

Information Session

May 16, 2018

Northern Indiana Public Service Company LLC

**All-Source Request for Proposals
for Power Supply Generation Facilities,
Purchase Power Agreements
and/or Demand Resources**

Hosted by CRA International



Introduction

Welcome

Welcome to this information session for the Northern Indiana Public Service Company's ("NIPSCO") Request for Proposals ("RFP")

- NIPSCO does business in the State of Indiana as a regulated public utility and generates, transmits and distributes electricity for sale in Indiana and the broader Midcontinent Independent System Operator, Inc. ("MISO") regional electricity market
- NIPSCO currently serves approximately 468,000 electric customers in northern Indiana
- NIPSCO's 2016 Integrated Resource Plan ("IRP") identified a potential capacity need of approximately 600 megawatts ("MW") by 2023
- Through this RFP, NIPSCO seeks to satisfy this capacity need through either a single resource or multiple resources including dispatchable and semi-dispatchable generation, renewables (stand-alone and paired storage), demand resources ("DR"), and contractual arrangements
- Due Date for Notice of Intent w/ Pre-Qualification Documents: Tuesday, May 29, 2018 by 5:00 PM CPT
- Due Date for Proposals: Friday, June 29, 2018 by 5:00 PM CPT
- Presentation is being made by representatives from CRA International, the independent RFP Manager

This presentation will be posted to the
RFP Information Website: <http://www.nipsco-rfp.com/>

Introduction

Questions

3 ways to submit questions during the presentation – questions will be answered only after the prepared presentation

- Use the WebEx “chat room” feature or
- Send an email to NIPSCO-RFPManager@crai.com or
- Use operator assisted call-in number – 800-619-7480 – and audio passcode – 2745963
- Inform the operator you have a question by pressing *1 at any time
 - Operator will place you into queue
 - Your position in queue will be noted, but you will be on mute and unable to ask your questions until prompted later following the prepared presentation

Following the prepared presentation

- After questions sent via “chat room” and emails are answered, the phone line will be opened for callers who use the call-in number
- Callers will be introduced using an assigned port number
- When asking a question, callers should NOT identify themselves



Introduction

Background and Disclaimer

On November 1, 2016, NIPSCO submitted an IRP to the Indiana Utility Regulatory Commission (“IURC”).

- That 2016 IRP identified a potential capacity shortfall of approximately 600 MW by 2023.
- NIPSCO has initiated an all-sources RFP process to identify capacity resources that best meet the company and customer needs.

NIPSCO intends to submit an updated IRP in the fall of 2018.

- Certain aggregated cost and performance information derived from this RFP will be used in the 2018 IRP.
- As a result, the magnitude and timing of NIPSCO’s anticipated resource requirements may change from the current anticipated need of 600 MW by 2023.
- NIPSCO’s final resource requirements under this RFP may be greater or less than the 600 MW approximation.

This presentation is intended to provide only generally descriptive and summary information.

- The information and material provided on the RFP Information Website are controlling.
- Any conflict between the information conveyed during the bidder information session and information or material provided on the RFP Information Website, is unintentional. Certain information may be subject to modification.

Agenda

- Introduction
- RFP Overview
- Pre-Qualification Process
- Proposal Content Requirements
- Proposal Evaluation Criteria
- Credit Qualification and Collateral
- RFP Timeline and Milestones
- Post RFP Timeline
- Q&As

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RFP Overview

IRP Process

In November 2018 NIPSCO intends to submit 2018 IRP update to the IURC

- The IRP is largely focused on identifying the preferred resource options to meet an anticipated shortfall in capacity compared to NIPSCO's load starting in 2023
- As part of the ongoing IRP update process, NIPSCO has concluded that it is in the best interest of its customers to seek to acquire, construct or contract for additional capacity that qualifies as a MISO internal resource (i.e. not pseudo-tied into MISO) with physical deliverability utilizing Network Resource Integration Service ("NRIS") to MISO Local Resource Zone 6
- NIPSCO currently estimates a capacity need of approximately 600 MW beginning in 2023 based on the results of the 2016 IRP
- Within the context of the 2018 IRP process, NIPSCO is issuing an "all source" RFP for supply and demand side capacity resources

RFP Overview

Request For Proposals

Through this RFP, NIPSCO seeks to satisfy its anticipated capacity needs and ensure an adequate level of reliable generation supply for its customers.

NIPSCO is issuing this RFP to:

1. Acquire a generation facility or facilities, including the following:
 - Existing dispatchable or semi-dispatchable generation facilities that, at a minimum, meet established industry-wide reliability and performance standards;
 - Planned or in development dispatchable or semi-dispatchable generation facilities meeting developmental requirements for new or planned electric generation facilities;
 - Existing or planned utility scale renewable resources, either stand-alone or paired with storage.
2. Identify and acquire purchase power contract options for capacity and energy described later in this presentation
3. Identify and acquire DR resources that satisfy the criteria described later in this presentation

RFP Overview

Information Website

Information Website for the RFP Process is <http://www.nipSCO-rfp.com/>

- Information about the RFP
- RFP documents
- RFP timeline
- Frequently Asked Questions (“FAQs”)
- Information about NIPSCO and CRA International
- Bidders may also:
 - Register to receive updates
 - Submit questions

Register on the Information Website

- Register to receive information updates regarding RFP– provide name, company name, valid email address
- Once registered, prospective bidders can submit questions

RFP Overview

Inquiries

Questions regarding the RFP must be submitted to the RFP Manager

There are two ways to submit questions during the RFP:

- Via the Information Website (www.NIPSCO-RFP.com)
- Via email to the RFP Manager (NIPSCO-RFPManager@crai.com)

FAQs will be posted to the Information Website FAQ page

RFP Overview

Confidentiality of Information

Confidentiality of all Proposals submitted in response to this RFP becomes the responsibility of CRA and NIPSCO upon submittal

- Respondents should clearly identify each page of information considered to be confidential or proprietary
- Consistent with the RFP Confidentiality Agreement (Appendix B), CRA will take reasonable precautions and use reasonable efforts to maintain the confidentiality of all information so identified

NIPSCO reserves the right to release any Proposals, or portions thereof, to agents, attorneys or consultants for purposes of proposal evaluation.

- Regardless of the confidentiality claimed, however, and regardless of the provisions of this RFP, all such information may be subject to review by, and disclosable by NIPSCO, to the appropriate state authority, or any other governmental authority or judicial body with jurisdiction relating to these matters, and may also be subject to discovery by other parties subject to fully executed Confidentiality Agreements

Further, because NIPSCO is conducting this RFP as part of the IRP public advisory process, NIPSCO will disclose certain information to inform its stakeholders of the summary results of the RFP including:

- The unforced capacity (“UCAP”) MW offered
- The technology/resource type, average price, and proposal duration of all proposals unless a given technology has less than 3 bidders in order
- The names of Respondents participating in the RFP

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Pre-Qualification

Documents due by 5:00 p.m. CPT on Tuesday, May 29, 2018

To be eligible to submit a Proposal in response to this RFP, Respondents must be pre-qualified

To pre-qualify, a Respondent must submit the following items by the Pre-Qualification due date:

- A completed Notice of Intent (Appendix A);
- A completed Confidentiality Agreement (Appendix B); and
- A completed Pre-Qualification Application (Appendix C), including credit worthiness information

These documents are available for download on the RFP Information Website:

www.NIPSCO-RFP.com

These items are to be submitted to the RFP Email Address (NIPSCO-RFPManager@crai.com) no later than 5:00 p.m. CPT on Tuesday, May 29, 2018

Pre-Qualification

Documents due by 5:00 p.m. CPT on Tuesday, May 29, 2018

CRA will notify Respondents by June 4, 2018 whether they have successfully pre-qualified to submit a Proposal

Potential Respondents that have not submitted a Pre-Qualification application package by May 29, 2018 risk having their Proposals disqualified from further consideration

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Proposal Content Requirements

NIPSCO Capacity Needs

The resource requirements identified in the IRP are approximately 600 MW of UCAP and associated energy, starting in 2023

- NIPSCO will consider alternative timelines related to the capacity acquisition to the extent Respondents are able to provide more competitive pricing and/or terms for delivery beginning prior to 2023
- In addition, NIPSCO intends to contract with the optimal portfolio of assets for meeting NIPSCO and customer needs based on the bids received through this solicitation and the results of the IRP portfolio selection which includes a range of portfolio designs and sizes
- That optimal portfolio may be comprised of multiple assets submitted by multiple counterparties so bids supported by facilities offering fewer than or more than 600 MW will be accepted and evaluated for consideration
- The acquisition is expected to take place in 2023 following necessary regulatory approvals

Proposal Content Requirements

NIPSCO Capacity Needs

NIPSCO has a preference for Proposals that provide 100% of the specified generation facility or facilities from which output will be delivered or operating control of the entire unit(s) regardless of ownership stake

- Proposed generation facilities should have no major operational limitations that reduce the ability to run for extended periods

Proposal Content Requirements

RFP General Requirements

All Proposals must include a table of contents and provide concise and complete information on the topics described in the RFP Document

Executive Summary:

- Unique aspects and benefits
- Facility reliability performance
- Firm deliverability to MISO Local Resource Zone 6
- Existing or expected impact from system congestion
- Environmental characteristics
- Prior economic regulatory structure
- Pending or unresolved litigation, related environmental regulatory proceedings or other legal actions involving the Capacity Asset, its owners or supporting generating facilities

General Information:

- Legal name
- Respondent's contact information (Name, Title, Phone, Email Address, and Mailing Address)
- Corporate structure information
- Respondent's most recent quarterly report containing unaudited consolidated financial statements signed and verified by an authorized officer of Respondent attesting to its accuracy
- Respondent's most recent three (3) annual reports containing audited consolidated financial statements or comparable information if such financial data is unavailable

Proposal Content Requirements

Content Requirements for Generation Facility Proposals

NIPSCO will only consider bids for facilities that have an estimated remaining useful life of 5 or more years

Respondents must adhere to the following requirements

- CRA will accept Proposals for generation facilities located both inside and outside NIPSCO's service territory, but facilities must qualify as a MISO internal resource (i.e. not pseudo-tied into MISO) and qualified to receive Zonal Resource Credits in or delivered to MISO Local Resource Zone 6 consistent with MISO's Module E Planning Resource Auction or successor (Refer to Section 4.1 of the RFP Document for more information)
- Respondent should detail its MISO generator interconnection queue position if applicable and the types and amounts of transmission service requested
- Respondent should submit a copy of fully executed engineering, procurement, and construction ("EPC") contract, if available

Proposal Content Requirements

Content Requirements for Generation Facility Proposals

Respondents should provide the following information in their Proposal (refer to RFP Document for more detailed requirements)

- Generation facility characteristics (nameplate capacity, operating capacity, historical UCAP, expected UCAP, etc.)
- Capacity availability and deliverability
- Generation technology and dispatch characteristics
- Operating revenues, costs and any operating considerations
- Environmental information (emissions and waste disposal compliance, water supply information, permit information)
- Financial considerations including the acquisition price, expected capital expenditures and information on any other contractual commitments
- Legal and regulatory disclosures (legal proceedings, liabilities, risks)

Proposal Content Requirements

Purchase Power Agreement (“PPA”) Proposals

NIPSCO will consider meeting some or all of its resource requirements through short, medium and/or long-term PPAs

NIPSCO will only consider PPAs that have a term of five years or greater

Proposal Content Requirements

Content Requirements for PPA Proposals

Before submitting a PPA proposal, respondents should submit a mark-up of Appendix F - Sample Power Purchase Agreement

Respondents should provide the following information in their Proposal (refer RFP Document for more detailed requirements)

- Facility name and location
- Net capability of generating facility
- Facility generation technology
- Facility dispatch and emission characteristics
- Facility fuel supply
- Asset specific financial information
- Other contractual commitments

Proposal Content Requirements

DR Proposals

Proposals for Demand Resources should be for assets that are eligible to participate in MISO Load Resource Zone 6 and can meet the additional performance requirements of NIPSCO

In addition, for DR located within Indiana, Respondent must identify how the proposal conforms with any requirements of the local utility and state law in order to offer resources for capacity accreditation within the MISO market under Module E or successor

Proposals for DR may be included with a Proposal to sell a generation facility to NIPSCO, or may be submitted on a standalone basis

NIPSCO will consider Demand Resource Proposals that have a term of one year or longer

Proposal Content Requirements

Demand Resource Proposals

To be eligible for participation in this RFP, the Demand Resources offered by a DR Supplier must

- Meet Load Modifying Resource Requirements (“LMRs”) for participation in MISO as a demand response resource, including any future changes to MISO’s requirements for LMRs for the term of the Proposal;
- Meet the additional performance requirements described in Section 7.3 of the RFP Document;
- Be sourced from locations entirely within the MISO Local Resource Zone 6;
- Be at least 10 MW of DR (whether from a DR Customer or CSP) from a single location or aggregated from multiple locations, with the amount of demand reduction capability determined in accordance with the method described in Section 7.4.1 of the RFP Document;
- Use an existing, proven technology that has demonstrated reliable demand reduction, which may include use of Behind The Meter Generation (as defined by MISO); and
- Reduce load by a predetermined amount when notified by NIPSCO of a curtailment event without further direction or communication by or from NIPSCO.

Proposal Content Requirements

Content Requirements for DR Proposals

Respondents should provide the following information in their Proposal (refer to the RFP Document for more detailed requirements)

- Acquisition price
- DR product description
- DR technical requirements

Proposal Content Requirements

Proposal Submission

All Proposal documents must be submitted to the RFP Manager via email to NIPSCO-RFPManager@crai.com

- The primary application, including responses to all of the content requirements, should be provided in Microsoft Word and Adobe Acrobat PDF file formats
- All data related to economic, financial, and operating characteristics of a generation facility should be provided on a unit basis rather than for the plant as a whole (if a plant is made up of multiple units). Other data may be provided on an aggregated plant basis.
- Financial statements, annual reports, and other large documents may be referenced via a website address
 - If possible, all such documents should be made available in Adobe Acrobat PDF file format

If the Proposal file size is too large to be sent via email (over 30 MB), the RFP Manager will send instructions on how to submit the Proposal through CRA's secure web transfer portal.

Proposal Content Requirements

Proposal Submission

All Proposal documents must be submitted to the RFP Manager via email to: NIPSCO-RFPManager@crai.com

An Information Form Addendum template will be available on the RFP website in Microsoft Excel file format. This file allows for:

- standardized entry of economic, financial, and operating data necessary to perform an economic assessment of bids
- Bidders should submit a catalog of other files associated with the Proposal, including file names and descriptions

If the Proposal file size is too large to be sent via email (over 30 MB), the RFP Manager will send instructions on how to submit the Proposal through CRA's secure web transfer portal.

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Proposal Evaluation Criteria

Overview

All Proposals will be evaluated consistent with the Evaluation Criteria provided in Appendix G to the RFP

- PPA and generation asset purchases will be grouped into categories. Asset cost and performance by category, derived from the RFP, will be provided to NIPSCO's IRP team. The IRP will determine NIPSCO's optimal portfolio requirements based on the aggregated data.
- The RFP will evaluate individual proposals and select the proposals to advance to the final negotiation phase based on certain evaluation criteria:
 - The net present value of expected market revenues and operating costs
 - Asset reliability and deliverability
 - Development risk
 - Proposal specific risks
- Demand resources will be evaluated based on cost, demonstrated performance, response time and capabilities.

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Credit Qualification and Collateral

Required Credit and Financial Information

RFP Respondents are required to meet certain credit worthiness standards

- Respondent counterparties that have a minimum investment grade credit rating shall be deemed to have met the credit worthiness standard and shall not be required to post Definitive Agreement Collateral (“DA Collateral”).
 - A minimum investment grade credit rating is defined as the most recently published unsecured senior long term debt rating (or corporate issuer rating if unsecured long term debt rating is not available) of BBB- or Baa3 from Standard & Poor’s (S&P) or Moody’s Investor Service (Moody’s), respectively.
- If a Respondent counterparty is either not rated by the aforementioned public rating agencies or has ratings below investment grade as defined above, the creditworthiness standard may be met by issuing a corporate guaranty from an acceptable credit support provider that satisfies the above minimum investment grade standard.
 - NIPSCO’s acceptance of a corporate guaranty shall be subject to a satisfactory review of the credit support provider that is issuing the guaranty. In addition, the guaranty should be in a form acceptable to NIPSCO.

Credit Qualification and Collateral

Required Credit and Financial Information

A Respondent shall have the corresponding obligation to post DA collateral as determined in accordance with its Proposal if selected for the definitive agreement phase of the RFP.

- DA Collateral must be posted at the execution of the definitive agreement and will be in force until the transfer of title to NIPSCO for generating asset Proposals or the initiation of the contract term for Purchase Power or Demand Response agreements.
- In each case, the DA Collateral must be in the form of eligible collateral (“Eligible Collateral”), which for purposes of this RFP shall be either: (a) a letter of credit; or (b) cash.
- Respondents can find instructions for posting collateral on the RFP website (www.NIPSCO-RFP.com). CRA and NIPSCO reserve the right to require a Respondent to post DA Agreement Collateral in an amount that exceeds the posted amounts if conditions warrant.

Credit Qualification and Collateral

DA Collateral Requirements

During the negotiation of the definitive agreement, CRA and NIPSCO will determine the required form of DA Collateral a Respondent must satisfy at the execution of the definitive agreement (development security or maintenance security).

The DA Collateral to be posted will be dependent on the type of Capacity Asset reflected in the selected Respondent's Proposal:

Capacity Asset	Collateral Type	Collateral Amount
New Generation Facility*	Development Security	\$20.00/kW at execution of definitive agreement
New Generation Facility*	Development Security	\$75.00/kW at regulatory approval
Existing Generation Facility	Maintenance Security	12-months expected total O&M expense

Existing generation facilities that are currently in commercial operation are not required to post Development Security. However, existing generation resources that are not currently in commercial operation and would require additional investments to bring back into commercial operation, such as mothballed generation facilities, are required to post development collateral, which shall be calculated using the collateral requirements for new generation facilities.

Credit Qualification and Collateral

DA Collateral Requirements

In addition, winning Respondents may be required to post operating collateral over the term of any PPA or DR agreement consistent with the terms and conditions of final agreements as negotiated between NIPSCO and the supplier.

Capacity Asset	Collateral Type	Collateral Amount
Purchase Power Agreement	Operating Security	lesser of \$200/MW or 12-months expected revenues
DR Resource	Operating Security	12-months expected revenues

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RFP Timeline and Milestones

Activity	Date
Notice of Intent w/ Pre-Qualification Documents Due	Tuesday, May 29, 2018
Notification of Pre-Qualification	Monday, June 4, 2018
Proposals Due	Friday, June 29, 2018
Start of Bid Evaluation Period	Monday, July 2, 2018
Bid Evaluation Completed	Saturday, September 15, 2018
Definitive Agreements Signed with Bidders	Quarter 4 2018

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Post RFP Timeline

Proposal Evaluation and Contract Negotiations

Bid evaluation is expected to be completed by September 15, 2018. As part of the bid evaluation, it is expected that certain Proposals will be advanced to the final negotiation of DAs

During the final negotiation phase of the process, NIPSCO will undertake certain due diligence including:

- Site inspections and engineering assessment
- Management interviews
- Legal and regulatory due diligence
- Dispatch modeling (as necessary)
- Negotiation of final terms of conditions of PPA, APA or DR Agreements

NIPSCO may at its sole discretion break off negotiations at any time or choose to execute definitive agreements with only a subset of finalists

Post RFP Timeline

Regulatory Approvals

Any DA(s) would be subject to the granting of a Certificate of Public Convenience and Necessity (“CPCN”) by the IURC.

Agreements may require approval in other jurisdictions or at the Federal Energy Regulatory Commission, depending on the nature of the agreement or the asset(s) selected.

Any regulatory filing(s) would begin after the conclusion of NIPSCO’s due diligence and the execution of definitive agreements. As such, any DA(s) are subject to regulatory approval.

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- The Operator will introduce callers using an assigned port number
- Callers should NOT identify themselves when asking questions

Q&As raised during this bidder information session will be posted on the RFP Information Website

Thank you for your interest in the RFP