



2302 Great N. Drive
Fargo, ND 58102

**PUBLIC DOCUMENT –
TRADE SECRET DATA EXCISED**

August 28, 2015

—Via Email & Federal Express—

Darrell Nitschke, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept 408
600 East Boulevard
Bismarck, ND 59505-0480

RE: FIRST AMENDMENT TO A POWER PURCHASE AGREEMENT WITH MANKATO
ENERGY CENTER II, LLC (CALPINE PROJECT)
ADVANCE DETERMINATION OF PRUDENCE (CASE NO. PU-15-096)

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, and Mankato Energy Center II, LLC have executed the First Amendment to their Power Purchase Agreement (PPA).

The one significant modification is the extension of the condition precedent date to April 1, 2016 which allows the Company to terminate the PPA pending all necessary regulatory approval. This extension is intended to accommodate the length of the North Dakota Advance Determination of Prudence (ADP) process which we expect to conclude prior to the April 1, 2016 condition precedent date in the amended contract. The Amendment is enclosed as Attachment A for reference.

Please note portions of the Amendment to the PPA are marked as “Non-Public,” as it contains information we consider to be trade secret consistent with our trade secret application filed in this case on February 13, 2015.

Please contact me at dave.sederquist@xcelenergy.com or (701) 241-8632 if you have any questions regarding this filing.

Sincerely,

DAVID H. SEDERQUIST
Sr. Consultant, Regulation & Finance

Enclosure

Amendment No. 1

To

Power Purchase Agreement

Between

Northern States Power Company And Mankato Energy Center II, LLC

This Amendment No. 1 ("Amendment No. 1") to Power Purchase Agreement Between Northern States Power Company and Mankato Energy Center II, LLC dated April 28, 2015 ("Power Purchase Agreement" or "PPA") is made this day, August 13, 2015, by and between Northern States Power Company ("Company") and Mankato Energy Center II, LLC ("Seller"). Seller and Company are hereinafter referred to individually as a "Party" and collectively as the "Parties." Capitalized terms used herein but not defined shall have the meanings set forth in the PPA.

WHEREAS, the Parties have entered into the Power Purchase Agreement for the sale and purchase of capacity and associated energy from Seller's Mankato II electric generating plant; and

WHEREAS, the Parties desire to modify certain provisions of the PPA as a result of the delayed receipt of State Regulatory Approval from the State Regulatory Agency, as such terms are defined in the PPA, which provisions are specifically Section 2.4- Early Termination, Section 6.1- Company CPs, Section 6.2 – Seller CPs, and Exhibit B- Construction Milestones.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound thereby, the Parties hereby agree as follows:

1. The first sentence of Article 2.4 of the Power Purchase Agreement is hereby deleted in its entirety and replaced by the following:

"2.4 Early Termination. Company has an option to terminate this PPA for its convenience ("Early Termination") by providing Notice to Seller on or before April 1, 2016; *provided, however, that* if on or before such date Company has pursuant to Section 6.1(B) filed a Minnesota Cost Recovery Request as that term is defined in Section 6.1(B) with the Minnesota Public Utilities Commission ("MPUC") and provided Notice thereof to Seller, the deadline for Company to exercise the Early Termination right in this Section 2.4 shall be extended to the earlier of (i) 30 Days following the date on which the MPUC issues a written order approving the Minnesota Cost Recovery Request or (ii) **[Trade Secret Data Begins... ...Trade Data Secret Ends]."**

2. Article 6.1 of the Power Purchase Agreement is hereby deleted in its entirety and replaced by the following:

"6.1 Company CPs.

(A) No later than 15 Business Days after execution of this PPA, Company may make written request for State Regulatory Approval. Seller acknowledges and agrees that the Company filed for State Regulatory Approval of this PPA on February 13, 2015.

(B) Company shall have the right to terminate this PPA pursuant to this Section 6.1, without any further financial or other obligation to Seller as a result of such termination, by Notice to Seller not more than 10 Business Days after the earlier of: (i) receipt of any written order from a State Regulatory Agency rejecting State Regulatory Approval or granting such approval with conditions reasonably and materially unsatisfactory to Company; or (ii) March 31, 2016, in the event Company has not received State Regulatory Approval as of such date.

Notwithstanding the foregoing, in the event Company has not received State Regulatory Approval as of March 31, 2016, or by such date the State Regulatory Agency has rejected this PPA or has limited or prohibited Company's recovery of its costs and payments under this PPA, Company shall within 10 Business Days after the earlier of (i) March 31, 2016, in the event Company has not received State Regulatory Approval as of such date, or (ii) the receipt of the State Regulatory Agency's written order rejecting the PPA or limiting/prohibiting cost recovery under the PPA file a request with the MPUC to approve recovery from Minnesota ratepayers of the PPA's costs and payments that have not been approved by the State Regulatory Agency for recovery from North Dakota ratepayers ("Minnesota Cost Recovery Request"), and shall at the time of such filing provide Notice thereof to Seller.

Upon Company making such filing and providing such Notice, Company shall retain the right to terminate this PPA at no cost to Company, notwithstanding anything to the contrary in Section 2.4, until no later than 10 Business Days after the earlier of (i) July 15, 2016, in the event that, as of such date, the MPUC has failed to issue a written order that is a final and unappealable determination of Company's Minnesota Cost Recovery Request on the merits or (ii) receipt of a written order from the MPUC that is final and unappealable (a) rejecting the Company's Minnesota Cost Recovery Request, or (b) granting the Company's Minnesota Cost Request with conditions reasonably and materially unsatisfactory to the Company. For avoidance of doubt, any delay of COD that results from the Company's exercising its rights under this Section 6.1(B) does not constitute a delay of COD pursuant to Section 2.3 and Company shall not be liable to Seller for any Demobilization Costs or Re-mobilization Costs Seller incurs as a result of the delay in COD.

If Company fails to terminate this PPA in the time allowed by this Section, Company shall be deemed to have waived its right to terminate this PPA under this Section and, subject to the other terms and conditions of this PPA, this PPA shall remain in full force and effect thereafter."

3. The Table in Section 6.2 of the Power Purchase Agreement is hereby deleted and replaced in its entirety with the following:

Condition Precedent	Deadline Date
Seller has obtained the Air Permit, which Permit does not contain conditions reasonably and materially unsatisfactory to Seller.	September 1, 2017
Seller has obtained the Site Permit, which Permit does not contain conditions reasonably and materially unsatisfactory to Seller.	June 1, 2017
Transmission Owner, Transmission Authority and Seller have entered into the Interconnection Agreement.	June 1, 2016
Approval of this PPA, in the form submitted by Company to the MPUC for approval, by the board of directors of Calpine Corporation.	April 15, 2015
Approval of this PPA by the board of directors of Calpine Corporation in the event any conditions are added or modifications are made to this PPA after its submittal to the MPUC for approval	Thirty (30) Days after issuance of any order requiring such additional conditions or modifications

4. The following term and meaning corresponding thereto shall be added to Exhibit A, Definitions of the Power Purchase Agreement:

 ""Minnesota Cost Recovery Request"" shall have the meaning set forth in Section 6.1(B)."
5. The Table in Exhibit B, Construction Milestones of the Power Agreement is hereby deleted in its entirety and replaced by the following:

Construction Milestone	Outcome
<i>[Trade Secret Data Begins...</i>	
	Company shall have obtained State Regulatory Approval.
	Seller and all required counterparties have executed major procurement contracts, the Construction Contract (Limited Notice To Proceed Only), any operating agreements, and the Interconnection Agreement needed to commence construction of the Facility.
	Seller shall have achieved closing on financing for the Facility or provided Company with proof of financial capability to construct the

	Facility.
	Seller shall have laid the foundation for generating facilities and step-up transformation facilities.
	The turbine(s)/generator(s)/step-up transformer shall have been delivered to, and set on foundation at, the Site.
	All Network Upgrades associated with obtaining NITS are completed.
	All fuel supply and transportation arrangements have been put in place and fuel interconnection facilities in have been constructed and are operational.
	Seller shall have constructed Seller's Interconnection Facilities and such facilities are capable of being energized
	Commissioning of the Facility commences.
	Seller shall have obtained either (i) unconditional ERIS and unconditional NITS, or (ii) unconditional NRIS.
	Seller shall have obtained MISO accreditation of the Facility as a Capacity Resource
	Commercial Operation Milestone
	<i>...Trade Secret Data Ends]</i>
June 1, 2019	Commercial Operation Date

5. The terms and provisions contained in this Amendment No. 1 to the PPA constitute the entire agreement between Company and Seller with respect to the amendment of the PPA and shall supersede all previous communications, representations, or agreements, either verbal or written, between Company and Seller regarding amendment of the PPA. This Amendment No. 1 may be amended, changed, modified, or altered in accordance with the terms of the PPA, *provided, however, that* any such amendment, change, modification, or alteration shall be in writing and executed by both Parties.
6. This Amendment No. 1 is binding upon and shall inure to the benefit of the Parties hereto and their respective successors, legal representatives, and assigns.
7. Except as specifically provided in this Amendment No. 1, no other amendments, revisions or changes are or have been made to the PPA.

8. Upon the effectiveness of this Amendment No. 1, each reference in this Amendment No. 1 to "this PPA", "the PPA", "thereunder", "hereto", "herein", or words of like import shall mean and be a reference to the PPA, as amended hereby.
9. This Amendment No. 1 may be executed in one or more counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 1 as of the date first set forth above.

Seller:

MANKATO ENERGY CENTER II, LLC

By 



Name Jennings Goodman

Title Vice President

Company

XCEL ENERGY SERVICES INC. AS AGENT FOR

NORTHERN STATES POWER COMPANY, a Minnesota Corporation

By 

Name Tim Kawakami

Title Director, Purchased Power