designate one or more agents to represent MRES for purposes of this Agreement for scheduling and dispatching activities. Dispatching may be provided verbally by telephone or electronically via email, facsimile or the WAN. Municipality will generate electricity from a Unit pursuant to dispatch instructions provided by MRES, including schedules for testing or exercising a Unit.

a. Municipality may operate a Unit for its own use only: (i) when a distribution system failure prevents the delivery of firm electric power and associated energy from MRES to Municipality; or (ii) for Unit testing as requested by Municipality and approved by MRES. In either event, Municipality may operate a Unit solely for Municipality's use at its own expense, and Municipality will submit to MRES a report of the amount of generation (capacity and energy) and the amount of fuel used during such generation period. The report will be clearly marked as not being for payment by MRES.

Any operation of a Unit pursuant to this subsection (a) may not be used by Municipality to offset or reduce demand charges due MRES under the Power Sale Agreement.

b. Municipality may operate a Unit to mitigate transmission limitations, including isolation from the transmission system serving Municipality's load or other local area load similarly situated to Municipality, when directed to do so by the Local Balancing Authority, or Transmission Provider. In such an event, Municipality will immediately notify MRES of such operation. If the transmission limitation being mitigated involves Network Transmission, MRES will pay Municipality for energy produced during such operation. If the transmission limitation being mitigated does not involve Network Transmission, Municipality will take reasonable steps to minimize the amount and costs of operation, including implementing undervoltage load shedding, using demand response resources, making public appeals for reduction of load, utilizing distribution side switching in coordination with the transmission owner, and seeking reimbursement of operating costs from governmental sources, the Local Balancing Authority, and the Transmission Provider; and MRES will pay Municipality for energy produced during such operation (less any payment or reimbursement received by Municipality from the Local Balancing Authority and/or Transmission Provider) except to the extent Municipality fails to implement the above-described operation and cost minimization efforts.

6.9 Telephone Contact. Municipality will maintain one telephone contact which is continuously staffed or monitored for receiving and responding to MRES dispatch instructions for operation of the Units.

6.10 Planned Outages. MRES and Municipality will jointly identify and schedule all planned outages for each Unit. The planned outages will be scheduled to conform with the needs and economics of MRES's generating plans and applicable RTO accreditation rules, and, unless otherwise agreed by MRES, will be scheduled at least one hundred fifty (150) days in advance or longer if and as required by the applicable RTO. Municipality may not plan an outage of all or any part of a Unit except as provided in this section. MRES will continue to make monthly capacity payments to Municipality during planned outages jointly identified and scheduled by the Parties in accordance with this section.

6.11 Emergency. In the event of an operating emergency with respect to a Unit or the distribution or transmission system of Municipality, Municipality will take such action as it, in its discretion, may deem prudent to terminate the emergency so as to preserve the safety, integrity and operability of the Unit or associated facilities, protect the health and safety of the public and its personnel, and minimize any adverse environmental effects of the emergency.

6.12 Information. Municipality will provide information and data concerning each Unit as reasonably requested by MRES, including information relating to generator availability required for capacity accreditation with an RTO, to determine the Forced Outage Rate, or otherwise. Municipality acknowledges and agrees that this information is necessary for MRES to receive the benefits of the Reserved Capacity under this Agreement, and that MRES may

withhold from Municipality any payments hereunder until such information is provided to MRES.

6.13 Notices. Municipality will notify MRES as soon as possible (not to exceed one business day after discovery) when anything is discovered which might affect the availability or capacity of a Unit, and will keep MRES informed regarding the status of the Unit and of all actions and steps taken by Municipality to restore full availability of the Unit.

6.14 Access. Municipality will permit MRES representatives to enter Unit sites at reasonable times and upon reasonable notice to Municipality.

6.15 No Other Sales. Municipality may not enter into any sales, including non-firm sales, from any Unit to other utilities or any other third party.

## ARTICLE 7 OBLIGATIONS OF MRES

7.1 Dispatching Services. MRES will provide or obtain generation dispatching services for the Reserved Capacity.

7.2 Transmission Service. MRES will obtain any transmission service beyond Municipality's system required for MRES to make use of any capacity and associated energy dispatched from the Units pursuant to this Agreement.

7.3 Ancillary Services. MRES will provide any ancillary services due solely to MRES scheduling and dispatching of the Units.

7.4 Registration. MRES, at its option, may register the Units with an RTO as necessary to obtain its full value as a resource adequacy resource.

7.5 Reports. MRES will report to Municipality any failure of a Unit to start remotely so Municipality can follow-up and prepare the Unit for future starts.

## ARTICLE 8 METERING

8.1 Meters. Municipality, at its cost, will furnish, install and maintain, or cause to be furnished, installed and maintained, all metering equipment required to measure and record all energy generated and delivered from each Unit to MRES at the Point of Delivery, consistent with requirements of Exhibit B. The metering equipment will provide, in a format acceptable to MRES, a continuous record of the thirty (30) minute integrated total energy produced by the Unit and transmitted to MRES at the Point of Delivery during each month in which energy was generated and sold to MRES under this Agreement. MRES, upon advanced notice to Municipality, may install and operate remote communications systems in connection with the metering equipment, including without limitation a supervisory control and data acquisition ("SCADA") system.

8.2 Testing. Municipality will test and calibrate the meters by comparison with accurate standards in accordance with Prudent Utility Practice at intervals of not greater than three (3) years after initial testing and calibration. Municipality also will conduct special meter tests upon the request of MRES. The costs of all tests will be borne by Municipality; provided, however, if any special meter test requested by MRES discloses that the meters are recording accurately, MRES will reimburse Municipality for the cost of such test. Meters registering not more than two percent above or below normal will be deemed to be accurate. The readings for any meter determined by test to be inaccurate will be corrected from the beginning of the monthly billing period immediately preceding the billing period during which the test was made in accordance with the percentage of inaccuracy found by such test. If any meter fails to register, the energy delivered from the impacted Unit during such period of failure will be estimated by the Parties from the best information available. Municipality will notify MRES in advance of the time of any meter test so that a representative of MRES may be present at such test.

## ARTICLE 9 LIABILITY AND INDEMNITY

9.1 No Third Party Beneficiary. Nothing in this Agreement will be considered or construed to create any duty, standard of care, or liability or obligation (contractual or otherwise) to any third party.

9.2 Waiver of Consequential Damages. In no event will MRES or Municipality be liable to the other Party or any third party for special, indirect, incidental, punitive or consequential damages under, arising out of, or in connection with the performance or non-performance of this Agreement, whether based on contract, tort, strict liability, warranty, indemnity or otherwise, except as expressly provided in this Agreement.

9.3 Indemnity by Municipality. Municipality agrees to indemnify, defend and hold harmless MRES and its officers, directors, employees and agents from and against any and all claims, damages, liabilities, costs and expenses, including reasonable attorneys' fees, arising out of or related to any breach or default in the performance by Municipality of any of its obligations under this Agreement.

9.4 Indemnity by MRES. MRES agrees to indemnify, defend and hold harmless Municipality and its officers, directors, employees and agents from and against any and all claims, damages, liabilities, costs and expenses, including reasonable attorneys' fees, arising out of or related to any breach or default in the performance by MRES of any of its obligations under this Agreement.

## ARTICLE 10 GENERAL TERMS

10.1 Records. The Parties, in accordance with generally accepted accounting principles and practices, will keep and maintain such records as may be necessary or useful in carrying out this Agreement, and make such records available to the other Party for inspection.

10.2 Uncontrollable Forces. Neither MRES nor Municipality will be considered to be in default of any obligation under this Agreement if prevented from fulfilling such obligation by reason of an Uncontrollable Force. If either Party cannot fulfill an obligation under this Agreement because of an Uncontrollable Force, that Party will notify the other Party within one business day of the occurrence. A Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force must exercise due diligence to remove such inability as soon as practicable.

10.3 Notices. Any notice required by this Agreement will be given in writing unless otherwise expressly provided in this Agreement. All notices will be deemed properly given if delivered personally or sent by U.S. mail, first-class postage prepaid to a Party at the address set forth on the signature page of this Agreement. Either Party may change its designation of the person or position who is to receive notices on its behalf by giving the other Party written notice of such change.

10.4 Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld. Notwithstanding the foregoing, MRES may assign this Agreement to Western Minnesota Municipal Power Agency and may collaterally pledge and assign this Agreement as security for debt obligations of MRES or Western Minnesota Municipal Power Agency.

10.5 Binding Effect. All of the terms, covenants and conditions of this Agreement will be binding upon, and inure to the benefit of and be enforceable by, the Parties and their respective successors, heirs, executors and permitted assigns.

10.6 Survival. Notwithstanding any other term or condition of this Agreement, the terms of Section 4.2, Article 9, and Article 10 will survive termination or expiration of this Agreement.

10.7 Severability. If any provision of this Agreement is determined to any extent to be invalid, the remainder of this Agreement will not be affected and every other provision of this Agreement will be valid and in force to the fullest extent allowed by law.

10.8 No Waiver. No failure on the part of any Party to exercise, and no delay in exercising, any right or remedy under this Agreement will preclude any other or further exercise thereof or the exercise of any other right or remedy. No remedy conferred upon the Parties under this Agreement is intended to be exclusive and every such remedy will be cumulative and in addition to every other remedy available under this Agreement or at law or in equity.

10.9 Governing Law. With the exception of other state or federal statutes and regulations governing the operation of the Units, this Agreement will be governed by the laws of the state in which the Units are located.

10.10 Entire Agreement. This Agreement, including all exhibits attached hereto which are incorporated herein by this reference, contain and constitute the entire agreement between the Parties regarding the subject matter hereof and supersede all prior agreements between the

Parties relating to the subject matter hereof, including the Reserved Capacity Agreement between the Parties dated \_\_\_\_\_. This Agreement may not be amended, modified or terminated, except by a written instrument signed by both Parties.

10.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be an original, but all of which together will constitute one and the same instrument. A facsimile or PDF copy of this Agreement and any signature thereon will be considered for all purposes as an original.

[Signature Page Follows]



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

MISSOURI BASIN MUNICIPAL  
POWER AGENCY d/b/a MISSOURI  
RIVER ENERGY SERVICES

CITY OF MARSHALL, MINNESOTA

By: \_\_\_\_\_  
Name: Terry Wolf  
Title: Vice President of Power Supply &  
Operations

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Notice Address:  
Missouri River Energy Services  
Attn: Legal Department  
3724 West Avera Drive  
P.O. Box 88920  
Sioux Falls, SD 57109-8920

Notice Address:  
Attn: Robert Byrnes  
344 W Main St  
Marshall, MN 56258

List of Exhibits (Attached)

- Exhibit A – Reserved Capacity Table
- Exhibit B – Point of Delivery Description
- Exhibit C – Transmission and Additional Facilities Arrangements
- Exhibit D – Operating Procedures
- Exhibit E – Reserved Capacity Qualification Requirements

**Exhibit A: RESERVED CAPACITY TABLE**

This Reserved Capacity Table is hereby made a part of the Reserved Capacity Agreement between Missouri River Energy Services (MRES) and Marshall, Minnesota (the Municipality).

<b>Unit No.</b>	<b>Type: CT, IC</b>	<b>Fuel(s)</b>	<b>Year in Service</b>	<b>Nameplate Rating (kW)</b>	<b>GVTC Test Date</b>	<b>Reserved Capacity (kW)<sup>(1)</sup></b>
6	CT	FO	1969	21,176	7/12/22	15,500
<b>On-Site Fuel Storage Capacity:</b>		60,000 Gallons		<b>Capacity Totals (kW):</b>		15,500

(1) Reserved Capacity (kW) is the unit’s generation capacity based on the GVTC test, after transformer losses and station service load, rounded down to the nearest 100 kW. The Capacity Totals must be less than the transmission service limits and behind the meter load constraints, as determined by MRES.

MISSOURI BASIN MUNICIPAL POWER AGENCY  
d/b/a MISSOURI RIVER ENERGY SERVICES

MARSHALL MUNICIPAL UTILITIES

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Terry Wolf

Name: \_\_\_\_\_

Title: Vice President of Power Supply & Operations

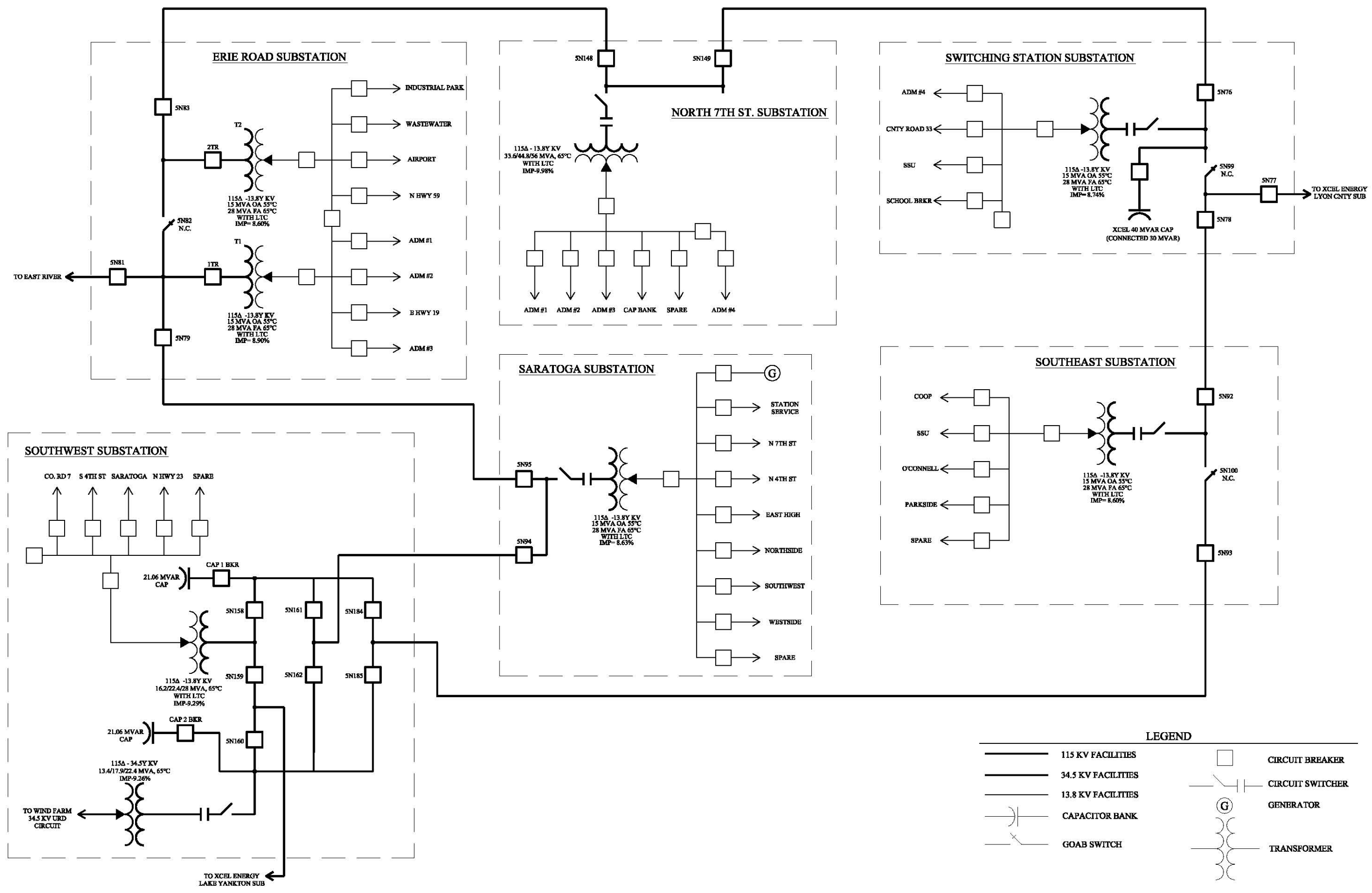
Title: \_\_\_\_\_

## Exhibit B: POINT OF DELIVERY DESCRIPTION

This Point of Delivery Description is hereby made a part of the Reserved Capacity Agreement between Missouri River Energy Services (MRES) and Marshall, Minnesota (the Municipality).

1. The attached diagram of the Municipality's electrical system shows the configuration of its equipment. The Point of Delivery shall be where the Plant bus interconnects with the distribution system of the Municipality.
2. The Municipality shall provide and install electronic interval metering of revenue accuracy capable of recording demand and energy at 15 or 30-minute intervals. MRES may establish remote communication from the meter to MRES's software by a telephone number using a dial up connection or the meter's IP address using an Ethernet connection. If meters are replaced or newly installed by the Municipality, they shall be Schweitzer SEL-735 or a newer equivalent model as approved by MRES and be able to communicate via dial up connection or Ethernet connection. This metering shall also be compatible with the MRES meter data translation scheme. The metering scheme shall be installed so that the total load of the Municipality and the total generation by the Municipality can be determined from these recordings and the recordings of the Municipality's metering. The metering scheme shall also ensure that any time a Unit is generating, it will not reduce the Municipality's overall billing demand or billing energy consumption.
3. If the generation is not metered at or towards the load side of the generator step-up transformer, if the facility has one, the meter readings shall be adjusted downwards by one percent.

P:\04205\00\DWG\SYSTEM ONE-LINE SUMMARY.DWG



**LEGEND**

—	115 KV FACILITIES	□	CIRCUIT BREAKER
—	34.5 KV FACILITIES	⎓	CIRCUIT SWITCHER
—	13.8 KV FACILITIES	Ⓞ	GENERATOR
⌋	CAPACITOR BANK	⌋	TRANSFORMER
⌋	GOAB SWITCH		

REV	DATE	DESCRIPTION

**DCGR** DeWild Grant Reckert & Assoc. Co.  
Consulting Engineers  
Rock Rapids, Iowa

Date: 2-10  
Designed By: TWB  
Project Manager: CAR  
Project Number: 420500

**MARSHALL MUNICIPAL UTILITY**  
MARSHALL, MINNESOTA

**SYSTEM ONE-LINE DIAGRAM**

## Exhibit C: **TRANSMISSION AND ADDITIONAL FACILITIES ARRANGEMENTS**

These Transmission and Additional Facilities Arrangements are hereby made a part of the Reserved Capacity Agreement between Missouri River Energy Services (MRES) and Marshall, Minnesota (the Municipality).

1. The Municipality is interconnected with the 115 kV transmission facilities of Northern States Power Company (Minnesota) which are integrated with the high voltage transmission network of the Midcontinent Independent System Operator, Inc. (MISO).

EXHIBIT D  
TO RESERVED CAPACITY AGREEMENT

OPERATING PROCEDURES

These Operating Procedures are made a part of the Reserved Capacity Agreement between Missouri River Energy Services (“MRES”) and Marshall, Minnesota (“Municipality”).

1. Municipality will maintain each Unit in readily operable condition so it can be placed into service, synchronized in parallel with the regional interconnected transmission system, and loaded to full Reserved Capacity within an acceptable call-out and start-up period for MRES peaking or emergency capacity. An acceptable call-out and start-up period for Reserved Capacity will be within two hours following notice by MRES. MRES, from time to time, may engage in tests and exercises to ensure that each Unit is able to meet these requirements, and Municipality will cooperate accordingly.
2. A Unit may be dispatched only as provided in Section 6.8 of the Agreement. For any GVTC Tests, generation schedules will be provided by MRES not later than noon of the prior business day. The schedules may be revised from time to time on reasonable notice and by mutual agreement of the Parties.
3. For Reserved Capacity that does not have remote control capability installed, Municipality will have personnel available to operate the Units when called upon by MRES.
4. Municipality will notify the MRES Scheduling Desk of any Unit outages, limitations, or other changes in a Unit’s status, including the failure of Reserved Capacity to start remotely.
5. Municipality will strive, during each dispatch or test period, to have each Unit generating at the full amount scheduled (normally from on-the-hour to on-the-hour time intervals) for each respective hour. Startup, shutdown, and changes from one hour to the next will follow a ramp-up or ramp-down process across the hour (not to exceed a ten-minute period starting five minutes before the next hour).
6. If any problem occurs during operation of a Unit, Municipality will immediately contact MRES or Local Balancing Authority as applicable. See the table below for contact information.

	MUNICIPALITY	MRES	LBA: Xcel
Contact Person	Plant Operator	Scheduling Desk	Local Balancing Authority
Telephone	507-537-7005	605-330-6966	612-321-7432

7. The minimum operating time that each Units is to be scheduled is one hour.
8. MRES will consider the physical constraints and operating characteristics of the Units, such as startup and shutdown limitations as well as minimum and maximum continuous and peak generation levels of each Unit, when dispatching the Units.

9. MRES will endeavor to schedule the Units so as not to exceed any known operating limit or air quality permits. However, Municipality is responsible for ensuring the Units are not operated in excess of any operating limits or permits.
10. Municipality will, at the end of each month in which a Unit is operated, submit to MRES a monthly unit report and any other reports as may be reasonably requested by MRES.
11. Municipality and MRES will mutually agree upon, and put into effect, from time to time, such other operating procedures as may be required in order to establish the methods of operation to be followed in the performance of the Agreement and these Operating Procedures.

These Operating Procedures are approved and effective as of \_\_\_\_\_, 2023. These Operating Procedures will remain in effect concurrently with the Agreement and will terminate therewith.

MISSOURI BASIN MUNICIPAL POWER AGENCY  
d/b/a MISSOURI RIVER ENERGY SERVICES

By: \_\_\_\_\_  
Name: Terry Wolf  
Title: Vice President of Power Supply & Operations

Marshall, Minnesota

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT E  
TO RESERVED CAPACITY AGREEMENT

RESERVED CAPACITY QUALIFICATION REQUIREMENTS

These Reserved Capacity Qualification Requirements are made a part of the Reserved Capacity Agreement between Missouri River Energy Services (“MRES”) and Marshall, Minnesota (“Municipality”).

For each Unit to remain Planning Reserve Qualified, the Municipality must meet the requirements specified in this Exhibit in addition to those specified in the Agreement.

1. Municipality will perform an annual GVTC Test as follows:
  - a) Each Unit will be tested. MRES may schedule all Units to operate simultaneously.
  - b) The test will be performed at least once each year, between September 1 and August 31.
  - c) The test will operate the Unit at full load for at least one full hour for diesel units, and at least two hours for steam and combined cycle units.
2. Municipality will provide outage reporting as follows:
  - a) Municipality will report any planned outages to MRES in advance and any unplanned outages and startup failures to MRES as soon as possible upon determination.
  - b) Municipality will report any generation production or availability data required by NERC, an RTO, or other regional entities to such entities.
3. Municipality will provide staffing and callout responsiveness and capabilities as follows:
  - a) For remote operation, the Unit will respond within ten minutes’ notice. For other scheduled operation, the Unit will respond within two hours.
  - b) Responding includes producing at the full scheduled amount within the specified time.
  - c) The Unit is expected to operate when scheduled, unless excused via a previously agreed scheduled outage.
  - d) Municipality will respond to MRES staff, MRES’s agent, or the Balancing Area as specified in the Operating Procedures.
  - e) The Unit will be prepared to operate for a minimum of twenty-four consecutive hours per day for at least five consecutive days each year.
  - f) The Unit will be permitted, and capable of operating, for at least 450 hours per year.
4. Municipality will maintain fuel storage and availability as follows:
  - a) Municipality will maintain sufficient fuel storage and handling facilities in good repair and in operational condition. Damage to or failure of Municipality’s fuel storage or handling facilities will be repaired or corrected by Municipality on a timely basis at Municipality’s expense.
  - b) For Units operated on liquid fuel, on-site fuel storage will be sufficient to maintain the full Reserved Capacity for a minimum of twenty hours prior to start-up. In addition, sufficient storage and replenishment capability will be arranged to ensure capability to operate at the full Reserved Capacity. Written documentation from fuel



supplier(s) for fuel delivery to meet these requirements is necessary to ensure a Unit is Planning Reserve Qualified.

- c) Municipality shall be required to have availability during all seasons. Fuel systems shall be designed to perform during all conditions reasonably anticipated, specifically extreme cold weather and extreme hot weather conditions.
- d) Firm delivery is not required for natural gas supply, so long as the Unit meets all requirements to be Planning Reserve Qualified but may be a requirement in the future or once a Unit experiences a natural gas supply interruption while scheduled to operate.

MRES may update these requirements as necessary to remain consistent with RTO and regional planning reserve qualification requirements.

This Exhibit is approved and effective as of \_\_\_\_\_, 2023.

MISSOURI BASIN MUNICIPAL POWER AGENCY  
d/b/a MISSOURI RIVER ENERGY SERVICES

By: \_\_\_\_\_  
Name: Terry Wolf  
Title: Vice President of Power Supply & Operations

MARSHALL, MINNESOTA

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_